

PRELIMINARY OFFICIAL STATEMENT DATED JULY 14, 2017

NEW ISSUE

NOT RATED

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax, and (ii) the Series 2017 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the Series 2017 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax as a result of the inclusion of that interest in the calculation of a corporation's adjusted current earnings for purposes of the corporate alternative minimum tax. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$54,660,000*
CAPITAL TRUST AGENCY
Senior Living Facilities Revenue Bonds
(Elim Senior Housing, Inc. Project)
Series 2017

Dated: Date of Delivery

Due: As shown on the inside front cover

The above-referenced obligations (the "Series 2017 Bonds") are limited obligations, as further described herein, of the Capital Trust Agency, a legal entity duly created and a public agency duly organized and existing under the laws of the State of Florida and as more fully described herein (the "Issuer") and do not constitute general obligations or a debt, liability, or pledge of the full faith and credit of the Issuer, the State of Florida or any political subdivision or agency thereof. The Series 2017 Bonds are not secured by or payable from any taxes, revenues or assets of the Issuer except for the Issuer's interest in the Loan Agreement and amounts held pursuant to the Indenture. Undefined capitalized terms used on this cover are defined in the text hereof or in Appendix D.

Pursuant to the Loan Agreement, all proceeds of the Series 2017 Bonds will be loaned by the Issuer to Elim Senior Housing, Inc., a Minnesota nonprofit corporation (the "Corporation" or the "Borrower"), whose sole member is Elim Care, Inc., a Minnesota nonprofit corporation. Proceeds of the Series 2017 Bonds and other available funds will be used to (1) finance the acquisition, construction and equipping of a new 155-unit assisted living and memory care facility (the "Project"), (2) pay certain costs of issuance of the Series 2017 Bonds, (3) pay interest on the Series 2017 Bonds for approximately 34 months, (4) fund a debt service reserve fund, and (5) fund certain marketing costs and start-up working capital. The Series 2017 Bonds will be payable solely from the moneys held for the payment thereof by U.S. Bank National Association, in Jacksonville, Florida, as Trustee, or its successors, under the Indenture, including Loan Repayments required to be made under the Loan Agreement by the Borrower. The Series 2017 Bonds will be secured by the Mortgage and by the Liquidity Support Agreement as described herein.

An investment in the Series 2017 Bonds is subject to a significant degree of risk. See "BONDHOLDERS' RISKS" herein.

The Series 2017 Bonds will be issued as fully registered bonds in the denomination of \$25,000 or any greater integral multiple of \$5,000. Principal of the Series 2017 Bonds is payable annually on each August 1, commencing August 1, 2022, and interest on the Series 2017 Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2018. The Series 2017 Bonds are subject to redemption and prepayment as described herein under "THE SERIES 2017 BONDS --Redemption Prior to Maturity."

The Series 2017 Bonds are hereby offered for purchase by investors solely in Book-Entry form. Therefore, all Series 2017 Bonds will be issued as fully registered bonds without coupons, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to whom all payments and notices with respect to the Series 2017 Bonds will be made. As long as the Series 2017 Bonds are in Book-Entry form, purchasers of Series 2017 Bonds will not receive actual Series 2017 Bond certificates. Instead purchasers of Series 2017 Bonds will become the beneficial owners of such Series 2017 Bonds, with such ownership evidenced solely in the Book-Entry System records maintained by DTC and certain Participants (and Indirect Participants) who participate with DTC in maintaining the Book-Entry System. See "THE SERIES 2017 BONDS -- Book-Entry System."

There are restrictions on who may purchase the Series 2017 Bonds. The Series 2017 Bonds offered hereby have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities act. The Series 2017 Bonds are being offered and sold hereby only to "Qualified Institutional Buyers" (as defined in Rule 144A of the Securities Act) or "Accredited Investors" (as defined in Rule 501(a) under the Securities Act). Herbert J. Sims & Co., Inc. (the "Underwriter") will certify to the qualification of buyers of the Series 2017 Bonds as "Qualified Institutional Buyers" or "Accredited Investors" at the issuance of the Series 2017 Bonds. See "RESTRICTIONS ON PURCHASERS OF THE SERIES 2017 BONDS" herein.

The Series 2017 Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriter and subject to the opinion as to certain legal matters of Squire Patton Boggs (US) LLP, Tampa, Florida, Bond Counsel, the approval of certain matters by Lindquist & Vennum LLP, Minneapolis, Minnesota, as counsel to the Borrower, the approval of certain matters by Gray, Plant, Mooty, Mooty & Bennett, P.A., Minneapolis, Minnesota, as counsel to the Underwriter, and certain other conditions. It is expected that delivery of the Series 2017 Bonds will be made on or about August __, 2017, against payment therefor, through the facilities of DTC in New York, New York. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Series 2017 Bonds. For information with respect to the Underwriter, see "UNDERWRITING" herein.



The date of this Official Statement is _____, 2017

* Preliminary; subject to change

MATURITY SCHEDULE*

\$4,145,000	_____ %	Term Series 2017 Bonds Due August 1, 2028 – Price _____ %, Yield _____ %, CUSIP _____ **
\$4,915,000	_____ %	Term Series 2017 Bonds Due August 1, 2033 – Price _____ %, Yield _____ %, CUSIP _____ **
\$6,650,000	_____ %	Term Series 2017 Bonds Due August 1, 2038 – Price _____ %, Yield _____ %, CUSIP _____ **
\$38,950,000	_____ %	Term Series 2017 Bonds Due August 1, 2052 – Price _____ %, Yield _____ %, CUSIP _____ **

* Preliminary; subject to change

** CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the Underwriter nor the Borrower, and are included solely for the convenience of the holders of the Series 2017 Bonds. Neither the Issuer nor the Underwriter nor the Borrower, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2017 Bonds as indicated above.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THESE SECURITIES UNDER THE SECURITIES OR BLUE SKY LAWS OF THE STATES IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THESE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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No person has been authorized by the Issuer, the Underwriter or the Borrower to give any information regarding the Series 2017 Bonds, the Borrower, the Project, the offering contained herein and related matters or to make any representations other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which it is unlawful for any person to make such offer or solicitation. The information set forth herein has been provided by or on behalf of the Borrower. Neither the Issuer nor the Underwriter makes any guarantee as to accuracy or completeness of such information, and its inclusion herein is not to be construed as a representation by the Underwriter or the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement at any time nor any sale made hereunder creates any implication that the information herein is correct as of any time subsequent to its date.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. Such forward-looking statements include, among others, statements in the Financial Feasibility Study attached as Appendix B hereto and references thereto in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when expectations, events, conditions or circumstances change.

SUMMARY INFORMATION

The following is a summary of certain information contained in this Official Statement. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Official Statement. Undefined capitalized terms used below are defined in the forms of the documents attached in Appendix D hereto or elsewhere in this Official Statement.

The Series 2017 Bonds	\$54,660,000* Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project Series 2017 to be issued by the Capital Trust Agency, in denominations of \$25,000 or greater integral multiples of \$5,000. See “THE SERIES 2017 BONDS -- Interest; Maturity; Payment” and “THE ISSUER.”
Payment	Interest accrues on the Series 2017 Bonds at the rates set forth on the inside of the cover page hereof and is payable semiannually on each February 1 and August 1, commencing February 1, 2018, by check or draft of the Trustee mailed on such dates to the persons who were the registered owners of Series 2017 Bonds as of the 15th day of the month preceding each interest payment date. Principal will be paid annually on each August 1, commencing August 1, 2022, as set forth herein. The Series 2017 Bonds are being issued solely in Book-Entry form. See “THE SERIES 2017 BONDS -- Interest; Maturity; Payment” and “THE SERIES 2017 BONDS -- Book-Entry System.”
Redemption or Prepayment.....	As more fully described herein, the Series 2017 Bonds are subject to redemption and prepayment prior to maturity, as follows: (a) optional redemption upon request of the Borrower in whole or in part as described herein; (b) extraordinary redemption at par plus accrued interest due to the occurrence of certain events of casualty or condemnation, (c) mandatory redemption upon a Determination of Taxability; (d) mandatory redemption at par plus accrued interest due to sinking fund redemption; and (e) acceleration due to an Event of Default to the extent provided in the Indenture. See “THE SERIES 2017 BONDS -- Redemption Prior to Maturity.”
Use of Proceeds	Pursuant to the Loan Agreement, proceeds of the Series 2017 Bonds will be loaned to the Borrower, which, with other funds will be applied to (i) finance the acquisition, construction and equipping of the Project as further described herein, (ii) pay certain costs of issuance, (iii) pay certain capitalized interest on the Series 2017 Bonds, (iv) fund a debt service reserve fund for the Series 2017 Bonds, and (v) fund certain marketing costs and start-up working capital. See “SOURCES AND USES OF FUNDS.”
The Borrower.....	The Borrower is Elim Senior Housing, Inc., a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Pursuant to the Loan Agreement, the Borrower will agree to make Loan Repayments sufficient to pay when due all principal of and interest on the Series 2017 Bonds. See Appendix A: “THE CORPORATION AND THE PROJECT.”
Trustee and Paying Agent.....	U.S. Bank National Association, in Jacksonville, Florida.
Investment Risks.....	An investment in the Series 2017 Bonds involves risks, including, but not limited to, those discussed under “BONDHOLDERS’ RISKS.”
Security for the Series 2017 Bonds.....	The Series 2017 Bonds will be secured by certain amounts held by the Trustee pursuant to the Indenture, including amounts in the Reserve Fund and the Repair and Replacement Fund. The Series 2017 Bonds will also be secured by the Mortgage and by the Liquidity Support Agreement. Payment of the principal of, premium, if any, and interest on the Series 2017 Bonds is a limited and special revenue obligation of the Issuer payable solely out of the trust estate. The Series 2017 Bonds do not constitute an indebtedness of the Issuer, the City of Gulf Breeze, Florida or the Town of Century, Florida (collectively, the “Sponsoring Political Subdivisions”), the City of Wildwood, Florida (the “Local Agency”), the State

* Preliminary; subject to change

or any other municipality, public agency or political subdivision thereof within the meaning of any State constitutional provision or statutory limitation, and shall not constitute or give rise to a pecuniary liability of the Issuer, the Sponsoring Political Subdivisions, the Local Agency, the State or any other municipality, public agency or political subdivision thereof and neither the full faith and credit nor the taxing power of the Sponsoring Political Subdivisions, the State or any other municipality, public agency or political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2017 Bonds. No covenant or agreement contained in the Series 2017 Bonds or the Indenture shall be deemed to be a covenant or agreement of any member of the governing body of the Issuer nor shall any official executing such Series 2017 Bonds be liable personally on the Series 2017 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2017 Bonds. The Issuer has no taxing power. See "SECURITY FOR THE SERIES 2017 BONDS."

Financial Feasibility Study CliftonLarsonAllen LLP, independent certified public accountants, has examined the forecasted financial statements of the Borrower for the fiscal years ending December 31, 2017 through December 31, 2022, included as Appendix B (the "Financial Feasibility Study"). Based upon assumptions set forth in the Financial Feasibility Study, set forth below is selected forecasted data for the fiscal year of the Borrower ending December 31, 2022 (000s omitted, except for ratios):

DEBT SERVICE COVERAGE RATIO	For the Year Ending December 31, 2022
CHANGE IN UNRESTRICTED NET ASSETS	\$ 532
NON-CASH ITEMS AND ADD-BACKS:	
Depreciation	1,516
Interest Expense	<u>3,521</u>
INCOME AVAILABLE FOR DEBT SERVICE [A]	\$ 5,569
FORECASTED ANNUAL DEBT SERVICE – SERIES 2017 BONDS [B]	\$ 3,878
ANNUAL DEBT SERVICE COVERAGE RATIO – SERIES 2017 BONDS [C]	<u>1.44</u>
ADD: Subordination of One Half of Management Fees [D]	\$ 260
ADJUSTED INCOME AVAILABLE FOR DEBT SERVICE [A+D]	\$ 5,829
ADJUSTED ANNUAL DEBT SERVICE COVERAGE RATIO – SERIES 2017 BONDS [(A+D)/B]	<u>1.50</u>
MAXIMUM ANNUAL DEBT SERVICE – SERIES 2017 BONDS [E]	\$ 4,137
MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO – SERIES 2017 BONDS [A/E]	<u>1.35</u>
 DAYS CASH ON HAND	 As of December 31, 2022
CASH AND CASH EQUIVALENTS	\$ 2,176
INVESTMENTS	<u>1,750</u>
TOTAL	<u>3,926</u>
OPERATING EXPENSES	\$ 11,007
DAILY CASH OPERATING EXPENSES	\$ 30
NUMBER OF DAYS OF CASH ON HAND	<u>131</u>

The Financial Feasibility Study, attached as Appendix B to this Official Statement, should be read in its entirety.

OFFICIAL STATEMENT

\$54,660,000*
Capital Trust Agency
Senior Living Facilities Revenue Bonds
(Elim Senior Housing, Inc. Project)
Series 2017

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Any capitalized term not required to be capitalized or otherwise defined herein is used with the meaning assigned in Appendix D or in the Indenture (defined below), the Loan Agreement (defined below) or other document with respect to which the term is used. Any definition of a term contained in the text hereof is for ease of reference only and is qualified in its entirety by any corresponding definition in Appendix D or the documents with respect to which such term relates. The Appendices hereto are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

General

This Official Statement provides information regarding the above-referenced obligations (the “Series 2017 Bonds”) to be issued by the Capital Trust Agency, a legal entity duly created and a public agency duly organized and existing under the laws of the State of Florida (the “Issuer”), pursuant to the Act, as defined herein, in the above-stated aggregate principal amount pursuant to a Trust Indenture (the “Indenture”), between the Issuer and U.S. Bank National Association, in Jacksonville, Florida (the “Trustee”). See Appendix D for the form of the Indenture.

Pursuant to a Loan Agreement (the “Loan Agreement”) between the Issuer and Elim Senior Housing, Inc., a Minnesota nonprofit corporation qualified to do business in the State of Florida (the “Corporation” or the “Borrower”), proceeds of the sale of the Series 2017 Bonds will be loaned to the Borrower. Proceeds of the Series 2017 Bonds and other available funds will be applied by the Borrower to (i) acquire, construct and equip a new 155-unit assisted living and memory care facility (the “Project”); (ii) pay costs of issuance of the Series 2017 Bonds; (iii) pay interest on the Series 2017 Bonds for approximately 34 months; (iv) fund a debt service reserve fund; and (v) fund certain marketing costs and start-up working capital. See “SOURCES AND USES OF FUNDS” and Appendix A: “THE CORPORATION AND THE PROJECT.”

The Borrower

The Borrower is a Minnesota nonprofit corporation qualified to do business in the State of Florida, and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Borrower is managed by a governing body appointed by the governing body of Elim Care, Inc., the Borrower’s sole member. Elim Care, Inc. will provide certain oversight and administrative services to the Borrower. See Appendix A: “THE CORPORATION” and “THE PROJECT.”

Loan Repayments

Proceeds of the Series 2017 Bonds will be loaned to the Borrower pursuant to the Loan Agreement under which the Borrower will agree to make monthly payments (“Loan Repayments”) which, if fully and promptly paid, shall be in amounts and at times sufficient to pay when due the scheduled principal of and interest thereon. See Appendix D for the form of the Loan Agreement. Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the holders of the Bonds, all of its interest in the Loan Agreement (other than indemnification, expense reimbursement payments and other rights) to secure payment of the principal of, premium, if any, and interest on the Series 2017 Bonds.

* Preliminary; subject to change

Bondholders' Risks

Certain risks associated with an investment in the Series 2017 Bonds are discussed under "BONDHOLDERS' RISKS."

Miscellaneous

This Official Statement (including the Appendices hereto) contains descriptions of, among other matters, the Indenture, the Loan Agreement, the Mortgage, the Liquidity Support Agreement, the Borrower, the Issuer, the Project and the Series 2017 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the principal corporate trust office of the Trustee.

BONDHOLDERS' RISKS

No person should purchase any Series 2017 Bonds without carefully reviewing the following information, which summarizes some, but not all, factors that should be carefully considered before such purchase.

Adequacy of the Borrower's Revenues

The payment of principal of, premium, if any, and interest on the Series 2017 Bonds is intended to be made from payments of the Borrower under the Loan Agreement. The Borrower has no significant assets other than the Project and the revenue derived therefrom. The ability of the Borrower to pay debt service on the Series 2017 Bonds is dependent upon the Borrower's ability to maintain occupancy in the Project and to charge and collect rates sufficient to pay operating expenses and debt service. Future revenues and expenses of the Project are subject to conditions which may change in the future to an extent that cannot be determined at this time. Such conditions may include the inability to maintain adequate occupancy levels due to inadequate demand for units, requirements with respect to the maintenance of the tax-exempt status of the Borrower, noncompetitive physical facilities, inferior management or maintenance, noncompetitive rates or services, delays in receiving payments or reductions in payments from third party payors, disadvantageous general or local economic conditions, imposition of property taxes, inability to control expenses, and other factors.

Construction and Occupancy Risks Relating to the Project

Construction of any facility is subject to the risks of cost overruns and delays due to a variety of factors including, among other things, site difficulties, labor strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delay in completion of the Project could materially adversely affect the timely receipt of Borrower revenues. Noncompletion of the Project would materially adversely affect the value of the security under the Mortgage. To reduce construction risks, the Borrower has entered into a construction contract with a general contractor, where the basis for payment is the cost of the work plus a fee, with a negotiated guaranteed maximum price, and has obtained payment and performance bonds from the general contractor. Construction will commence upon the issuance of the Series 2017 Bonds. Completion of the Project is subject to delay due to delays caused by the Borrower, the architect, the general contractor, change orders, labor disputes, fire, unusual delivery delays, unavoidable casualties or other causes beyond the Borrower's control.

The rate at which the units in the Project are initially occupied, as well as long-term occupancy levels, are critical for its success. Future occupancy will be affected by numerous conditions, including overall demand, competition, the affordability or competitiveness of rates and charges and the desirability of the physical facilities and available services, in addition to general or local economic conditions. The continued viability of the Project will require sufficient revenues to meet both debt service requirements and the costs of operating and maintaining the Project, many of which costs may be beyond the control of the Borrower or may be as yet unknown or not precisely determinable.

Nature of Financial Feasibility Study

CliftonLarsonAllen LLP has examined the forecasted financial statements of the Borrower for each of the six fiscal years ending December 31, 2017 through 2022, and has issued its report thereon, a copy of which appears as Appendix B to this Official Statement. The Financial Feasibility Study is based on assumptions made by management of the Borrower which should be carefully reviewed. It should be noted, however, that the Financial Feasibility Study represents only an estimate of future events, and no assurances can be given that the Project will in fact be occupied at projected rental rates, maintain occupancy levels and attain operating efficiencies as stated in the Financial Feasibility Study. Accordingly, actual future revenues, expenses and operations of the Borrower will vary from such Financial Feasibility Study, and such variance may be material and adverse. The Underwriter has not made independent inquiry as to the assumptions on which the forecasted financial statements are based.

Licensure and Government Regulation

The assisted living units in the Project are planned to be licensed under Florida law as Extended Congregate Care (“ECC”). There can be no assurance that the Project upon its completion will obtain such licensure. See Appendix A hereto under the subheading “Assisted Living.”

Other Regulatory Matters

Various health and safety regulations and statutes apply to the Borrower and the Project and are administered and enforced by various state and federal agencies. Violations of certain health and safety standards could result in closure of all or a portion of a licensed facility, or imposition of the requirement of complying with such standards. The Borrower is expected to be in compliance with all existing material regulations and standards. Such standards are, however, subject to change and there can be no guarantee that in the future the Borrower will meet these changed standards or that the Borrower will not be required to expend significant sums in order to comply with such changed standards.

Environmental Matters

There are numerous environmental risks that can arise in connection with real estate investments, including, without limitation: (1) areas of on-site and off-site environmental contamination; (2) past, present, or future violations of environmental laws; (3) adequacy of waste handling procedures; and (4) potential environmental restrictions on future uses of property.

The Project, like other types of commercial real estate, may be subject to such environmental risks which can result in substantial costs to the Borrower from any mandatory clean-up, damages, fines or penalties that might be ordered with respect thereto. Any environmental problems discovered with respect to the Project could have an adverse effect on the collateral value thereof.

Andreyev Engineering, Inc. prepared a Phase I Environmental Site Assessment, dated May 9, 2017, relating to the site of the Project (the “Phase I”). The Phase I identified no recognized environmental conditions associated with the site, and no additional assessment activities were recommended.

Tax-Exempt Status of Borrower and Other Tax Matters

In order to maintain its status as an organization that is exempt from federal income taxation, the Borrower will be subject to a number of requirements affecting its operations. Failure to satisfy these requirements, the modification of or repeal of certain existing federal income tax laws, any change in Internal Revenue Service policies or positions, or a change in the Borrower’s method of operations, purposes, or character could result in the loss by the Borrower of its tax-exempt status. Failure by the Borrower to maintain its tax-exempt status or a determination that the operation of the Project constitutes an unrelated trade or business of the Borrower could adversely affect the funds available to the Borrower to make payments under the Series 2017 Bonds by subjecting the income from the Project to federal income taxation and by disallowing any deduction to the Borrower for

interest paid on the Series 2017 Bonds and could result in the includability of the interest on the Series 2017 Bonds in gross income for federal income tax purposes.

Internal Revenue Service Tax-Exempt Bond Program

The Internal Revenue Service has established a Tax-Exempt and Government Entities Division (the “TE/GE Division”). The TE/GE Division has a subdivision that is specifically devoted to tax-exempt bond compliance. The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds, such as the Series 2017 Bonds. In recent years, the number of Internal Revenue Service tax-exempt bond examinations has increased, and public statements made by individual Internal Revenue Service officials indicate that the number of Internal Revenue Service examinations of tax-exempt bonds may increase in the future. Internal Revenue Service officials have recently indicated that more resources will be invested in audits of tax-exempt bonds in the charitable organization sector with specific review of private use. No assurance can be given that the Internal Revenue Service will not examine the Bonds. Any IRS examination could have an adverse impact on the marketability and price of the Series 2017 Bonds.

Insurance

Although the Borrower will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the Project will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Project cannot generate revenues, will not exceed the coverage of such insurance policies. The Borrower is insured against resident abuse and neglect claims. In recent years, the number of lawsuits and the dollar amount of resident abuse and neglect recoveries have been increasing dramatically nationwide, resulting in increased insurance premiums.

Competition

The Project faces competition from other existing residential care or rental facilities and may face additional competition in the future if and when there occurs the construction of new, or the renovation of existing, facilities. For a description of existing and planned competition in the primary market area of the Project, see Appendix B to this Official Statement.

As new facilities offering nursing care and housing with services for the elderly are built, and existing facilities providing personal care services are updated and renovated, such newer and more modern facilities become strong competitors of older facilities. Many seniors see an advantage in living on a campus in which there is a continuum of housing and care opportunities, so that they can “age in place.” The Borrower may face especially strong competition, however, if new assisted and independent living facilities are constructed on the campus of another nursing home or senior apartment project in the Borrower’s primary service area. In addition, the growth of home health care services in the community permits seniors to stay in their own homes longer without the need to move to a residential setting in which they can receive assistance with their personal and health care.

Effect of Federal Bankruptcy Laws on Security for the Series 2017 Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders’ rights in the property granted as security for the Series 2017 Bonds. Furthermore, if the security for the Series 2017 Bonds is inadequate for payment in full of the Series 2017 Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Trustee to seek payment from other property of the Borrower, if any. See “ENFORCEABILITY OF OBLIGATIONS.” Also federal bankruptcy law permits adoption of a reorganization plan even though it has not been accepted by the holders of a majority in aggregate principal amount of the Series 2017 Bonds if the Bondholders are provided with the benefit of their original lien or the “indubitable equivalent.” In addition, if the bankruptcy court concludes that the Bondholders have “adequate protection,” it may (i) substitute other security subject to the lien of the Bondholders and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Borrower after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain

provisions of the Loan Agreement and Mortgage that make bankruptcy and related proceedings by the Borrower an event of default thereunder.

Risk of Early Call

There are a number of circumstances under which all or a portion of the Series 2017 Bonds may be redeemed prior to their stated maturity. See “THE SERIES 2017 BONDS — Redemption Prior to Maturity.”

Absence of Rating

No rating as to the creditworthiness of the Series 2017 Bonds has been requested from any organization engaged in the business of publishing such ratings. Typically, unrated bonds lack liquidity in the secondary market in comparison with rated bonds. As a result of the foregoing, the Series 2017 Bonds are believed to bear interest at higher rates than would prevail for bonds with comparable maturities and redemption provisions that have investment grade credit ratings. **Series 2017 Bonds should not be purchased by any investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2017 Bonds.**

Secondary Market

The Underwriter expects to effect secondary market trading in the Series 2017 Bonds. However, the Underwriter is not obligated to repurchase any Series 2017 Bonds at the request of the holders thereof and cannot assure that there will be a continuing secondary market in the Series 2017 Bonds. In addition, adverse developments, including insufficient cash flow from the Project, may have an unfavorable effect upon the bid and asked prices for the Series 2017 Bonds in the secondary market.

THE SERIES 2017 BONDS

Interest; Maturity; Payment

The Series 2017 Bonds will be issued in the principal amounts, will mature and will bear interest as set forth on the cover hereof payable semiannually on February 1 and August 1 (each an “Interest Payment Date”) of each year commencing on February 1, 2018. Interest will be calculated on the basis of a 360-day year with twelve months of thirty days.

The ownership of any Series 2017 Bonds offered hereby will be beneficial ownership and not record ownership so long as the Series 2017 Bonds are held in book-entry form. While in such form, the Series 2017 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. See this section, “Book-Entry System.”

The Series 2017 Bonds are issuable in fully registered form, in the denomination of \$25,000 and greater integral multiples of \$5,000 not exceeding the principal amount maturing in any year. In the event any Series 2017 Bond is mutilated, lost, stolen or destroyed, the Issuer may execute, and the Trustee may authenticate, a new Series 2017 Bond in accordance with the provisions therefor in the Indenture, and the Issuer and the Trustee may charge the owner of such Series 2017 Bond with reasonable fees and expenses in connection therewith and require indemnity satisfactory to them.

Book-Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as the securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee), with one Series 2017 Bond certificate issued for all Series 2017 Bonds of each stated maturity.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency”

registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each such Series 2017 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2017 Bonds, except in the event that use of the Book-Entry System for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Series 2017 Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds on deposit; DTC’s records reflect only the identity of the Direct Participants to whose account such Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2017 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Series 2017 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2017 Bonds will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts on a payable date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, the Issuer or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of DTC, and the disbursement of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Bonds are required to be printed and delivered.

The Issuer at the direction of the Borrower may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry System has been obtained from DTC. The Issuer, the Trustee, the Underwriter and the Borrower take no responsibility for the accuracy thereof.

Redemption Prior to Maturity

*Mandatory Sinking Fund Redemption.** The Series 2017 Bonds will be subject to mandatory redemption prior to maturity in part and by lot in such manner as the Trustee may determine through the operation of mandatory sinking fund payments as provided in the Indenture, at the principal amount so to be redeemed plus accrued interest to the redemption date, in accordance with the following schedules:

Series 2017 Term Bonds Due August 1, 2028			
Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>	Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>
2022	\$410,000	2026	\$615,000
2023	465,000	2027	785,000
2024	500,000	2028 (maturity)	825,000
2025	545,000		

Series 2017 Term Bonds Due August 1, 2033			
Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>	Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>
2029	\$870,000	2032	\$1,040,000
2030	925,000	2033 (maturity)	1,100,000
2031	980,000		

Series 2017 Term Bonds Due August 1, 2038			
Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>	Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>
2034	\$1,170,000	2037	\$1,410,000
2035	1,245,000	2038 (maturity)	1,500,000
2036	1,325,000		

Series 2017 Term Bonds Due August 1, 2052			
Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>	Sinking Fund <u>Redemption Date (August 1)</u>	Principal <u>Amount</u>
2039	\$1,595,000	2046	\$2,485,000
2040	1,700,000	2047	2,650,000
2041	1,810,000	2048	2,820,000
2042	1,930,000	2049	3,005,000
2043	2,055,000	2050	3,200,000
2044	2,190,000	2051	3,410,000
2045	2,330,000	2052 (maturity)	7,770,000

* Preliminary; subject to change

At the option of the Borrower, exercised not less than 45 days prior to any sinking fund redemption date, the Borrower may (i) deliver to the Trustee for cancellation Term Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such sinking fund obligation for any Term Bonds which prior to such date have been purchased or redeemed (otherwise than through the operation of the sinking fund) and not otherwise previously been applied as a credit against sinking fund payments.

Optional Redemption. The Series 2017 Bonds maturing after August 1, _____ are subject to redemption prior to maturity upon request of the Borrower in whole or in part on any day on or after August 1, _____, and if in part, in inverse order of maturity dates by random selection within a maturity, at their principal amount, plus accrued interest, plus a redemption premium specified in the table below (expressed as a percentage of the principal amount of Series 2017 Bonds redeemed):

<u>Redemption Date</u>	<u>Redemption Premium</u>
August 1, _____ through July 31, _____	1%
August 1, _____ and thereafter	0

Extraordinary Redemption Upon Certain Events of Calamity or Condemnation. The Series 2017 Bonds are subject to extraordinary redemption, in whole, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, on any date selected by the Borrower for which timely notice of redemption can be given, if the Project shall be substantially damaged or destroyed or taken in condemnation proceedings to such extent that in the reasonable judgment of the Borrower the Project cannot reasonably be restored within twelve months to a condition permitting conduct of the normal operations of the Borrower and at a cost not exceeding the Net Proceeds of the insurance or condemnation award.

Extraordinary Redemption Upon Determination of Taxability. The Series 2017 Bonds are subject to mandatory redemption upon a Determination of Taxability as provided in the Indenture, at a redemption price equal to par plus accrued interest, without premium.

Acceleration. Upon an Event of Default under the Indenture, all Series 2017 Bonds are subject to acceleration and prepayment on any date selected by the Trustee at their principal amount, plus accrued interest, without premium.

Notice of Redemption; Payment

The Trustee is required to cause notice of the call for any redemption to be mailed to the then owner of each Bond to be redeemed, by first class mail, not less than 30 days prior to the redemption date. Failure to mail or any defect in any such notice shall not affect the validity of any proceedings for the redemption of any Bond for which notice was properly given. Interest on any Bonds or portions thereof called for redemption ceases to accrue on the date established for redemption pursuant to such notice if notice of redemption has been properly given and if funds sufficient to redeem the Bonds have been deposited with the Trustee on or before the redemption date.

Ownership

The person in whose name a Series 2017 Bond is registered may be treated for all purposes as the owner thereof.

Additional Bonds

The Indenture allows the issuance of Additional Bonds on a parity with the Series 2017 Bonds if certain financial and other conditions are met, including Additional Bonds that are Completion Indebtedness as defined in the Indenture. See Section 2.09 of the Indenture attached in Appendix D.

RESTRICTIONS ON PURCHASERS OF THE SERIES 2017 BONDS

THE SERIES 2017 BONDS ARE OFFERED ONLY TO AND MAY BE PURCHASED ONLY BY "ACCREDITED INVESTORS," AS DEFINED IN RULE 501 UNDER THE SECURITIES ACT AND "QUALIFIED INSTITUTIONAL BUYERS," AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT. The Underwriter will certify at the issuance of the Series 2017 Bonds to the qualification of each initial buyer of the Series 2017 Bonds as an Accredited Investor or Qualified Institutional Buyer. The Series 2017 Bonds may not be transferred except to a person who is such an Accredited Investor or Qualified Institutional Buyer, and each

purchaser of the Series 2017 Bonds agrees to provide advance written notice to any proposed transferee of the restriction on transfers.

SECURITY FOR THE SERIES 2017 BONDS

Limited Obligations

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2017 BONDS IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THE SERIES 2017 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE STATE, THE CITY OF GULF BREEZE, FLORIDA OR THE TOWN OF CENTURY, FLORIDA (COLLECTIVELY, THE “SPONSORING POLITICAL SUBDIVISIONS”), THE CITY OF WILDWOOD, FLORIDA (THE “LOCAL AGENCY”) OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE SPONSORING POLITICAL SUBDIVISIONS OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2017 BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE SERIES 2017 BONDS OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING SUCH SERIES 2017 BONDS BE LIABLE PERSONALLY ON THE SERIES 2017 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2017 BONDS. THE ISSUER HAS NO TAXING POWER.

Assignment of Loan Agreement; Loan Payments

Under the Indenture, the Issuer has pledged its interest in the Loan Agreement (including Loan Repayments by the Borrower, but excluding certain rights of the Issuer to payment of fees, expenses and indemnification) to the Trustee to secure the Bonds. Monthly Loan Repayments under the Loan Agreement will be paid directly to the Trustee and will be sufficient, if paid promptly and in full, to pay when due all principal of and interest on the Series 2017 Bonds. The Trustee is authorized to exercise the rights of the Issuer and enforce the obligations of the Borrower under the Loan Agreement.

Mortgage

Under the Mortgage, the Borrower has granted to the Trustee a first mortgage lien on and security interest in the land, buildings, fixtures and tangible personal property included in the Project, as well as all leases, revenues and income relating thereto, to secure the Series 2017 Bonds.

Liquidity Support Agreement

Elim Homes, Inc. (the “Liquidity Provider”), an affiliate of the Borrower, is entering into the Liquidity Support Agreement which provides for \$2,000,000 of additional working capital to the Borrower (including for the payment of debt service on the Series 2017 Bonds) if the original \$1,500,000 to be deposited in the Working Capital Fund under the Indenture is insufficient. As of June 30 and December 31 of each year the Liquidity Provider agrees to maintain Cash and Liquid Investments in at least the outstanding amount of the support obligation. Commencing after December 31, 2022, the amount available under the Liquidity Support Agreement will be reduced to \$1,000,000 if the Borrower meets its debt service coverage, liquidity and occupancy covenants under the Loan Agreement for a fiscal year, and will be reduced to zero if the Borrower meets its debt service coverage, liquidity and occupancy covenants under the Loan Agreement for two consecutive fiscal years.

Financial information specific to the Liquidity Provider is set forth in the consolidating schedules (balance sheet information on pages 44 and 52 and statement of operations on page 60) of the Elim Care, Inc. and Support Corporations Consolidated Financial Statements attached hereto as Appendix C.

Debt Service Reserve Fund

On the date of issuance of the Series 2017 Bonds, an amount equal to \$ _____ shall be deposited in the Reserve Fund established under the Indenture. On the date of issuance of any Additional Bonds, a similar deposit (approximately equal to the maximum annual debt service thereon, excluding the year of final maturity) will be made into the Reserve Fund. Amounts in the Reserve Fund may be used by the Trustee to pay principal of, premium, if any, and interest on the Bonds if amounts available in the Bond Fund are insufficient for such purpose. If amounts in the Reserve Fund are in excess of the Reserve Requirement such excess amounts shall be transferred to the Bond Fund. In accordance with the Loan Agreement, the Borrower must restore amounts transferred out of the Reserve Fund by monthly paying cash equal to one-sixth of the deficiency. Amounts in the Reserve Fund may be invested in Qualified Investments.

Repair and Replacement Fund

Commencing on July 25, 2022 and on the 25th day of each month thereafter, the Borrower is required to pay \$3,229 to the Trustee for deposit into the Repair and Replacement Fund established under the Indenture, so long as the amount on deposit therein is less than \$300,000. Amounts in the Repair and Replacement Fund will be disbursed to the Borrower to pay maintenance and repair costs with respect to the Project. Amounts in the Repair and Replacement Fund will also be used to pay debt service on the Series 2017 Bonds in the event the Bond Fund has a shortfall, prior to the application of amounts in the Reserve Fund.

Special Covenants of the Borrower in the Loan Agreement

Debt Service Coverage Ratio. The Borrower shall set rates and collect rent and charges for its facilities, services and products, such that the Debt Service Coverage Ratio will be at least 1.20:1 for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2022. If the Debt Service Coverage Ratio is less than the required level, but greater than 1:1, the Borrower shall immediately retain a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Project Facilities and with respect to improvements or changes in the operations and scope of the services delivered by the Borrower so as to permit the Borrower to comply with the Debt Service Coverage Ratio covenant, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Borrower. The Borrower shall revise or cause to be revised such rents, fees, rates and other charges in conformity with any recommendation of the Consultant (as determined in the reasonable judgment of the governing body of the Borrower) and shall otherwise follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the governing body of the Borrower) and to the extent permitted by law and other legal requirements, including without limitation laws and regulations with respect to Medicare and Medicaid. At least quarterly, following the submission of its initial report, the Consultant shall submit to the Trustee progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Borrower continuously complies with the recommendations of the Consultant, failure to comply with the Debt Service Coverage Ratio covenant will not constitute an Event of Default under the Loan Agreement. However, a Debt Service Coverage Ratio below 1:1 for any Fiscal Year (beginning with the Fiscal Year ending December 31, 2022) shall constitute an Event of Default under the Loan Agreement.

Days Cash on Hand. The Borrower covenants that it shall have at least 90 Days Cash on Hand measured annually at the end of each Fiscal Year, commencing with Fiscal Year ending December 31, 2022. The Borrower may spend amounts held under the Days Cash on Hand Requirement without any substantial restriction other than that such amounts must be replenished by the next testing date. If the Borrower fails to meet the Days Cash on Hand Requirement as of the end of any Fiscal Year, the Borrower shall immediately retain a Consultant to make recommendations with respect to the rates, fees and charges of the Borrower and the Borrower's methods of operation and other factors affecting its financial condition in order to increase the Days Cash on Hand to comply with the Days Cash on Hand Requirement for future periods. The Borrower shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing

body of the Borrower) and permitted by applicable legal requirements, and laws and regulations with respect to Medicare and Medicaid. If the Borrower continuously complies with the recommendations of the Consultant, failure to comply with the Days Cash on Hand Requirement as of the end of any Fiscal Year will not constitute an Event of Default under the Loan Agreement.

Limitation on Long-Term Indebtedness. The Borrower may incur additional Long-Term Indebtedness for purposes of financing additional improvements to the Project Facilities, construction of additional facilities on the Land or contiguous land, or refunding of outstanding Long-Term Indebtedness, provided that the Borrower shall furnish the Trustee either:

- (i) a written report or opinion of an Independent Accountant stating that the Net Revenues Available for Debt Service of the Borrower for each of the last 2 audited Fiscal Years preceding the date on which the proposed Long-Term Indebtedness is to be incurred were more than 120% of the maximum Total Principal and Interest Requirements (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness to be refinanced by the proposed Long-Term Indebtedness) for any Fiscal Year beginning after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final stated maturity of all then outstanding Long-Term Indebtedness; or
- (ii) a financial forecast prepared by an Independent accountant stating that the estimated Net Revenues Available for Debt Service of the Borrower for each of the 3 consecutive Fiscal Years beginning after the Fiscal Year in which any improvements being financed by such Long-Term Indebtedness are to be placed in service or after funded interest relating to such Long-Term Indebtedness has been expended, or, if no improvements are to be financed thereby, after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be not less than 130% of the maximum Total Principal and Interest Requirements (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness to be refinanced by the proposed Long-Term Indebtedness) for any Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such Long-Term Indebtedness are to be placed in service or after funded interest relating to such Long-Term Indebtedness has been expended, or, if no improvements are to be financed thereby, after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then outstanding Long-Term Indebtedness.

No such Long-Term Indebtedness shall be secured by a lien on the Project Facilities superior to the lien of the Mortgage, but may be secured by a lien on the Project Facilities on parity with the lien of the Mortgage, provided that if such debt is incurred to finance improvements on contiguous land, the Mortgage has been amended to include a lien on such contiguous land. If an intercreditor agreement is necessary to preserve and protect the rights of the Trustee and Bondholders the Borrower shall provide the Trustee with a form of intercreditor agreement and an Opinion of Counsel to the effect that if such agreement is entered into in the form provided such will be in a form sufficient to preserve and protect the rights of the Trustee and Bondholders.

Subordinate Indebtedness. The Borrower may incur additional, unsecured Long-Term Indebtedness for any purpose if payment of debt service on such additional Long-Term Indebtedness is expressly made subordinate to payment of debt service on the Bonds.

Short-Term Indebtedness. The Borrower may incur Short-Term Indebtedness, if such proposed additional Short-Term Indebtedness (i) does not exceed 10% of the Gross Revenues for the most recent fiscal year for which audited financial statements of the Borrower have been prepared, and (ii) such short-term indebtedness is (A) unsecured or (B) secured only by the Borrower's accounts receivable.

Completion Indebtedness. The Borrower may incur Completion Indebtedness up to a principal amount of \$5,000,000 without having to satisfy the limitation on Long-Term Indebtedness described above.

Refunding Indebtedness. The Borrower may incur Indebtedness for the purpose of refunding or refinancing Outstanding Indebtedness; provided that the highest Total Principal and Interest Requirement in any future Fiscal

Year (excluding the Fiscal Year in which such Indebtedness will be incurred) will not be increased by more than ten percent (10%).

Occupancy Milestones. The Borrower covenants that the Project Facilities shall achieve the following occupancy milestones: 22% occupancy within six (6) months of obtaining the Certificate of Occupancy; 42% occupancy within twelve (12) months of obtaining the Certificate of Occupancy; 60% occupancy within eighteen (18) months of obtaining the Certificate of Occupancy; 72% occupancy within twenty-four (24) months of obtaining the Certificate of Occupancy; and 80% occupancy within thirty (30) months of obtaining the Certificate of Occupancy. The Borrower shall provide an occupancy report to the Trustee within thirty (30) days of each milestone date. If the Borrower fails to meet a occupancy milestone, the Borrower shall immediately retain a Consultant to make recommendations with respect to the Borrower's methods of operation and other factors affecting occupancy in order to increase the occupancy to achieve the next milestone in a timely manner. The Borrower shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing body of the Borrower) and permitted by applicable legal requirements, laws and regulations. If the Borrower continuously complies with the recommendations of the Consultant, failure to comply with the occupancy milestone as of the next milestone date will not constitute an Event of Default under the Loan Agreement.

Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Sale of Accounts.

(a) The Borrower agrees that it will not transfer Operating Assets (including Collateral) except for Transfers of Operating Assets:

(i) To any Person if prior to the Transfer there is delivered to the Trustee a Certificate of the Borrower stating that such Operating Asset has or will within the next 24 months become inadequate, obsolete, worn out, unsuitable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Operating Assets, provided, however, that a Certificate of the Borrower shall not be required to be delivered to the Trustee with respect to the Transfer of any such inadequate, obsolete, worn out, unsuitable or unnecessary Operating Asset in any one Fiscal Year having an aggregate Book Value of less than 2% of the unrestricted net assets of the Borrower per the most recent audited financial statements.

(ii) To any Person provided that the Borrower shall receive, as consideration for such Transfer, cash, services or Property, the value of such consideration to be determined by the Borrower, equal to the fair market value of the asset so transferred. The Borrower covenants to maintain records adequate to enable the Trustee to ascertain that the provisions of this requirement have been complied with and to make such records available to the Trustee upon written request; provided, however, that the Trustee shall have no obligation to monitor compliance with this provision.

(iii) To any Person any Operating Assets received subsequent to the date hereof and restricted by donor to a particular use which ceases to be consistent with the business and obligations of the Borrower.

(b) In addition to other Transfers permitted under the Loan Agreement, the Borrower may Transfer cash or cash equivalents to an Affiliate, if prior to such Transfer, a Certificate of the Borrower is delivered to the Trustee stating that as of the date of such Transfer, taking such Transfer into account, the Borrower meets the Days Cash on Hand Requirement, and no default has occurred and is continuing under the Loan Agreement.

The foregoing provisions notwithstanding, the Borrower agrees that it will not sell, lease, donate or otherwise dispose of Property (a) which could reasonably be expected at the time of such sale, lease, donation or disposition to result in a reduction of the Debt Service Coverage Ratio such that the Borrower would be required to retain a Consultant pursuant to the provisions of Section 6.09 of the Loan Agreement or (b) if a Consultant has been retained, such action, in the opinion of such Consultant, will have an adverse effect on the Net Revenues Available for Debt Service.

Subordination of Payment of Management Fees. Any agreement for the management of the Project Facilities shall provide that the payment of all management fees under such agreement shall be subordinate to the payment of the Series 2017 Bonds; provided that during the pendency of an Event of Default but prior to the foreclosure of the Mortgage, 50% of such fees may be paid if the Project Facilities are still in operation and the manager is performing under such agreement.

Defeasance

Upon certain terms and conditions specified in the Indenture, the Bonds or portions thereof will be deemed to be paid and the security provided in the Indenture, the Loan Agreement and the Mortgage may be discharged prior to maturity or redemption of the Bonds upon the provision for the payment of such Bonds. In that case, the Bonds will be secured solely by the cash and securities deposited with the Trustee for such purpose.

SOURCES AND USES OF FUNDS

Following are the expected sources and uses of funds as presently estimated for the costs associated with the financing of the Project:

Sources of Funds*

Par Amount of Series 2017 Bonds	\$ 54,660,000
Borrower Equity	\$ <u>1,225,000</u>
Total Sources of Funds	\$ 55,885,000

Use of Funds*

Construction Costs (including \$765,000 contingency)	\$ 31,451,000
Equipment Costs	2,323,000
City Expenses and Other Project Costs	1,457,000
Architectural, Engineering and Design Costs	2,254,000
Estimated Costs of Issuance ⁽¹⁾	2,186,000
Capitalized Interest	9,393,000
Deposit to Reserve Fund	4,136,000
Marketing Costs	1,185,000
Start-up Working Capital	<u>1,500,000</u>
Total Uses of Funds	\$ 55,885,000

* Preliminary; subject to change

(1) Includes Underwriter's compensation, legal fees, real estate costs, printing costs and other similar costs.

FINANCIAL FEASIBILITY STUDY

CliftonLarsonAllen LLP, independent certified public accountants, has examined the forecasted financial statements for the Borrower included in Appendix B (the “Financial Feasibility Study”). The Financial Feasibility Study is based on assumptions made by management of the Borrower as to, among other things, future utilization levels, future costs and future revenues.

The Financial Feasibility Study is based on various assumptions that represent only the beliefs of the Borrower’s management as to the most probable future events, and is subject to material uncertainties. No assurances can be given that the Project will, in fact, be occupied at rates, maintain occupancy levels and attain operating efficiencies as stated in the Financial Feasibility Study, and variations from the Financial Feasibility Study for each of such matters should be expected to occur. Accordingly, the operations and financial condition of the Borrower in the future will inevitably vary from those set forth in the Financial Feasibility Study, and such variance may be material and adverse. See “BONDHOLDERS’ RISKS -- Nature of Financial Feasibility Study.” **The Financial Feasibility Study should be read in its entirety.**

The Financial Feasibility Study assumes that the Series 2017 Bonds have an average annual interest rate of approximately 6.43%.

The Borrower assumes no responsibilities to update the Financial Feasibility Study or to provide any financial forecasts or projections in the future. The Underwriter and the Issuer have made no independent inquiry as to the assumptions on which the Financial Feasibility Study is based and assume no responsibility therefor.

FINANCIAL STATEMENTS

Included in Appendix C to this Official Statement are the audited consolidated financial statements of Elim Care, Inc. and Support Corporations for the fiscal years ended December 31, 2016 and 2015, which have been audited by CliftonLarsonAllen LLP, Certified Public Accountants, Minneapolis, Minnesota. Also included in Appendix C are the consolidated unaudited financial statements for the fiscal quarter ended March 31, 2017. Such consolidated financial information should be considered with care and should not be relied upon by purchasers or potential purchasers of the Series 2017 Bonds in making an assessment of the ability of the Borrower to meet its obligations under the Loan Agreement, since the assets, liabilities, revenues, expenses and similar items reported in the consolidated financial statements are those of commonly controlled affiliates of the Borrower that have no obligation with respect to the Series 2017 Bonds (except as provided in the Liquidity Support Agreement).

THE ISSUER

General

The Issuer is a legal entity duly created and a public agency duly organized and existing under the laws of the State established for the purposes set forth under Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council (the “City Council”) of Gulf Breeze, Florida (the “City”), on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance 2-00 duly enacted by the Town Council (the “Town Council”) of Century, Florida (the “Town” and together with the City, the “Sponsoring Political Subdivisions”), on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted by the Town Council on May 7, 2001 and October 3, 2011, respectively; an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented, particularly as amended and supplemented by Amendment No. 71 to the Interlocal Agreement dated December 19, 2016 (“Amendment No. 71”), Resolution No. 34-16, duly adopted by the City Council on December 5, 2016, approving Amendment No. 71, Resolution No. 24-16, duly adopted by the Town Council on December 19, 2016, approving Amendment No. 71, and Resolution Nos. 17-16 and 19-16, duly adopted by the Issuer on November 10, 2016 and December 8, 2016, respectively, as ratified and confirmed by Resolution No. 12-17, duly adopted by the Issuer on June 29, 2017, and other applicable provisions of law (collectively, the “Act”).

The Issuer neither has nor assumes responsibility for any information in this Official Statement, except for the information under this caption “THE ISSUER” and in the first sentence under the caption “LITIGATION.” Although this Official Statement contains information from sources believed to be reliable, the Issuer makes no representations as to the contents of this Official Statement other than those referenced above. THE ISSUER ASSUMES NO RESPONSIBILITY FOR THE ACCURACY, SUFFICIENCY OF DISCLOSURE OR COMPLETENESS OF ANY INFORMATION PROVIDED BY THE COMPANY, THE TRUSTEE OR ANY OTHER PERSON.

The Issuer’s fees and expenses, including any charges for indemnity, relating to the Series 2017 Bonds are paid pursuant to Section 4.03 of the Loan Agreement.

Validation

On September 20, 2012, the Circuit Court of the Second Judicial Circuit, Leon County, Florida entered a final judgment of validation confirming and validating the Issuer’s conduit revenue bond program and the bonds issued pursuant thereto, which include the Series 2017 Bonds.

Limited Involvement of the Issuer

The Issuer has no obligation to review, control or oversee the activities of the Trustee or the Borrower or the compliance by any of them with any covenants or provisions of any related documents, including (without limitation) any covenants that relate to the excludability from gross income of interest on the Series 2017 Bonds.

The Issuer shall be under no obligation to institute any suit or to take any remedial proceeding in the event of an Event of Default under the Indenture 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 thereby created or in the enforcement of any rights and powers thereunder, including, without limitation, its acceptance or possession of the Project Facilities or any component thereof, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements, and against all liability, except in those cases where such costs, expenses, outlays, fees and disbursements may be attributed to gross negligence or willful misconduct on the part of the Issuer. The Issuer nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Issuer, without indemnity, and in such case the Issuer shall be entitled to reimbursement from any money under the Indenture and, subject to the prior rights of the Trustee, shall be entitled to a preference therefor over any Series 2017 Bonds outstanding under the Indenture.

The Issuer shall be entitled to advice of counsel concerning all matters under the Indenture and its duties under the Indenture and the other financing instruments. The Issuer may in all cases pay such reasonable compensation to such attorneys, agents and receivers and shall be entitled to reimbursement from the Borrower for all such compensation paid. The Issuer may act upon the opinion or advice of counsel, accountants, or such other professionals as the Issuer deems necessary and selected by it in the exercise of reasonable care. The Issuer shall not be responsible for any loss or damage resulting from any action or non-action based on its good faith reliance upon such opinion or advice.

The permissive right of the Issuer to do things enumerated in the Indenture or in the other financing instruments to which the Issuer is a party shall not be construed as duties until specifically undertaken by the Issuer. The Issuer shall only be responsible for the performance of the duties expressly set forth in the Indenture and in the other financing documents to which it is a party and shall not be answerable for other than its gross negligence or willful misconduct in the performance of those express duties.

The Issuer shall be protected in acting upon any opinion of counsel, notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons and which is not contrary to the express terms of the Indenture, the Loan Agreement or any financing documents. Any action taken by the Issuer pursuant thereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or

consent as the Holder of any Series 2017 Bond as shown on the Bond Register will be conclusive and binding upon all future owners or holders of the same Series 2017 Bonds and upon Series 2017 Bonds issued in exchange therefor or in place of such Series 2017 Bonds.

Limited Recourse on Series 2017 Bonds of the Issuer

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2017 BONDS ARE LIMITED AND SPECIAL REVENUE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THE SERIES 2017 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY, THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY, THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY, THE STATE OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2017 BONDS. NO COVENANT OR AGREEMENT CONTAINED IN THE SERIES 2017 BONDS OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE ISSUER NOR SHALL ANY OFFICIAL EXECUTING SUCH SERIES 2017 BONDS BE LIABLE PERSONALLY ON THE SERIES 2017 BONDS OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2017 BONDS. THE ISSUER HAS NO TAXING POWER.

No recourse under or upon any obligation, covenant or agreement contained in the documents relating to the Series 2017 Bonds or under any judgment obtained against the Issuer, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of the Indenture, shall be had against any incorporator, member, director, officer, employee, agent or counsel as such, past, present or future of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Holder of any Series 2017 Bond issued under the Indenture, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2017 Bond. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such incorporator, member, director, officer, employee, agent or counsel, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Holder of any Series 2017 Bond issued under the Indenture or otherwise of any sum that may remain due and unpaid upon the Series 2017 Bond hereby secured or any of them is, by the acceptance thereof, expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of the Series 2017 Bonds.

Notwithstanding anything to the contrary contained in the Indenture, the Series 2017 Bonds, the Loan Agreement or in any other instrument or document executed by or on behalf of the Issuer in connection with the issuance of the Series 2017 Bonds: (i) the Issuer shall have no obligation to take action under the Loan Agreement, the Indenture, the Series 2017 Bonds or any other financing document, or any such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action; (ii) neither the Issuer nor any member, director, officer, employee or agent of the Issuer shall be personally liable to the Borrower, the Trustee, the Holders of the Series 2017 Bonds, or any other person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under the Indenture, the Loan Agreement, the Series 2017 Bonds, any other financing document, or any such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Issuer for breach of its obligations under the Indenture, the Loan Agreement, the Series 2017 Bonds or such other instruments or documents, shall be payable solely from funds paid in accordance with or recovered pursuant to the Loan Agreement or revenues therefrom that have been pledged to payment of the Series 2017 Bonds or proceeds of the Series 2017 Bonds, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

No agreements or provisions contained in the Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project Facilities or the issuance, sale and delivery of the Series 2017 Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except with respect to the Loan Agreement and the application of revenues therefrom and the proceeds of the Series 2017 Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement in the Indenture shall subject the Issuer, its incorporators, members, directors, officers, employees, agents and counsel to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same paid or recovered from funds paid pursuant to or recovered in accordance with the Loan Agreement or revenues therefrom that have been pledged to payment of the Series 2017 Bonds or proceeds of the Series 2017 Bonds.

Nothing in the Indenture shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement therein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer or its members, trustees, officers, directors, employees, agents and counsel, except as may be payable from the Loan Agreement or revenues therefrom that have been pledged to payment of the Series 2017 Bonds or the proceeds of the Series 2017 Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth, for each year ending August 1, the amounts required each year to be paid with respect to the Series 2017 Bonds, assuming no prepayment other than for mandatory sinking fund redemptions. Interest on the Series 2017 Bonds will be paid on each February 1 and August 1, commencing February 1, 2018. Principal of the Series 2017 Bonds will be paid on each August 1, commencing August 1, 2022.

<u>Year Ending August 1</u>	<u>Series 2017 Bonds Principal</u>	<u>Series 2017 Bonds Interest</u>	<u>Total Debt Service</u>
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
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ENFORCEABILITY OF OBLIGATIONS

On the date of issuance of the Series 2017 Bonds, Squire Patton Boggs (US) LLP, Tampa, Florida, Bond Counsel, shall deliver its opinion, dated the delivery date, that the Series 2017 Bonds, the Loan Agreement and the Indenture are valid and legally binding on the Issuer, enforceable in accordance with their respective terms. Lindquist & Vennum LLP, Minneapolis, Minnesota, counsel to the Borrower will deliver an opinion that the Loan Agreement, the Disclosure Agreement, the Disbursing Agreement and the Mortgage are valid and legally binding agreements of the Borrower, and that the Liquidity Support Agreement is a valid and legally binding agreement of the Liquidity Provider, each enforceable in accordance with its respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors' rights generally.

While the Series 2017 Bonds are secured or payable pursuant to the Indenture, the Loan Agreement, the Mortgage and the Liquidity Support Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the issuance and sale of the Series 2017 Bonds and with regard to the tax-exempt status of interest on the Series 2017 Bonds under existing laws are subject to the approving legal opinion of Squire Patton Boggs (US) LLP, as Bond Counsel. Certain legal matters will be passed on for the Borrower by Lindquist & Vennum LLP, and for the Issuer by Bryant Miller Olive P.A. The Underwriter has been represented in this transaction by Gray, Plant, Mooty, Mooty & Bennett, P.A.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax, and (ii) the Series 2017 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2017 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer and the Corporation contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2017 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. In addition, Bond Counsel has relied on, among other things, the opinion of Lindquist & Vennum, LLP, counsel to the Corporation, regarding, among other matters, the current status of the Corporation as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed with the Series 2017 Bonds in activities that are not considered "unrelated trade or business" activities of the Corporation, as defined in Section 513(a) of the Code, which opinion is subject to a number of qualifications and limitations. Failure of the Corporation to maintain its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Series 2017 Bonds in a manner that is substantially related to the Corporation's exempt purpose under Section 513(a) of the Code, may cause interest on the Series 2017 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2017 Bonds. Bond Counsel will not independently verify the accuracy of the Issuer's and the Corporation's representations and certifications or the continuing

compliance with the Issuer's and the Corporation's covenants and will not independently verify the accuracy of the opinion of the Corporation's counsel.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2017 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Issuer or the Corporation may cause loss of such status and result in the interest on the Series 2017 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance. The Corporation and, subject to certain limitations, the Issuer have each covenanted to take the actions required of it for the interest on the Series 2017 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of delivery of its opinion with respect to the Series 2017 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2017 Bonds or the market value of the Series 2017 Bonds.

Interest on the Series 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. In addition, interest on the Series 2017 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2017 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2017 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2017 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Series 2017 Bonds ends with the issuance of the Series 2017 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Issuer, the Corporation or the owners of the Series 2017 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Series 2017 Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer and the beneficial owners of the Series 2017 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2017 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2017 Bonds.

Prospective purchasers of the Series 2017 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Series 2017 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and also may be considered by the State legislature. Court proceedings also may be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2017 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2017 Bonds will not have an adverse effect on the tax status of interest on the Series 2017 Bonds or the market value or marketability of the Series 2017 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2017 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Series 2017 Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Series 2017 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Series 2017 Bonds may be adversely affected and the ability of holders to sell their Series 2017 Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2017 Bonds (“Discount Series 2017 Bonds”) as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Series 2017 Bond. The issue price of a Discount Series 2017 Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Series 2017 Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Series 2017 Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Series 2017 Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2017 Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Series 2017 Bond. The amount of OID that accrues each year to a corporate owner of a Discount Series 2017 Bond is included in the calculation of the corporation’s adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. A purchaser of a Discount Series 2017 Bond in the initial public offering at the price for that Discount Series 2017 Bond stated on the inside cover of this Official Statement who holds that Discount Series 2017 Bond to maturity will realize no gain or loss upon the retirement of that Discount Series 2017 Bond.

Certain of the Series 2017 Bonds (“Premium Series 2017 Bonds”) as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Series 2017 Bond, based on the yield to maturity of that Premium Series 2017 Bond (or, in the case of a Premium Series 2017 Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Series 2017 Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Series 2017 Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Series 2017 Bond, the owner’s tax basis in the Premium Series 2017 Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Series 2017 Bond for an amount equal to or less than the amount paid by

the owner for that Premium Series 2017 Bond. A purchaser of a Premium Series 2017 Bond in the initial public offering at the price for that Premium Series 2017 Bond stated on the inside cover of this Official Statement who holds that Premium Series 2017 Bond to maturity (or, in the case of a callable Premium Series 2017 Bond, to its earlier call date that results in the lowest yield on that Premium Series 2017 Bond) will realize no gain or loss upon the retirement of that Premium Series 2017 Bond.

Owners of Discount and Premium Series 2017 Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Series 2017 Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

UNDERWRITING

The Series 2017 Bonds are being purchased from the Issuer by Herbert J. Sims & Co., Inc., in Bloomington, Minnesota (the “Underwriter”). The Underwriter has agreed to purchase the Series 2017 Bonds at a price equal to \$ _____ (par less the Underwriter’s discount of \$ _____), subject to the terms of a certain Bond Purchase Agreement (the “Bond Purchase Agreement”), between the Issuer, the Borrower and the Underwriter. The Bond Purchase Agreement provides that the Underwriter shall purchase all Series 2017 Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices set forth on the cover page hereof may be changed from time to time by the Underwriter. The Borrower has agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under the federal and state securities laws.

CONTINUING DISCLOSURE

Pursuant to a Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), the Borrower will agree to provide annual reports, within 150 days of the end of each Fiscal Year commencing with the Fiscal Year ending December 31, 2017, to Digital Assurance Certification, L.L.C. (“DAC”), for dissemination to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”). Except as otherwise provided in the Disclosure Agreement, each Annual Report of the Borrower shall contain annual financial statements of the Borrower. Additionally, each Annual Report of the Borrower shall include a calculation of the Borrower’s Days Cash on Hand and Debt Service Coverage Ratio as of and for the Fiscal Year, and shall include an update of operating data and financial information of the Borrower contained in Appendix A to the Official Statement.

The Borrower will agree in the Disclosure Agreement to provide timely (within seven Business Days) notice to DAC (and DAC will disseminate to EMMA) of any of the events listed below:

- i. Delinquency in payment when due of any principal of or interest on the Series 2017 Bonds.
- ii. Occurrence of any nonpayment Event of Default under the Indenture or Loan Agreement as defined in each such instrument, if material.
- iii. Unscheduled draws on the Reserve Fund reflecting financial difficulties.
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties (the Series 2017 Bonds have no third party credit enhancement).
- v. Substitution of credit or liquidity providers, or their failure to perform (the Series 2017 Bonds have no third party liquidity provider or credit enhancement).
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

- notices or determinations with respect to the tax status of the Series 2017 Bonds, or other material events affecting the tax status of the Series 2017 Bonds.
- vii. Modifications to the rights of Bondholders, if material.
 - viii. Series 2017 Bond calls, if material, and tender offers.
 - ix. Defeasance of the Series 2017 Bonds or any portion thereof.
 - x. Release, substitution or sale of property securing repayment of the Series 2017 Bonds, if material.
 - xi. Rating changes (the Series 2017 Bonds will not be rated).
 - xii. Bankruptcy, insolvency, receivership or similar event of the Borrower.
 - xiii. The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

DAC will provide timely notice to EMMA of any failure of the Borrower to provide the required annual report by the date due. Failure of the Borrower to comply with the Disclosure Agreement will not constitute an event of default under the Indenture or the Loan Agreement.

Pursuant to the Disclosure Agreement, the Borrower shall also provide to DAC for dissemination to EMMA its quarterly unaudited financial statements, as well as utilization and occupancy information. Such information is to be provided within 45 days after the end of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2020.

Pursuant to the Disclosure Agreement, the Borrower shall also provide to DAC for dissemination to EMMA monthly construction progress reports relating to the Project, as well as its annual budget at least 30 days prior to the start of each Fiscal Year (commencing with the Fiscal Year that begins January 1, 2020).

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the Issuer except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the “Department”). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the Issuer, and certain additional financial information, unless the Issuer believes in good faith that such information would not be considered material by a reasonable investor.

As described herein, the Issuer has the power to issue bonds for the purpose of financing other projects for other borrowers which are payable from the revenues of the particular project or borrower. Revenue bonds issued by the Issuer for other projects may be in default as to principal and interest. The source of payment, however, for any such defaulted bond is separate and distinct from the source of payment of the Series 2017 Bonds and, therefore, disclosure with respect to any default on such bonds is not considered material with respect to the Series 2017 Bonds.

The Issuer has not been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by the Issuer for the benefit of the Corporation. The Corporation has

not been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by the Corporation.

RELATIONSHIPS AMONG THE PARTIES

In connection with the issuance of the Series 2017 Bonds, the Issuer, the Borrower and the Underwriter are being represented by the attorneys or law firms identified above under the heading "APPROVAL OF LEGAL PROCEEDINGS." In other transactions not related to the Series 2017 Bonds, each of these attorneys or law firms may have acted as Bond Counsel or represented the Issuer, the Borrower or the Underwriter or their affiliates, in capacities different from those described, and there will be no limitations imposed as a result of the issuance of the Series 2017 Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2017 Bonds should not assume that the Issuer, the Borrower and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Series 2017 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

In addition, the Indenture permits the Trustee and its officers and directors to acquire and own or become the pledgee of Series 2017 Bonds and otherwise deal with the Issuer and the Borrower in the same manner, to the same extent and with like effect as though it were not Trustee under the Indenture.

CONTINGENT FEES

Bond Counsel, Counsel to the Underwriter, Bryant Miller Olive P.A., as Special Counsel to the Issuer, Michael J. Stebbins, P.L., as counsel to the Issuer, and the Trustee and its in-house counsel have been retained with respect to the authorization, sale, execution and delivery of the Series 2017 Bonds. Payment of the fees and expenses to such professionals and an underwriting discount to the Underwriter, are each contingent upon the sale and delivery of the Series 2017 Bonds. In addition, the total compensation of the Issuer's Executive Director, an employee of the City of Gulf Breeze, Florida, may increase, in the form of an annual bonus, as a consequence of the issuance of the Series 2017 Bonds.

LITIGATION

The Issuer

To the actual knowledge of the Issuer, there is no pending litigation seeking to restrain or enjoin the issuance or delivery of the Series 2017 Bonds or questioning or affecting the legality of the Series 2017 Bonds or the proceedings and authority under which the Series 2017 Bonds are to be issued.

The Borrower

There is no litigation pending which in any manner questions the undertaking of the financing by the Borrower or the construction and operation of the Project by the Borrower or the validity or enforceability of the Indenture, the Loan Agreement, or the Mortgage.

MISCELLANEOUS

The foregoing does not purport to be comprehensive or definitive and all references to any document herein are qualified in their entirety by reference to each such document. All references to the Series 2017 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of the Underwriter in Bloomington, Minnesota, and thereafter at the principal corporate trust office of the Trustee. All information contained in Appendix A has been derived from information provided by the Borrower. The Underwriter makes no representations or warranties as to the accuracy or completeness of the information in any of the Appendices.

The Borrower has authorized and the Issuer has acknowledged the use and distribution of this Official Statement; provided, however, that the Issuer has not participated in the preparation of this Official Statement, has not made an independent investigation with respect to the information contained herein, and assumes no responsibility for the accuracy or completeness of the information contained herein. The Borrower has approved the information contained herein.

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APPENDIX A

THE CORPORATION AND THE PROJECT

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THE CORPORATION

General

Elim Senior Housing, Inc. dba: Trinity Springs (the “Corporation”) was incorporated as a nonprofit corporation under the laws of the State of Minnesota in 2015 for the purpose of developing, owning and operating a retirement community (the “Project”), located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, within the City of Wildwood Florida, Sumter County, Florida, having a mailing address of 12110 County Road 103, Oxford, Florida. The Corporation has been determined by the Internal Revenue Service to be exempt from federal taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). Elim Care, Inc. a Minnesota nonprofit corporation (“Elim Care”), is the sole member of the Corporation.

Organizational Chart of Elim Care

The organizational chart below illustrates the relationship between Elim Care, Inc. (“Elim Care”) and its affiliates. Elim Care is a unit of The North Central District Association of the Evangelical Free Church of America (the “District”). Due to the number of corporations, the organizational chart is shown in two sections: (See page A-3)

Affiliates of the Corporation

The following is a description of the Elim Care affiliates (excluding the Corporation). The affiliates are also referred to as support corporations.

The purpose of Elim Care is to provide housing, health care, and support services to older adults and advance the mission of “Service in the spirit of Christ’s love”. Elim Care is managed by a board of directors elected by the District and is headquartered in Eden Prairie, Minnesota. It is exempt from federal income taxation under Section 501(a) of the Code by virtue of being a charitable corporation described in Section 501(c)(3) of the Code. Elim Care is also the sole member of, or has a controlling interest in, several other affiliated entities (the “Support Corporations”) as described below.

Elim Homes, Inc., a Minnesota 501(c)(3) nonprofit corporation, was formally organized in 1986. Since 1927 Elim Homes, Inc. has provided nursing facility services to the elderly, handicapped and others having special needs. Elim Homes, Inc. and its two affiliates, Redeemer Residence, Inc. and Park View Care Center, own and operate six licensed nursing facilities with 627 active licensed beds as of December 31, 2016. A 30-unit assisted living facility is connected to the Princeton, Minnesota nursing facility dba: Caley House and an 11-unit elderly independent housing apartment unit is connected to the nursing home in Watertown, Minnesota dba: Elim Meadows. An adult day care dba: Oasis Adult Day Health Center operates in a church in Princeton, Minnesota and is licensed for up to 24 clients. A therapy division dba: Progressive Rehabilitation Options (Pro Rehab) provides physical, occupational and speech therapies to all of Elim Care, Inc.’s nursing home entities and several unrelated customers. A centralized administrative service division was established to service all of the Elim Care support corporations and in 2013 the management division was separately incorporated in Elim Management Services, LLC as a wholly owned member.

Elim Homes, Inc., the Corporation and U.S.Bank National Association have entered into a Liquidity Support Agreement dated as of August 1, 2017, pursuant to which Elim Homes, Inc. will provide up to \$2,000,000 of liquidity to the Corporation to provide working capital and debt service on the Series 2017 Bonds.

Elim Care announced on April 25, 2017 that the Elim Homes, Inc. campus in Watertown, Minnesota would be ceasing operations and closing in the near future. The nursing home residents and senior housing tenants were all relocated in early June and the facility was officially closed.

Elim Care Foundation, a Minnesota 501(c)(3) nonprofit corporation, was organized in 1986 for the purpose of establishing and coordinating the primary fund raising activities of the Elim Care support corporations. Elim Care Foundation is the sole member of Community Health Foundation of Wright County, a Minnesota 501(c)(3) nonprofit corporation. It was organized to improve the health of the residents of Wright County, Minnesota.

Elim Shores, Inc., a Minnesota 501(c)(3) nonprofit corporation, was organized in 1988 for the purpose of developing, constructing and operating a 64-unit independent and assisted living facility for the elderly located in Eden Prairie, Minnesota.

Pioneer House Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 48-unit assisted living building in Fargo, North Dakota. The facility is attached to Elim Home - Fargo, a 136-bed nursing facility, which is owned by Elim Homes, Inc.

Elim Children's Center, Inc., a Minnesota 501(c)(3) nonprofit corporation, was organized in 2000 for the purpose of providing child day care services in Fargo, North Dakota and Minneapolis, Minnesota. The day cares operate within the nursing care facilities in those locations, which are owned by Elim Homes, Inc.

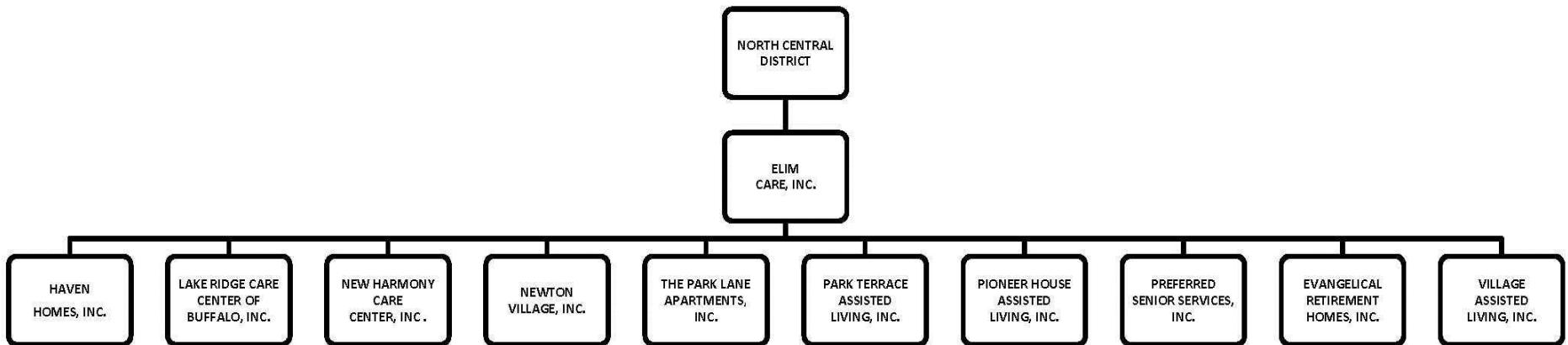
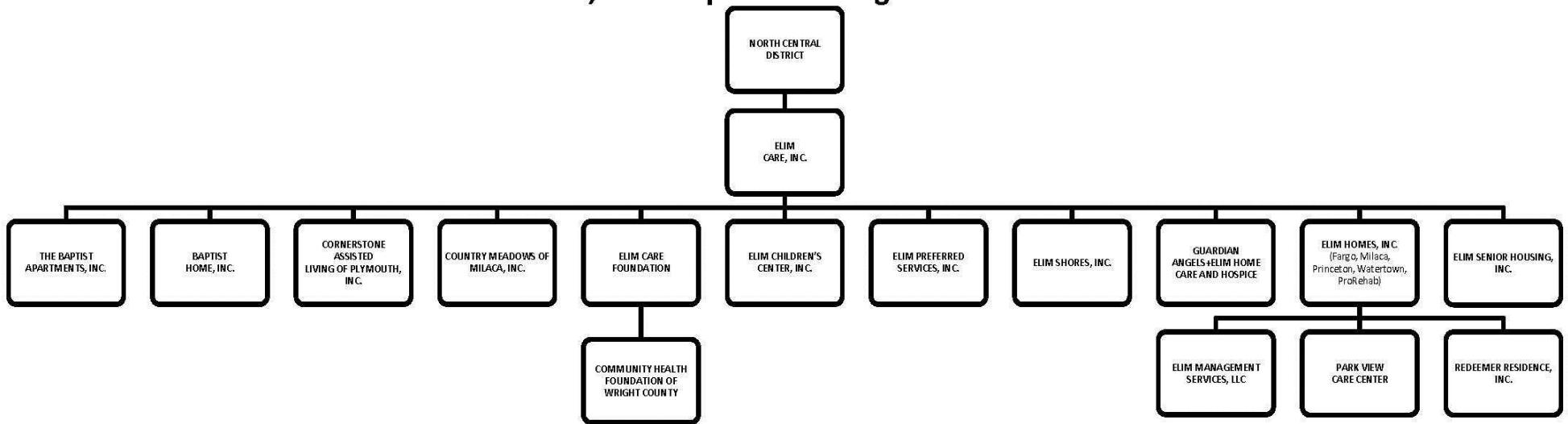
Elim Preferred Services, Inc., a Minnesota for-profit corporation, was organized in 1991 as a medical equipment and supply company serving the Elim Care support corporations as well as other companies.

Preferred Senior Services, Inc., a Minnesota for-profit corporation, was organized in 1999 and is a marketing and management company for organizations unrelated to Elim Care. The operations of Preferred Senior Services, Inc. were substantially curtailed at the end of 2004, and is currently inactive.

New Harmony Care Center, Inc., a Minnesota 501(c)(3) Minnesota corporation, became a 100% controlled affiliate after an agreement was signed effective January 1, 2001. The 76-bed licensed nursing facility located in St. Paul, Minnesota.

Cornerstone Assisted Living of Plymouth, Inc., a Minnesota 501(c)(3) nonprofit corporation was organized in 2002 and operates an 86-unit assisted living building in Plymouth, Minnesota, which opened in April 2004.

Elim Care, Inc. Corporations Organizational Chart



Park Lane Apartments, Inc. a Minnesota 501(c)(3) nonprofit corporation operating a 48-unit apartment complex located in Buffalo, Minnesota and is adjacent to the Park View Care Center nursing facility, also in Buffalo, Minnesota. The apartment complex will be closing in late 2017 due to its age and will likely be demolished in 2018. All tenants were advised during 2016 and are making plans to move.

Newton Village, Inc., a Minnesota 501(c)(3) nonprofit corporation, was organized in 2003 to operate a campus consisting of a 50-unit independent living and 44-unit assisted living building including 9 memory care units in Newton, Iowa. In June 2014, construction was completed on a 24-bed licensed nursing facility attached to the existing campus.

Lake Ridge Care Center of Buffalo, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 65-bed licensed nursing facility, of which 56 beds are currently in service, and a 27-unit assisted living facility located in Buffalo, Minnesota. In 2014 a new 5-bed wing was constructed and attached to the facility for end of life specialty care.

Country Meadows of Milaca, Inc., a Minnesota 501(c)(3) nonprofit corporation, was organized in 2004 and operates a 32-unit independent and assisted living building in Milaca, Minnesota attached to the Elim Homes, Inc. – Milaca nursing facility.

Park Terrace Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 32-unit assisted living and 14-unit memory care building, which includes adult day care space, in Buffalo, Minnesota attached to the Park View Care Center nursing facility.

Evangelical Retirement Homes, Inc. dba: Valley View Village, is an Iowa 501(c)(3) nonprofit organization located in Des Moines, Iowa, that owns and operates 89 independent senior living units and a 79-bed skilled nursing facility. In August 2016 a new skilled nursing facility was opened and the residents were transferred to the new building, which is attached to the old building

Village Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, is a 54-unit assisted living building in Des Moines, Iowa that is attached to the Valley View Village nursing facility.

Baptist Home, Inc., is a North Dakota 501(c)(3) nonprofit corporation located in Bismarck, North Dakota, that owns and operates a 140-bed licensed nursing facility. During 2013 a new building was opened and the previous campus was sold.

Baptist Apartments, Inc., a North Dakota 501(c)(3) nonprofit corporation, owned and operated a 36-unit independent senior housing building in Bismarck, North Dakota. During 2013 the operations ceased and the building was sold. Plans for building senior apartment units on the new Baptist Home, Inc. campus are in progress.

Haven Homes, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 67-bed licensed nursing facility with 52 beds in service and a 21-unit assisted living facility (Bryant House) located in Maple Plain, Minnesota. On January 1, 2014, Elim Care, Inc. acquired Haven Homes, Inc. and it is now an affiliate of Elim Care, Inc.

Elim Care, Inc. has a 50% interest in Guardian Angels † Elim Home Care, Inc., a joint venture with Guardian Angels of Elk River, Inc. The home health care entity is a Minnesota 501(c)(3) nonprofit corporation serving seniors primarily in the Elk River, Anoka, Buffalo, Cambridge and Princeton, Minnesota areas. The co-owners, Elim Care, Inc. and Guardian Angels of Elk River, Inc., each appoint one-half of the Board members for Guardian Angels † Elim Home Care, Inc. with a rotating Chairperson each year.

The following charts show average occupancy of each component of the skilled nursing units and housing units from fiscal year 2013 through 2016:

Skilled Nursing Name	Location	Number of Units	Average Occupancy			
			2016	2015	2014	2013
Elim Care and Rehab Center	Princeton, MN	107	95.0 %	93.9 %	93.4 %	93.0 %
Elim Care and Rehab Center	Milaca, MN	86	84.1	85.3	89.6	83.8
Elim Care and Nursing Home	Watertown, MN	46	78.5	79.8	90.8	94.0
Elim Rehab and Care Center	Fargo, ND	136	93.9	96.4	96.5	96.4
Redeemer Health and Rehab	Minneapolis, MN	129	83.9	93.4	95.5	95.3
Parkview Care Center	Buffalo, MN	123	93.4	94.9	93.8	91.4
New Harmony Care Center	St Paul, MN	76	91.1	93.1	93.5	95.1
Lake Ridge Care Center	Buffalo, MN	56	85.3	82.3	87.0	92.7
Valley View Village	Des Moines, IA	79	70.5	73.7	81.4	80.6
Baptist Health Care Center	Bismarck, ND	140	99.1	98.8	99.2	96.9
Haven Homes	Maple Plain, MN	52	88.7	87.6	78.0	N/A*
Newton Village Health Care Center	Newton, IA	24	94.0	87.3	37.2	N/A**
Total		<u><u>1,054</u></u>				

*Haven Homes was acquired in 2014, therefore no occupancy data is available for 2013

**Newton Village Health Care Center was constructed in June 2014, therefore no occupancy data is available for 2013

Housing-Assisted Living		Number of Units	Average Occupancy			
Name	Location		2016	2015	2014	2013
Caley House	Princeton, MN	30	96.3 %	96.7 %	98.3 %	97.1 %
Country Meadows	Milaca, MN	32	98.1	96.3	95.6	89.0
Pioneer House	Fargo, ND	48	79.6	94.6	92.9	92.8
Elim Shores	Eden Prairie, MN	64	93.7	95.8	95.0	92.0
Newton Village AL	Newton, IA	35	94.5	95.1	95.2	96.5
Lake Ridge Manor	Buffalo, MN	27	96.5	98.3	96.9	93.9
Cornerstone Assisted Living	Plymouth, MN	66	87.5	86.1	92.4	94.4
Park Terrace Assisted Living	Buffalo, MN	32	99.3	95.1	97.1	95.4
Village Assisted Living	Des Moines, IA	54	94.7	90.9	92.6	92.0
Bryant House	Maple Plain, MN	21	81.6	88.8	88.5	N/A*
Total		<u>409</u>				

*Bryant House was acquired in 2014, therefore no occupancy data is available for 2013

Housing-Independent Living		Number of Units	Average Occupancy			
Name	Location		2016	2015	2014	2013
Elim Meadows	Watertown, MN	11	81.0 %	68.0 %	75.5 %	91.3 %
Newton Village IL	Newton, IA	50	89.4	93.6	98.1	96.2
Park Lane Apartments	Buffalo, MN	48	92.8	96.0	97.7	97.6
Valley View Cottages	Des Moines, IA	58	88.6	90.9	87.6	80.0
Valley View Manor Apartments	Des Moines, IA	30	98.1	100.0	98.6	92.2
Total		<u>197</u>				

Housing-Memory Care		Number of Units	Average Occupancy			
Name	Location		2016	2015	2014	2013
Newton Village Memory Care	Newton, IA	9	98.5 %	97.2 %	98.1 %	98.2 %
Cornerstone Memory Care	Plymouth, MN	20	97.9	94.1	98.6	96.9
Park Terrace Memory Care	Buffalo, MN	14	99.3	100.0	94.1	93.5
Total		<u>43</u>				

Elim Care and Augustana Care, each a faith-based non-profit organization headquartered in Minnesota, have entered into a Memorandum of Understanding related to a potential merger of the two organizations. The Memorandum of Understanding plans for a new organizational structure as well as the board appointment process and responsibilities, transitional executive leadership plans and other pertinent issues. After the merger, the officers of Elim Care will be the officers of the merged organization. Both organizations are reviewing due diligence information of the other organization to determine if there are any issues that would result in the organizations not merging. It is anticipated that the due diligence process will be completed sometime in the summer of 2017. If both organizations agree to the merger, it will likely occur in 2018. The proposed merger will have no effect on the obligations of the Corporation under the Loan Agreement or Elim Homes' obligations under the Liquidity Support Agreement.

Augustana Care has several tax-exempt bond issues listed on the Electronic Municipal Market Access website (<https://emma.msrb.org>) that can be accessed to find organizational and financial information about Augustana Care.

Governance

Elim Care is the sole member of the Corporation and appoints its Board of Directors. Action by the Corporation is taken by its Board of Directors and is not subject to the approval of Elim Care.

The current directors and officers of the Corporation are as follows:

Name	Position	Occupation
Pat Nuss	Chairperson	Human Resources (Retired)
Tom Cairns	Vice Chairperson	Ex-Chief Medical Officer and Urgent Care Physician
Dick Bjerkaas	Secretary/Treasurer	Business Banker (Retired)
Nikki Daniels	Director	Associate Professor and Program Director
Stann Leff	Director	Ministry Coach

Management

During construction, the Project Development Director, Andrew Centanni, from Elim Management Services, LLC (a subsidiary of Elim Homes, Inc.) as well as other members of the corporate staff will be the owner's representative and will monitor progress on the construction. Mr. Centanni has served as Director of Project Management since November of 2013. This position oversees the project planning and implementation of all new construction and capital improvements of Elim Care's portfolio. He coordinates with architects, interior designers, general contractors and any other partner, internal or external to the organization which provides services during construction projects. Additionally, he oversees the internal leadership training and education of the Environmental Service Directors at each of the 13 Elim Care affiliate's campuses. Prior to working for Elim Management Services, LLC, Mr. Centanni served as a Project Manager at Pope Architects for over six years with an additional five years of architectural experience prior to working at Pope Architects. He graduated from Bethel University in St. Paul, Minnesota with his MBA in 2010, a Master of Architecture from Judson University in Elgin, Illinois in 2004 and his B. A. degree in Architecture from Judson University in 2003 and is a registered architect in the State of Minnesota.

Additional management services are provided to the Corporation by officers of Elim Management Services, LLC. Management of Elim Management Services, LLC is carried out, subject to the direction of the Board of Directors and its officers, by the following:

Robert Dahl has served as President/CEO of Elim Care and its affiliates since October, 1994. Mr. Dahl was previously the Executive Director at Resthaven Patrons, Inc. in Holland, Michigan, where he worked since 1987. Prior to his service as Executive Director, Mr. Dahl was a nursing home administrator. Mr. Dahl graduated in 1981 from Calvin College in Grand Rapids, Michigan, with a B.A. in Business Administration. Mr. Dahl is a licensed nursing home administrator in Minnesota.

Kathy Youngquist has served as Chief Financial Officer and under various other titles such as Vice President of Finance and Director of Finance at Elim Care and its affiliates since January 1990. Prior to joining Elim Care, she served on the audit staff of Larson, Allen, Weishair & Co. for five years. Ms. Youngquist is a certified public accountant and currently holds an inactive Certified Public Accountant's license. She graduated from Bethel College, in St. Paul, Minnesota, in 1984, with a B.A. degree in Business.

Ron Sanford has served as Chief Operating Officer and formerly under the title of Vice President of Operations since February 1995. During the period from April 1987 to January 1995, he served as the Director of Human Resources. Prior to 1987, Mr. Sanford was employed as a benefit consultant and broker, a personnel administrator and a program director for a counseling program. Mr. Sanford graduated in 1972 from Trinity College in Deerfield, Illinois, with a B.A. degree in Sociology.

Future Expansion Policy and Plan

Elim Care's future expansion policy and plan focuses on further developing its existing campuses to include other forms of housing and health care for the elderly and to expand its services to less regulated forms of senior care and housing than nursing homes. Whenever possible, Elim Care will continue to improve its current facilities and offer a full range of service options. Elim Care believes that each of its locations can best serve the needs of the elderly by offering a range of housing and health care options in a campus setting.

Government Regulation, Reimbursement and Relations

Elim Care and its affiliates' independent living facilities and assisted living facilities are subject to the regulatory and licensing requirements of federal, state and local government authorities and have all necessary licenses.

THE PROJECT

General Description

The Project is to be located on approximately 20 acres of land located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, within the city limits of the City of Wildwood, Florida, Sumter County, Florida, having a mailing address of 12110 County Road 103, Oxford, Florida and is anticipated to consist of 107 assisted living apartments, 48 memory care assisted living suites with 54 beds, 2 guest suites and a town center.



The Project is designed to meet the needs of aging seniors. The building will be three stories of approximately 185,000 total square feet, which will be built adjacent to the Live Oaks Community Church (see next page for further detail).

In addition to residential assisted living units and memory care units, the Project will have central and building commons areas for residents and their families. The central commons area consists of a dining room, living room and activity room available to residents on each floor. Additionally, each floor provides access to a spa tub, laundry and community lanai and living rooms for each neighborhood. The building commons area will include a theater, art gallery, an entry lounge, general store, fitness and aerobics center with the ability to provide physical therapy services, and a salon. Outdoor amenities of the Project consist of two courtyards, one for memory care residents and one for assisted living residents with a direct elevator access from their central commons.

The Project will also include two private guest suites with private access and parking for resident families. The guest units will include a bed, bathroom, TV/internet services and kitchenettes.

The Corporation plans to build a second phase of the Project, which is expected to include approximately 95 independent living apartments available in one and two-bedroom configurations. The timing of the second phase has not yet been determined.

Live Oaks Community Church

In 2016, Elim Senior Housing, Inc. sold approximately 5.5 acres of land adjacent to the Project to the Live Oaks Community Church (“Live Oaks Church”) presently located in Wildwood, Florida. The Live Oaks Church subsequently commenced the construction on that site of a new ministry center of approximately 9,900 square feet and a church of 21,200 square feet. The new ministry center is scheduled to open in July of 2017. Elim Senior Housing, Inc. and the Live Oaks Church are both sponsored by the Evangelical Free Church of America headquartered in Bloomington MN. During the first quarter of 2017, average weekly attendance at Live Oaks has averaged 391 persons. There are a total of 280 church members with 38 new members added in April of 2017. The new Live Oaks church will be connected to the Project by walkways and golf cart paths. It is anticipated the members of Live Oaks church will form a base of volunteers to The Project and will provide spiritual guidance and regular church services to Project residents.

The Live Oaks Community Church and the Evangelical Free Church of America including their respective members and affiliated organizations are not responsible for, or guaranty in any way, the debts and obligations of Elim Senior Housing, Inc. including the 2017 Bonds.

Assisted Living

The 107 assisted living apartments in the Project are expected to be available in studio and one and two-bedroom configurations. The following table summarizes the estimated unit types, sizes and initial fees of the assisted living apartments:

Unit Type	Number of Units	Unit Size (Square Feet)	Initial Monthly Fees
Studio	23	367-541	\$4,000-\$4,315
One Bedroom	36	605-850	\$5,975-\$6,125
One Bedroom w/Den	36	830-1,008	\$6,125
Two Bedroom	12	1,043-1,098	\$6,275
Total/Weighted Average	107	831	

The assisted living units are planned to be private apartments and have kitchenettes containing stoves, microwaves, refrigerators and full bathrooms. The assisted living units will also be equipped with emergency pull cord and pendants for resident safety. The common areas are planned to include a living

room with television, activity rooms, a main dining room, patios, a private courtyard and administrative and support areas. The monthly service fee is planned to include three prepared meals a day, weekly housekeeping and linen service, all utilities except for cable/satellite television, scheduled transportation, organized activities, unit maintenance, 24-hour on-site staff monitoring and spiritual care. Upon admission into the assisted living units, residents will undergo a health assessment and will be assigned a care service package for the additional daily care as based on their needs (see service package section on the next page for service package pricing). The services and programs will meet all state regulatory requirements. Other services will be available to residents of the assisted living units at additional cost, including barber and beauty shop services and cable/satellite television. The assisted living facility (ALF) is planned to be licensed under the Extended Congregate Care (ECC) license with the State of Florida. This license will allow the Project to provide services beyond those permissible under the "Standard" license. Under the "Standard" license, an ALF is designed to provide personal services, which include direct physical assistance with or supervision of the activities of daily living and self-administration of medication and other similar services in the least restrictive and most home-like environment. Example activities of daily living include ambulation, bathing, dressing, eating, grooming, toileting and similar tasks. In cases where there are needs for additional services beyond those included in the "Standard" license, there is an option to provide certain services under the authority of "Specialty" licenses. ALF's that are not ECC licensed may apply for some "Specialty" licenses that include limited mental health and limited nursing services. The ECC license is a type of "Specialty" license that enables a facility to provide services from licensed nurses and supportive services defined by rule to persons who would otherwise be disqualified from continued residence in a facility that is not licensed under ECC. The purpose of the "Specialty" licenses and the ECC license is to allow individuals to "age in place" in familiar surroundings that can adequately and safely meet their continuing healthcare needs potentially for longer periods of time than facilities with a "Standard" license. Tom Campbell and Associates (see "Other Professional Services" on page A-14) will assist the Corporation in applying for the ECC license. See page A-14 for more detail.

Memory Care

The 48 memory care units in the Project are expected to be available in studio and semi-private configurations. The following table summarizes the estimated unit types, sizes and initial fees of the memory care units:

Unit Type	Number of Units	Unit Size (Square Feet)	Initial Monthly Fees
Studio	42	419-455	\$5,925
Semi-Private	6	743	\$4,975
Total/Weighted Average	<u>48</u>	<u>831</u>	

The memory care units are planned to be private and semi-private apartments with amenities similar to the assisted living apartment units, except that the kitchenettes will only contain a small refrigerator and cabinet storage. The memory care units will also be equipped with emergency pull cord and pendant systems for resident safety. The memory care units are planned to have secured access and separate common areas and courtyard. The monthly service fee for the memory care units is expected to include three prepared meals a day, weekly housekeeping and linen service, all utilities except for cable/satellite television, scheduled transportation, organized activities, unit maintenance, 24-hour on-site staff monitoring and spiritual care. Upon admission into the memory care units, residents will undergo a health assessment and will be assigned a care service package for the additional daily care as necessary. The services and programs will meet all state regulatory requirements.

Other services will be available to residents of the memory care units at an additional cost, including barber and beauty shop services and cable/satellite television.

Service Packages

In addition to the monthly rates shown above, assisted living and memory care residents may be charged a level of care fee. Fees for care and services are based on each resident's needs and preferences as determined by their personal service plan. A personal service assessment will establish the personal service rate as shown below and staff will tailor each resident's care plan around individualized needs and preferences. Assistance with activities of daily living ("ADL's") will be available under the care plan and can include assistance with bathing, eating, dressing, toileting, continence, medication management, transfers and walking.

Level A	Assistance with 1-2 ADLs	\$ 400 per month
Level B	Assistance with 3-4 ADLs	\$ 750 per month
Level C	Assistance with 5-6 ADLs	\$ 1,100 per month
Level D	Assistance with 7-8 ADLs	\$ 1,425 per month

MARKETING

Financial Feasibility Study

A Financial Feasibility Study, including market assessment information dated July 14, 2017, to be utilized by the Corporation in evaluating the feasibility of the Project (the "Financial Feasibility Study"), has been prepared by CliftonLarsonAllen LLP and is attached in APPENDIX B. THE FINANCIAL FEASIBILITY STUDY SHOULD BE READ IN ITS ENTIRETY IN CONNECTION WITH A DECISION TO INVEST IN THE SERIES 2017 BONDS, INCLUDING ASSUMPTIONS AND ANY MANAGEMENT NOTES THEREIN.

Marketing Program

The Corporation has engaged Pavone Marketing Group, Inc. and its subsidiary, Varsity, LLC (the “Marketing Consultant”) to be responsible for marketing the Project. Various research, branding, naming and intelligence gathering activities have been conducted by the Marketing Consultant to date.

Further marketing efforts are expected to begin soon after funding of the Series 2017 Bonds. The Marketing Consultant will focus on brand positioning and messaging, as well as communicating, selling and delivering the Project brand. They plan to accomplish these tasks by holding informational seminars and signature events, direct mail, print advertising, website development and reporting, search engine marketing, digital media and outbound calling. They will also assist in training the Project’s marketing staff. The Marketing Consultant is responsible from initial occupancy and fill up stages for marketing the Project.

Related experience: The Marketing Consultant has a diverse listing of experience, which ranges from life care fee-for-service, and from entrance fee models to strictly rental communities. The following are some of their recent senior living clients:

<u>Client Name</u>	<u>Location</u>	<u>Type</u>
Asbury Communities	Gaithersburg, MD	Senior Housing
Chapel Pointe	Carlisle, PA	Senior Housing
Frasier Meadows	Boulder, CO	Senior Housing
Dunwoody Village	Newton Square, PA	Senior Housing
The Highlands at Wyomissing	Wyomissing, PA	Senior Housing
Homestead Village	Lancaster, PA	Senior Housing
Meadowood Senior Living	Worcester, PA	Senior Housing
National Church Residences	Columbus, OH	Senior Housing
Peconic Landing	Greenport, OH	Senior Housing
Westminster Ingleside Communities	Washington D.C	Senior Housing

The following are biographies of key personnel contributing to the marketing of the Project:

Wayne Langley, President: Mr. Langley became president of Varsity, LLC in September of 2015. His responsibilities include overseeing growth strategies as well as the daily operations for the organization. In Mr. Langley’s 30-year career in the senior housing field, he has applied his operational expertise to delivering reliable solutions that meet the evolving needs of senior living organizations.

Jackie Stone, Vice President Sales Consulting: Ms. Stone brings more than 26 years of experience as a senior living marketing professional. She has worked as a senior executive in sales, marketing, and operations roles within continuing care retirement communities, and as a consultant to nearly 100 senior living communities of all shapes, sizes and levels of care across the United States. During her career, Ms. Stone has been a partner in a senior living development company, where she led a team of professionals to implement the sales and marketing efforts of Greenfield Continuing Care Retirement Communities across the United States. She has been a major contributor in strategic and master campus planning initiatives, launched new home and community-based services that continue to be successful today, and developed senior living-specific sales training programs.

Derek Dunham, Vice President Client Services: Mr. Dunham's primary focus is on branding and marketing plan development, marketing materials, tactics and messaging. He has over 20 years of experience in branding, marketing and communications. He has led research studies and strategic development initiatives, as well as tactical plan implementation, for dozens of senior living organizations and other major brands targeting the mature market.

The Marketing Consultant will assist in hiring of a marketing manager, who will be an employee of the Corporation. With the oversight of the Marketing Consultant, the marketing manager will oversee the marketing of the Project, which will include the following:

Define the Brand - This stage included focus groups which helped define core truths about the Project as well as selecting a name and logo. The name Trinity Springs has been selected for Project.

Communicate the Brand - This stage will include generating substantial leads by hosting a series of information seminars and signature events that appeal to the market. These events will be held throughout the construction phase of the Project to provide a forum for prospects to come and learn about the community. Communication of the brand will also be established by direct mail, print advertising, website design and reporting, social media and outbound calling. The results of these tasks will be monitored on a weekly basis by the Marketing Consultant to ensure that they are meeting the established goals.

Sell the Brand -This stage will be the final stage in the marketing process and is a critical component in the success of the Project. An "Information Center" will be identified which will allow potential residents the opportunity to become acquainted with the Project, its concepts and services prior to it being available for occupancy. The Marketing Consultant will also recruit and train additional marketing staff. Events will be held for future and potential residents as well as coordinating move-in procedures.

OTHER PROFESSIONAL SERVICES

Licensing Consultant Services:

The Corporation has engaged Tom Campbell & Associates, located in Winter Park, Florida (the “Licensing Consultant”), to assist with filing the required documents with the State of Florida for the initial licensure of the Project. The Licensing Consultant offers a team of assisted living professionals who specialize in the total operations and management of assisted living facilities (ALFs). The combined expertise of the Licensing Consultant includes ALF development, operations, marketing, administration, turnaround/refurbishment projects and acquisitions. The Licensing Consultant will assist the Corporation with coordinating, preparing and completing the initial application for ALF licensure that will include filing all required documents with the State of Florida. Internal policies necessary for the ongoing operation and license compliance will be developed by the Licensing Consultant. The following are biographies of key personnel contributing to the Project:

Tom Campbell, CEO: Mr. Campbell has over 30 years in the assisted living profession including experience with ownership, development, management, consulting and operations of assisted living communities. He is a Certified Assisted Living Administrator, Certified ALF CORE Training Instructor, Alzheimer’s disease and Related Disorders (ADRD) Certified Trainer and Certified Food Manager.

Stacy Hartley, Vice President of Operations: Ms. Hartley has 25 years of experience in the senior housing industry and has served in many capacities, to include Executive Director, Regional Director of Operations and Regional Sales and Marketing Director. She has been directly involved in the overall day to day operations, budget development and marketing of multiple communities, as well as spearheading all aspects of pre-opening, licensing and inspections for startup communities. She has a B.S. degree in Gerontology and Social Work, is a certified AL Administrator and an ADRD (Alzheimer’s Disease and Related Disorders) Certified Trainer.

Trisa Anderson, Business Manager: Ms. Anderson has extensive experience in business operations including ALF, home healthcare as well as event planning, sales and marketing. She manages and coordinates all business functions for the company.

The Management Agreement

The Corporation has entered into a management agreement with Elim Management Services, LLC, a Minnesota nonprofit corporation (“the Manager”) for management of the operations of the Project.

The Management Agreement has an initial term of thirty-six years, unless sooner terminated in accordance with the agreement. As compensation for the services rendered to the Project, the Corporation will pay the Manager a monthly fee equal to four percent (4%) of operating revenues of the Project. In addition, a development fee of \$100,000 will be paid to the Manager upon the issuance of the Series 2017 Bonds.

The Manager will establish and maintain a system of financial controls for the Project. On a monthly basis, the Manager will prepare financial statements and provide them to the Project staff for review. On an annual basis, the Manager will prepare annual budgets for operating revenues and expenses, capital expenditures and cash flow projections for the Project. The Manager will also coordinate the annual audit and review the annual audited financial report prepared by the Corporation's independent certified public accounting firm. The Manager will establish, prepare, and maintain on behalf of the Corporation accounting controls, monthly financial information, coordination of payroll processing and reporting, invoice payment, and other accounting for the Project.

All of the Project staff will be employees of the Corporation. The Manager will assist in creating personnel policies and procedures, recommending appropriate employee compensation and benefit plans, assisting in the identification, hiring and training of qualified and experienced Director for the Project, and assisting in the recruitment, hiring, training, and retention of staff members.

The Manager will ensure that the Project is maintained and repaired in accordance with the federal, state and local laws and regulations and in a condition acceptable to the Corporation. The Manager will also maintain utilities and other operation and maintenance services as necessary.

The Manager will provide necessary statistical reports and data to meet local, state and federal regulatory requirements. The Manager will ensure the operation of the Project is in accordance with the comparable senior living communities in Florida and that the Project is in compliance with the Corporation's budget, applicable statutes, ordinances, rules and regulations.

The General Contractor Services:

Edwards Construction Services Inc. (ECI), founded by George and Steve Edwards in 1978 and located in Ocala, Florida (the "General Contractor"), has been selected as the general contractor for the Project pursuant to a Standard Form of Agreement between the General Contractor and the Corporation dated June 28, 2017 (the "Guaranteed Maximum Price Construction Contract"). The General Contractor has also provided pre-construction services for the Project that include preliminary construction sequencing and scheduling, value engineering, and estimating the construction costs of the Project and necessary general conditions. The General Contractor has built several senior housing projects and many commercial projects for the developers of The Villages.

Selected Projects. Selected projects completed or currently constructed by the General Contractor include the following:

<u>Project Name</u>	<u>Location</u>	<u>Year</u>	<u>Contract Amount</u>
The Villages Care Centers	The Villages, FL	2013	\$18,887,499
Greystone Skilled Nursing Facility	Miami, FL	2016	18,456,000
Sharon L. Morse Medical Office Building	The Villages, FL	2011	17,799,825
Bridgewater Park CCRC	Ocala, FL	2016	31,929,631
Buffalo Crossings Skilled Nursing Facility	Ocala, FL	2016	15,522,801
Brownwood Town Center	The Villages, FL	2014	44,295,733
Canterfield of Clay County	Jacksonville, FL	2016	11,911,326
Canterfield of Ocala	Ocala, FL	2016	10,052,889
Lake Sumter Landing Town Center	The Villages, FL	2012	44,022,735
Triangle Business Park Lots 1, 3 ,4 & 5	Durham, NC	2016	23,249,765
O'Reilly Distribution Center	Selma, TX	2015	23,383,150
O'Reilly Distribution Center	Lakeland, FL	2013	19,272,013
Bent Oak - Building 100 & 200	Orlando, FL	2014	21,062,806
"The Club", a Skilled Nursing Facility	The Villages, FL	2012	7,844,849
Villages Charter Schools	The Villages, FL	2012	19,977,075

The following are biographies of key personnel contributing to the Project:

Tom Vroegop: Mr. Vroegop's primary role is to manage all senior living / healthcare personnel and projects. He is the executive point of contact with clients during all phases of a project and a primary point of contact during contract negotiation, planning and design stages of the projects with which he is involved. Mr. Vroegop's early involvement and owner assistance measures typically include budgeting, constructability reviews, value engineering, preliminary master schedules and design schedule compliance. Mr. Vroegop is also responsible for coordinating staffing needs and maintaining an oversight role with all senior living / healthcare projects, including quality control and customer satisfaction.

Jason Waters: Mr. Waters is responsible for all phases of construction including budget control, schedule compliance and on-site staff management, and also acting as the primary point of contact to the project owner and architect. Mr. Waters is responsible for the oversight of project managers who are under his supervision. He is also responsible for subcontract and building material negotiations and to act as a liaison among the project superintendent, subcontractors and the home office. Mr. Waters will be either stationed on-site or he will make job site visits on a regular basis to verify job progress and quality.

Jack Matlock: Mr. Matlock has direct responsibility for all field construction development and operations on his job site, including management of all on-site contractors relative to schedule, quality, motivation and safety. His other responsibilities include the development of construction progress meetings with the on-site subcontractors for contract obligation adherence and to ensure timely and efficient field operations.

Ian Nichols: Mr. Nichols is responsible for all phases of construction from budget control, schedule compliance and on-site staff management, to being the primary point of contact to the project owner and architect. He is also responsible for subcontract and building material negotiations and to act as a liaison among the project superintendent, subcontractors and the home office. Depending on the size of a project, he will be either stationed on-site or he will make job site visits on a regular basis to verify job progress and quality.

The Construction Contract:

Guaranteed Maximum Price: The Corporation and the General Contractor have entered into the Guaranteed Maximum Price Construction Contract providing for a total guaranteed maximum price of \$30,589,201. The Guaranteed Maximum Price Contract includes a 2.5% contractor contingency for unanticipated costs. The construction budget for the Project also includes an owner's contingency of \$680,289, representing 2.5% of the Guaranteed Maximum Price total. The Guaranteed Maximum Price Contract provides for the General Contractor to commence work (10) ten days from the General Contractors receipt of the latter: (i) fully executed Guaranteed Maximum Price Contract; (ii) evidence of the funding satisfactory to the General Contractor; (iii) issuance of all required permits; (iv) the Corporation's notice to proceed with construction; and (v) notice of commencement recorded by the Corporation.

Payment and Performance Bonds/Insurance: The General Contractor will furnish payment and performance bonds issued by Continental Casualty Company for \$165,551 in the full amount of the Guaranteed Maximum Price Construction Contract. In addition, the General Contractor shall procure and maintain, during the life of the Construction Contract, insurance with a carrier licensed to do business in the State of Florida and acceptable to the Corporation. The General Contractor shall pay for the following types and minimum amounts of insurance: (a) comprehensive commercial general liability insurance against liability for personal or bodily injury including death resulting therefrom and for damage to property, including loss of use therefrom, occurring on or in any way related to the Project or any part thereof or the operation thereof, providing insurance (with deductible provisions not to exceed \$10,000 per occurrence) to the extent of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

The Corporation is paying for builders risk insurance which insures the Project against fire, lightning, and special perils including flood and earthquake to the extended coverage endorsement then in use in the State of Florida to the full insurable value of the Project.

Liquidated Damages: The Guaranteed Maximum Price Construction Contract provides that if the Project is not substantially completed by 488 calendar days from the commencement date, which is expected to be 10 (ten) days from the issuance of the Series 2017 Bonds, the General Contractor is liable for liquidated damages. Liquidated damages shall be determined and calculated as follows:

- (a) General Contractor shall pay to the Corporation as liquidated damages, and not as a penalty, the sum of \$2,250 for each calendar day that substantial completion is delayed by more than sixteen (16) days after the substantial completion date.
- (b) General Contractor shall pay to the Corporation as liquidated damages, and not as a penalty, the sum of \$4,750 for each calendar day that substantial completion is delayed by more than thirty one (31) days after the substantial completion date.
- (c) General Contractor shall pay to the Corporation as liquidated damages, and not as a penalty, the sum of \$9,148 for each calendar day that substantial completion is delayed by more than sixty one (61) days after the substantial completion date.

The Architect:

Pope Architects, Inc. (the “Architect”) is the architect for the Project pursuant to a Standard Form of Agreement between the Architect and the Corporation, dated December 18, 2015. Pope Architects, Inc. was founded in 1974 and is an award winning 65 person architecture and interior design firm that specializes in planning and design for senior living communities. Pope Architects, Inc. has teamed with Elim Care, Inc. on several senior communities including Fargo and Bismarck, North Dakota, Newton and Des Moines, Iowa and multiple projects in Minnesota. The following are biographies of key personnel contributing to the Project:

Ward Isaacson: As President and Housing Team Leader at Pope Architects, Inc., Mr. Isaacson brings over 25 years of experience as a project architect and project manager. He has focused his career on senior housing, market-rate housing, condominiums and healthcare projects. Mr. Isaacson brings expertise in managing project schedules and budgets, master planning, schematic design and quality control of documentation.

Dan Weatherman: Mr. Weatherman has been practicing architecture for over 35 years, spending most of that time as a project architect. He is an important component of Pope Architects, Inc.’s housing team, working on many of the firm’s senior housing projects. With his variety and depth of experience, Mr. Weatherman brings a working knowledge of structural, mechanical and electrical components to the increasingly complex senior residential facilities. Prior to working in the senior housing market, Mr. Weatherman worked on a variety of project types, including office, retail, collegiate and municipal facilities.

Katrina Liesener: Ms. Liesener is an Interior Designer for Pope Architects, Inc., effectively utilizing her education and experience to harmonize space, function, and materials with her clients’ needs. A specialization in healthcare and senior living environments has given her a keen ability to advocate for the needs of a building’s occupant – whether that be a patient, resident, nurse or visitor. As a Certified Interior Designer, Ms. Liesener is well-equipped to design spaces that are functional, enhance the quality of life and culture of their occupants and are aesthetically attractive.

A representative sample of completed or designed senior living and multifamily housing projects by the principals of the Pope Architects, Inc. includes the following projects, some of which include transitional care units and brownstone units (see next page):

<u>Project Name</u>	<u>Location</u>	<u>Type</u>	<u>Units</u>
Rose Senior Living	Carmel, IN	IL/AL/MC Senior Housing	180
Crest View	Blaine, MN	IL/AL/MC Senior Housing	150
Aurora on France	Edina, MN	IL/TCU Senior Housing	200
Nelson Sr. Living	Lincoln, NE	IL/AL/MC Senior Housing	140
PHS Orchard Path	Apple Valley, MN	IL/AL/MC Senior Housing	180
Guardian Angels	Otsego, MN	IL/AL/MC Senior Housing	140
Methodist Village	Fort Smith, AK	AL/MC Senior Housing	60
Presbyterian Homes-Johanna Shores	Arden Hills, MN	IL/AL/MC/Brownstone Senior Housing	194
Elim Care-Valley View Village	Des Moines, IA	SNF/MC/TCU Senior Housing	58
Elim Care-Valley View Village Assisted Living	Des Moines, IA	AL Senior Housing	54
National Church Residences-Westerville	Westerville, OH	IL/AL/MC/Brownstone Senior Housing	192
Bethany Lutheran Homes-Eagle Crest South	La Crosse, WI	IL/AL/MC/Hospice Senior Housing	144
Presbyterian Homes-Woodland Hill Senior Housing	Hudson, WI	IL/AL/MC Senior Housing	164
McKenna Crossing at Shepherd's Path	Prior Lake, MN	IL/AL/MC Senior Housing	155
Volunteers of America-Homestead at Anoka Senior Community	Anoka, MN	SNF/IL/AL/MC Senior Housing	179
Heritage at Irene Woods	Memphis, TN	IL/AL/MC Senior Housing	140

The Architect Agreement:

Pursuant to a Standard Form of Agreement between Owner and Architect dated as of December 18, 2015 and supplemented by the Additional Services Request (for changes to meet the Extended Congregate Care Design Requirements) dated May 19, 2016 (collectively, the “Architect Agreement”) between the Architect and the Corporation, the Corporation has agreed to pay the Architect a total fee of \$2,153,482 be paid in increments of services as follows (i) design phase 30%, (ii) construction document phase 50% and (iii) construction administration phase 20%. On receipt of the building permit, the Corporation has agreed to pay the Architect a construction fee comprised of the remaining 20% of their contract distributed evenly through the duration of construction.

The Reviewing Architect:

The Corporation has engaged KP Studio Architect P.A. (the “Reviewing Architect”) to serve as the reviewing architect for the Series 2017 Bonds. During the past forty years, the Reviewing Architect has been active in the profession of architecture, concerning the design of a wide variety of building and disciplines. The following is the biography of the lead architect that will conduct the reviews of the project:

Andrew Copeland, AIA: Mr. Copeland has been a registered architect in the State of Florida since 1998, practicing primarily in Central Florida. Prior to joining KP Studio Architect PA in 2013, he operated his own firm with projects including churches, retail, restaurants, professional office buildings, automobile dealerships, industrial facilities, multi-family housing and education buildings. Since joining KP Studio Architect P.A., he has been the project architect for many amenity-type projects as well as several performing arts facilities, retail buildings, churches and currently a museum for early American artifacts. Mr. Copeland strives to produce clear and concise construction documents and write all of the firm’s specifications.

REGULATORY PERMITS AND APPROVALS

Permits:

The Corporation is required to obtain numerous licenses, permits, and approvals from various governmental agencies for construction work and operation of the Project. Applications for certain approvals may not be made until certain site work and detailed plans have been prepared or construction is completed. In some cases, approvals may only involve an administrative review to ensure compliance with approvals already obtained or payment of a fee and in other cases approvals may involve the exercise of discretion by governmental authorities. Nothing has come to the attention of the Corporation which would lead it to believe that the licenses, permits and approvals necessary for the Project will not be received in due course. The Corporation has applied for a building permit review with Sumter County, Florida and anticipates the permit to be approved by the end of June 2017.

Environmental Study and Geological Testing:

A Phase I Environmental Site Assessment, dated May 9, 2017 was prepared by Andreyev Engineering, Inc. (the “Phase I”). There were no findings of any concern in the Phase I and no additional assessments were recommended.

In June of 2015, Andreyev Engineering, Inc. prepared a geotechnical Exploration and Engineering Services Report for the site. The report was based on field investigation and laboratory examination of 16 soil borings that were taken across the site based on the anticipated location of the building footprint and paved areas. The findings indicate that site is generally suitable for the intended project and structural systems have been designed to accommodate these soils.

APPENDIX B

FINANCIAL FEASIBILITY STUDY

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ELIM SENIOR HOUSING, INC.

FINANCIAL FEASIBILITY STUDY

**FOR THE YEARS ENDING
DECEMBER 31, 2017 THROUGH 2022**

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Elim Senior Housing, Inc.
Eden Prairie, Minnesota

We have prepared a financial feasibility study (the “Study”) of the plans of Elim Senior Housing, Inc. (the “Corporation”), a Minnesota nonprofit corporation, to construct and operate an assisted living and memory care facility in Wildwood, Florida (the “Project”). The Project is planned to be located on approximately 20 acres of land in Wildwood, Florida and is anticipated to include 107 assisted living apartments (the “Assisted Living Units”), 48 memory care assisted living suites containing 54 beds (the “Memory Care Units”), 2 guest suites, and a town center. Proceeds from the issuance of the Series 2017 Bonds (defined subsequently herein) and other available funds, are planned to be used by the Corporation to construct and equip the Project and pay for other related costs.

Elim Care, Inc., a Minnesota nonprofit corporation with the primary purpose of providing housing, health care, and support services to older adults and advancing the mission of “Service in the spirit of Christ’s love”, is the Corporation’s sole member. The Corporation will be managed by Elim Management Services, LLC, which will provide management and related support services to the Corporation. Management of the Corporation refers to management of the Corporation and Elim Management Services, LLC (collectively “Management”).

Elim Homes, Inc., an affiliated entity to the Corporation and a Support Corporation (as defined hereinafter) to Elim Care, Inc., the Corporation, and U.S. Bank National Association (the “Trustee”) are planning to enter into a liquidity support agreement dated August 1, 2017 (the “Liquidity Support Agreement”). By the terms of the Liquidity Support Agreement, Elim Homes, Inc. is anticipated to provide up to \$2,000,000 of liquidity support (the “Support Obligation”) to the Corporation should the Corporation have insufficient liquidity to operate the Project or pay debt service.

Elim Care, Inc. and its affiliated entities will not be responsible for the debts or other obligations of the Corporation other than to the extent of the commitment of Elim Homes, Inc. under the Liquidity Support Agreement. The Corporation will be the sole entity obligated to pay debt service on the Series 2017 Bonds (as defined hereinafter) and other financial obligations. Accordingly, the forecasted financial statements only include the forecasted financial results of the Corporation, and do not include the financial results of Elim Care, Inc. or its affiliated entities.

The marketing of the Project is planned to be overseen by Pavone Marketing Group, Inc. and its subsidiary Varsity, LLC (“Varsity”), pursuant to a marketing consultant agreement between the Corporation and Varsity (the “Marketing Consultant Agreement”). Under the terms of the Marketing Consultant Agreement, Varsity has agreed to market the Assisted Living Units and Memory Care Units to the public.

The Study was undertaken to evaluate the ability of the Corporation to generate sufficient funds to meet its operating expenses, working capital needs, and other financial requirements, including the debt service requirements associated with the proposed issuance of \$54,660,000 Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project) Series 2017 (the “Series 2017 Bonds”).

Board of Directors
Elim Senior Housing, Inc.
Eden Prairie, Minnesota

The proceeds from the Series 2017 Bonds, together with the Corporation's funds are planned to be used, among other things, to:

- Pay for the costs of the Project;
- Fund a working capital fund;
- Fund a marketing fund;
- Fund a debt service reserve fund;
- Fund interest costs during approximately the first 34 months of the Series 2017 Bonds; and
- Pay certain issuance costs related to the Series 2017 Bonds.

The Corporation's underwriter, Herbert J. Sims & Co., Inc. (the "Underwriter"), has indicated the following proposed structure and terms of the Series 2017 Bonds:

- \$54,660,000 tax-exempt fixed rate bonds, consisting of term maturities to August 1, 2052 with annual principal sinking fund payments assumed to begin on August 1, 2022 and semi-annual interest payments assumed to begin on February 1, 2018 with an assumed average annual interest rate of 6.43 percent.

Our procedures included analyses of:

- The Corporation's objectives, timing, and financing;
- The assessment by the Corporation's board of directors and Management of the Corporation of the current and future demand for the Project's services, including consideration of:
 - Economic and demographic characteristics of Management's defined primary market area for the Project;
 - Locations, capacities, and comparable market information pertaining to other existing and planned facilities in the Project's primary market area; and
 - Forecasted occupancy and utilization levels of the Project;
- Management's estimated costs associated with the Project, as well as the Corporation's annual capital budgets;
- Debt service requirements associated with the Corporation's Series 2017 Bonds;
- Estimated issuance costs associated with the Series 2017 Bonds;
- Staffing requirements, salaries and wages, related fringe benefits and other operating expenses of the Corporation;
- Monthly service fees, and per diem charges;
- Sources of other operating and non-operating revenues; and
- Revenue, expense, and volume/utilization relationships.

The Study as of December 31, 2017, 2018, 2019, 2020, 2021, and 2022, and for each of the six years then ending (the "Forecast Period"), is based upon assumptions provided by, or reviewed with, and approved by Management. Management's "Summary of Significant Forecast Assumptions and Accounting Policies" sets forth significant assumptions on which the accompanying forecasted financial statements are based. These assumptions are integral and essential to an understanding of Management's forecasted financial statements.

The financial forecast includes the following forecasted financial statements of the Corporation:

- Forecasted Statements of Operations and Changes in Unrestricted Net Assets (Deficit);
- Forecasted Statements of Cash Flows; and
- Forecasted Statements of Financial Position.

In addition, Management has summarized and included a Forecasted Schedule of Financial Ratios.

Board of Directors
Elim Senior Housing, Inc.
Eden Prairie, Minnesota

We have examined the accompanying forecast of Elim Senior Housing, Inc. which comprises the forecasted statements of financial position as of December 31, 2017, 2018, 2019, 2020, 2021, and 2022, and the related forecasted statements of operations and changes in unrestricted net assets (deficit), and cash flows for the six years ending December 31, 2017, 2018, 2019, 2020, 2021, and 2022, based on guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (“AICPA”). Management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The accompanying forecast does not include the effects of accounting standards that have been issued but are not effective as of the date of the Study.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of senior living communities, including revenues and expenses of facilities, such as that of the Corporation. The forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to Corporation’s operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Management’s forecast is based on the achievement of occupancy levels as determined by Management. We have not been engaged to evaluate the effectiveness of Management and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

The interest rates, principal payments, and other financing assumptions are described in the section entitled “Summary of Significant Forecast Assumptions and Accounting Policies”. If actual interest rates, principal payments, or funding requirements are different from those assumed, the amount of the Series 2017 Bonds and associated debt service requirements would need to be adjusted, accordingly, from those indicated in the forecast. If such interest rates, principal payments, and funding requirements are lower than those assumed, such adjustments would not adversely affect the forecast.

Our conclusions are presented below:

- The accompanying forecast indicates that sufficient funds can be generated to meet the Corporation’s operating expenses, working capital needs, and other financial requirements, including the debt service requirements associated with the Series 2017 Bonds during the Forecast Period. However, the achievement of any forecast is dependent upon future events, the occurrence of which cannot be assured.
- In our opinion, the accompanying forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management’s forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Board of Directors
Elim Senior Housing, Inc.
Eden Prairie, Minnesota

Sensitivity analyses of certain of Management's forecast assumptions and the potential impact on the Corporation's forecasted financial ratios are presented beginning on page B-52 of the Summary of Significant Forecast Assumptions and Accounting Policies. Management has conducted these sensitivity analyses on its financial forecast which is presented for purposes of additional analysis and is not a required part of the financial forecast. The sensitivity analyses have not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it.

We have no responsibility to update this Study for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 14, 2017

ELIM SENIOR HOUSING, INC.
FORECASTED STATEMENTS OF OPERATIONS AND
CHANGES IN UNRESTRICTED NET ASSETS (DEFICIT)
FOR THE YEARS ENDING DECEMBER 31,
(000s Omitted)

	2017	2018	2019	2020	2021	2022
OPERATING REVENUES						
Resident Service Revenue	\$ -	\$ 105	\$ 4,407	\$ 8,949	\$ 11,945	\$ 12,796
Other Revenue	-	3	80	166	208	218
Total Operating Revenues	-	108	4,487	9,115	12,153	13,014
OPERATING EXPENSES						
Nursing	-	85	864	1,394	1,883	1,940
Dietary	-	56	630	1,084	1,485	1,529
Plant Operations and Maintenance	-	57	562	676	716	738
Housekeeping and Laundry	-	10	127	232	324	334
Other Care Related	-	14	176	232	313	322
Property and Related	-	18	211	218	224	231
Administrative Services	119	820	1,071	1,520	1,510	1,459
Payroll Taxes and Employee Benefits	-	39	493	767	966	995
Depreciation	-	114	1,396	1,431	1,471	1,516
Interest Expense	-	294	3,530	3,530	3,530	3,521
Total Operating Expenses	119	1,507	9,060	11,084	12,422	12,585
OPERATING INCOME (LOSS)	(119)	(1,399)	(4,573)	(1,969)	(269)	429
Interest Income	-	7	83	83	88	103
CHANGE IN UNRESTRICTED NET ASSETS (DEFICIT)	(119)	(1,392)	(4,490)	(1,886)	(181)	532
UNRESTRICTED NET ASSETS (DEFICIT), BEGINNING	2,971	2,852	1,460	(3,030)	(4,916)	(5,097)
UNRESTRICTED NET ASSETS (DEFICIT), ENDING	<u>\$ 2,852</u>	<u>\$ 1,460</u>	<u>\$ (3,030)</u>	<u>\$ (4,916)</u>	<u>\$ (5,097)</u>	<u>\$ (4,565)</u>

See Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Report

ELIM SENIOR HOUSING, INC.
FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(000s Omitted)

	2017	2018	2019	2020	2021	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Unrestricted Net Assets (Deficit)	\$ (119)	\$ (1,392)	\$ (4,490)	\$ (1,886)	\$ (181)	\$ 532
Non-Cash Items and Other Adjustments to Operations:						
Depreciation	-	114	1,396	1,431	1,471	1,516
Amortization of Financing Fees included with Interest	-	5	62	62	62	62
(Increase) Decrease in Operating Assets:						
Accounts Receivable, Residents	-	(28)	(71)	(102)	(67)	(19)
Prepaid Expenses	-	(11)	(17)	(12)	(5)	-
Increase (Decrease) in Operating Liabilities:						
Accounts Payable	(61)	24	29	21	10	-
Accrued Expenses	1,445	20	198	64	52	1
Net Cash Provided (Used) by Operating Activities	1,265	(1,268)	(2,893)	(422)	1,342	2,092
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property and Equipment	-	-	(300)	(350)	(400)	(450)
Payment of Project Costs (Including Capitalized Interest)	(13,582)	(27,193)	-	-	-	-
(Increase) Decrease in Project Fund	(24,090)	24,090	-	-	-	-
Increase in Investments	-	-	-	(150)	(500)	(1,100)
(Increase) Decrease in Marketing Fund	(1,096)	761	335	-	-	-
(Increase) Decrease in Working Capital Fund	(1,400)	1,000	400	-	-	-
Increase in Debt Service Reserve Fund	(4,136)	-	-	-	-	-
(Increase) Decrease in Funded Interest Fund	(9,393)	3,468	3,468	2,457	-	-
Increase in Bond Fund	-	-	-	(1,445)	(376)	(41)
Net Cash Provided (Used) by Investing Activities	(53,697)	2,126	3,903	512	(1,276)	(1,591)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of Financing Costs	(2,187)	-	-	-	-	-
Proceeds from Issuance of Series 2017 Bonds	54,660	-	-	-	-	-
Principal Payments on Series 2017 Bonds	-	-	-	-	-	(410)
Net Cash Provided (Used) by Financing Activities	52,473	-	-	-	-	(410)
INCREASE IN CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents - Beginning	41	858	1,010	90	66	91
	20	61	919	1,929	2,019	2,085
CASH AND CASH EQUIVALENTS - ENDING						
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	\$ 61	\$ 919	\$ 1,929	\$ 2,019	\$ 2,085	\$ 2,176
Cash Paid for Interest	\$ -	\$ 3,468	\$ 3,468	\$ 3,468	\$ 3,468	\$ 3,468

See Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Report

ELIM SENIOR HOUSING, INC.
FORECASTED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,
(000s Omitted)

	2017	2018	2019	2020	2021	2022
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 61	\$ 919	\$ 1,929	\$ 2,019	\$ 2,085	\$ 2,176
Accounts Receivable, Residents	-	28	99	201	268	287
Investments	-	-	-	150	650	1,750
Prepaid Expenses and Other	2	13	30	42	47	47
Current Portion of Assets Limited as to Use	1,445	1,501	1,741	1,899	2,345	2,386
Total Current Assets	<u>1,508</u>	<u>2,461</u>	<u>3,799</u>	<u>4,311</u>	<u>5,395</u>	<u>6,646</u>
ASSETS LIMITED AS TO USE						
Debt Service Reserve Fund	4,136	4,136	4,136	4,136	4,136	4,136
Project Fund	24,090	-	-	-	-	-
Funded Interest Fund	9,393	5,925	2,457	-	-	-
Marketing Fund	1,096	335	-	-	-	-
Working Capital Fund	1,400	400	-	-	-	-
Bond Fund	-	-	-	1,445	1,821	1,862
Resident Security Deposits Held	-	56	296	454	524	524
Total Assets Limited as to Use	<u>40,115</u>	<u>10,852</u>	<u>6,889</u>	<u>6,035</u>	<u>6,481</u>	<u>6,522</u>
Less: Current Portion of Assets Limited as to Use	1,445	1,501	1,741	1,899	2,345	2,386
Noncurrent Assets Limited as to Use	<u>38,670</u>	<u>9,351</u>	<u>5,148</u>	<u>4,136</u>	<u>4,136</u>	<u>4,136</u>
PROPERTY AND EQUIPMENT						
Property and Equipment	1,786	43,785	44,085	44,435	44,835	45,285
Construction in Progress	14,806	-	-	-	-	-
Sub-Total	<u>16,592</u>	<u>43,785</u>	<u>44,085</u>	<u>44,435</u>	<u>44,835</u>	<u>45,285</u>
Less: Accumulated Depreciation	-	114	1,510	2,941	4,412	5,928
Total Property and Equipment (Net)	<u>16,592</u>	<u>43,671</u>	<u>42,575</u>	<u>41,494</u>	<u>40,423</u>	<u>39,357</u>
Total Assets	<u>\$ 56,770</u>	<u>\$ 55,483</u>	<u>\$ 51,522</u>	<u>\$ 49,941</u>	<u>\$ 49,954</u>	<u>\$ 50,139</u>
LIABILITIES AND NET ASSETS (DEFICIT)						
CURRENT LIABILITIES						
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ 410	\$ 465
Accounts Payable	-	24	53	74	84	84
Security Deposits Payable	-	56	296	454	524	524
Accrued Salaries, Benefits, and Payroll Taxes	-	11	112	173	222	229
Accrued Real Estate Taxes	-	9	106	109	112	115
Accrued Interest	1,445	1,445	1,445	1,445	1,445	1,436
Total Current Liabilities	<u>1,445</u>	<u>1,545</u>	<u>2,012</u>	<u>2,255</u>	<u>2,797</u>	<u>2,853</u>
LONG-TERM LIABILITIES						
Series 2017 Bonds	54,660	54,660	54,660	54,660	54,660	54,250
Less: Current Maturities of Long-Term Debt	-	-	-	-	(410)	(465)
Less: Deferred Financing Fees (Net)	(2,187)	(2,182)	(2,120)	(2,058)	(1,996)	(1,934)
Total Long-Term Liabilities	<u>52,473</u>	<u>52,478</u>	<u>52,540</u>	<u>52,602</u>	<u>52,254</u>	<u>51,851</u>
Total Liabilities	<u>53,918</u>	<u>54,023</u>	<u>54,552</u>	<u>54,857</u>	<u>55,051</u>	<u>54,704</u>
NET ASSETS (DEFICIT)						
Unrestricted Net Assets (Deficit)	2,852	1,460	(3,030)	(4,916)	(5,097)	(4,565)
Total Net Assets (Deficit)	<u>2,852</u>	<u>1,460</u>	<u>(3,030)</u>	<u>(4,916)</u>	<u>(5,097)</u>	<u>(4,565)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 56,770</u>	<u>\$ 55,483</u>	<u>\$ 51,522</u>	<u>\$ 49,941</u>	<u>\$ 49,954</u>	<u>\$ 50,139</u>

See Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Report

ELIM SENIOR HOUSING, INC.
FORECASTED SCHEDULE OF FINANCIAL RATIOS
(000s Omitted, Except For Ratios)

	For the Year Ending December 31, 2022
DEBT SERVICE COVERAGE RATIO	
CHANGE IN UNRESTRICTED NET ASSETS	\$ 532
NON-CASH ITEMS AND ADD-BACKS:	
Depreciation	1,516
Interest Expense	3,521
INCOME AVAILABLE FOR DEBT SERVICE [A]	<u>\$ 5,569</u>
FORECASTED ANNUAL DEBT SERVICE - SERIES 2017 BONDS ⁽¹⁾ [B]	<u>\$ 3,878</u>
ANNUAL DEBT SERVICE COVERAGE RATIO - SERIES 2017 BONDS ⁽²⁾ [C]	<u>1.44</u>
ADD: Subordination of One Half of Management Fees ⁽³⁾ [D]	<u>\$ 260</u>
ADJUSTED INCOME AVAILABLE FOR DEBT SERVICE ⁽³⁾ [A + D]	<u>\$ 5,829</u>
ADJUSTED ANNUAL DEBT SERVICE COVERAGE RATIO - SERIES 2017 BONDS [(A +D) / B]	<u>1.50</u>
MAXIMUM ANNUAL DEBT SERVICE - SERIES 2017 BONDS ⁽³⁾ [E]	<u>\$ 4,137</u>
MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO - SERIES 2017 BONDS ⁽³⁾ [A / E]	<u>1.35</u>
DAYS CASH ON HAND ⁽²⁾	As of December 31, 2022
CASH AND CASH EQUIVALENTS	\$ 2,176
INVESTMENTS	<u>1,750</u>
TOTAL	<u>\$ 3,926</u>
OPERATING EXPENSES ⁽⁴⁾	<u>\$ 11,007</u>
DAILY CASH OPERATING EXPENSES	<u>\$ 30</u>
NUMBER OF DAYS OF CASH ON HAND	<u>131</u>

Note:

(1) Forecasted annual debt service - Series 2017 Bonds represents forecasted debt service payments on the Series 2017 Bonds.

(2) Calculations as described in the Loan Agreement and related supplements.

(3) This calculation is requested by the Underwriter and is not required by the Loan Agreement and related supplements.

(4) Operating expenses are equal to total operating expenses less depreciation expense and less amortization of financing fees which is included within interest expense on the forecasted statement of operations and changes in unrestricted net assets (deficit).

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

BACKGROUND AND INFORMATION

Basis of Presentation

The purpose of the financial feasibility study (the “Study”) is to evaluate the ability of Management (as defined hereinafter) of Elim Senior Housing, Inc. (the “Corporation”) to meet the operating requirements, working capital requirements, and other financial requirements associated with its plan to construct and operate a retirement community in Wildwood, Florida with the proposed issuance of the \$54,660,000 Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project) Series 2017 (the “Series 2017 Bonds”).

The accompanying financial forecast as of December 31, 2017, 2018, 2019, 2020, 2021, and 2022, and for each of the six years then ending (the “Forecast Period”), contained herein is estimated by Management. The financial forecast presents, to the best knowledge and belief, Management’s expected financial position, results of operations and changes in net assets (deficit), and cash flows for the Forecast Period. Accordingly, the financial forecast reflects Management’s judgment as of July 14, 2017, the date of this financial forecast, of its expected conditions and its expected course of action during the Forecast Period. The assumptions disclosed herein, while not all-inclusive, are those that Management believes are significant to its financial forecast. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Fundamental to the Study is the assumption that the operations of the Corporation will be competently and efficiently managed and its services professionally and consistently marketed. In addition, the validity of the Forecast will decrease substantially in proportion to the time elapsed since its preparation. Management’s Forecast has been prepared in connection with the proposed issuance of the Series 2017 Bonds. Management does not intend to update its financial forecast subsequent to its issuance and, accordingly, there are risks inherent to referring to or using, this financial forecast in the future as it may, and most likely will, become outdated.

The assumed interest rates, principal payments, financing assumptions, and assumptions pertaining to the forecasted revenue, expenses, and cash flows are described in the section entitled, “Summary of Significant Forecast Assumptions and Accounting Policies.” If the actual interest rates, principal payments, funding requirements, or other financing assumptions related to the Series 2017 Bonds are different from those assumed, the principal amount of the Series 2017 Bonds and associated debt service requirements may need to be adjusted, accordingly, from those indicated in the forecast. If interest rates, principal payments, and funding requirements are lower than those assumed, then such adjustments would not adversely affect the forecast.

The Corporation

Elim Senior Housing, Inc., originally incorporated as Elim Senior Housing, is a Minnesota nonprofit corporation organized in 2015 to develop, own, and operate a retirement community in Wildwood, Florida (the “Project”), directly west of The Villages, Florida.

The Corporation is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”) by virtue of being a charitable organization as described in Section 501(c)(3) of the Code.

The governance of the Corporation is vested in its board of directors (the “Board of Directors” or individually the “Directors”). The Board of Directors is structured to consist of not less than three (3) and no more than nine (9) Directors, as determined from time to time by Elim Care, Inc., with each Director serving a term of one (1) year. Elim Care, Inc. is the sole member of the Corporation.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Affiliated Entities

Elim Care, Inc. is a Minnesota 501(c)(3) nonprofit corporation and a support corporation of the North Central District Association of the Evangelical Free Church of America (the “Association”). The purpose of Elim Care, Inc. is to provide housing, health care, and support services to older adults and advance the mission of “Service in the spirit of Christ’s love”. Elim Care, Inc. is managed by a board of directors elected by the Association. Elim Care, Inc. is the sole member of the Corporation and is headquartered in Eden Prairie, Minnesota. Elim Care, Inc. is exempt from federal income taxation under Section 501(a) of the Code by virtue of being a charitable organization described in Section 501(c)(3) of the Code. Elim Care, Inc. is also the sole member of, or has a controlling interest in, several other affiliated entities (the “Support Corporations”) as described further below.

Elim Care, Inc. serves as the sole corporate member of the following Support Corporations:

- Elim Care Foundation, a Minnesota 501(c)(3) nonprofit corporation, is primarily responsible for the long-term investment of funds for the Support Corporations;
- Elim Homes, Inc., a 501(c)(3) nonprofit corporation that provides nursing facility services in the spirit of Christ to the elderly, handicapped, and others having special needs. Elim Homes, Inc. and its affiliates own and operate six licensed nursing facilities. The affiliates are Redeemer Residence, Inc. and Park View Care Center. A centralized administrative service division, Elim Management Services, LLC, has been established to serve all Support Corporations of Elim Care, Inc. Following is information relating to the six licensed nursing facilities:

Location	Number of Licensed Beds	Number of Beds in Service at 12/31/16
Princeton, Minnesota	126	107
Milaca, Minnesota	103	86
Watertown, Minnesota	55	46
Fargo, North Dakota	136	136
Minneapolis, Minnesota (Redeemer Residence)	141	129
Buffalo, Minnesota (Park View Care Center)	124	123
	685	627

Elim Homes, Inc. owns a 30-unit assisted living facility connected to its Princeton nursing facility dba: Caley House and an 11-unit elderly independent apartment unit connected to its Watertown nursing facility dba: Elim Meadows.

Elim Homes, Inc. owns a therapy division dba: Progressive Rehabilitation Options Pro Rehab, which serves Elim organizations as well as other companies.

Elim Care, Inc. announced in April 2017 that the Elim Homes, Inc. campus in Watertown, Minnesota would be ceasing operations and closing. The nursing home residents and senior housing tenants were all relocated in early June and the facility was officially closed.

- Elim Shores, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 64-unit independent and assisted living facility for the elderly located in Eden Prairie, Minnesota;
- Pioneer House Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 48-unit assisted living building in Fargo, North Dakota. The facility is attached to Elim Home - Fargo, a 136-bed nursing facility, which is owned by Elim Homes, Inc.;

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- Elim Children's Center, Inc., a Minnesota 501(c)(3) nonprofit corporation, provides childcare services in Fargo, North Dakota and Minneapolis, Minnesota. The day cares operate within the nursing care facilities in those locations, which are owned by Elim Homes, Inc.;
- Elim Preferred Services, Inc., a Minnesota for-profit corporation, is a medical equipment and supply company serving the Elim corporations as well as other companies;
- Preferred Senior Services, Inc., a Minnesota for-profit corporation, is a senior services marketing and management company that is currently inactive;
- New Harmony Care Center, Inc., a Minnesota 501(c)(3) nonprofit corporation owns and operates a 76-bed licensed nursing facility located in St. Paul, Minnesota;
- Cornerstone Assisted Living of Plymouth, Inc., a Minnesota 501(c)(3) nonprofit corporation owns and operates an 86-unit assisted living building in Plymouth, Minnesota;
- Park Lane Apartments, Inc. is a nonprofit, tax-exempt corporation operating a 48-unit apartment complex located in Buffalo, Minnesota and is adjacent to the Park View Care Center nursing facility. Park Lane Apartments is scheduled to close in late 2017;
- Newton Village, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 50-unit independent living, 44-unit assisted living building including 9 memory care units in Newton, Iowa. It also operates a 24-bed licensed nursing facility that opened in June 2014;
- Lake Ridge Care Center of Buffalo, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 65-bed licensed nursing facility, of which 56 beds are currently in service, a 27-unit assisted living facility, and a 5-bed wing for end of life specialty care located in Buffalo, Minnesota;
- Country Meadows of Milaca, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 32-unit independent and assisted living building in Milaca, Minnesota attached to the Elim Homes, Inc. – Milaca nursing facility;
- Park Terrace Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 32-unit assisted living and 14-unit memory care building, which includes adult day care space, in Buffalo, Minnesota attached to the Park View Care Center, Inc. nursing facility;
- Evangelical Retirement Homes, Inc. dba: Valley View Village is an Iowa 501(c)(3) nonprofit organization located in Des Moines, Iowa, that owns and operates 88 independent senior living units and a 79-bed skilled nursing facility. During 2014, a 74-unit independent housing building that no longer served residents was demolished. In June 2014, five independent housing units were removed from service. A new skilled nursing facility was constructed as a replacement to the old skilled nursing facility and opened in the fall of 2016. All nursing facility residents and operations were transferred to the adjacent new building;
- Community Health Foundation of Wright County, a Minnesota 501(c)(3) nonprofit corporation, was organized to improve the health of the residents of Wright County and is currently inactive;
- Village Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, is a 54-unit assisted living building in Des Moines, Iowa that is attached to the Valley View Village nursing facility;
- Baptist Home, Inc., is a North Dakota 501(c)(3) nonprofit corporation located in Bismarck, North Dakota, that owns and operates a 140-bed licensed nursing facility. As stated in the by-laws, at least 41% of the directors in office must be members of a North American Baptist Conference church.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- Baptist Apartments, Inc., a North Dakota 501(c)(3), is contemplating plans for building senior apartment units that will be connected to the Baptist Home, Inc. nursing facility. As stated in the by-laws, at least 41% of the directors in office must be members of a North American Baptist Conference Church.
- Haven Homes, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 67-bed licensed nursing facility, of which 52 beds are currently in service, and a 21-unit assisted living facility located in Maple Plain, Minnesota.

In addition, Elim Care, Inc. has a 50% interest in Guardian Angels † Elim Home Care, Inc., a joint venture with Guardian Angels of Elk River, Inc. The home health care entity is a Minnesota 501(c)(3) nonprofit corporation serving seniors primarily in the Elk River, Anoka, Buffalo, Cambridge and Princeton, Minnesota areas.

Elim Care, Inc. and its Support Corporations will not be responsible for the debts or other obligations of the Corporation other than to the extent of the Liquidity Support Agreement (as defined subsequently herein). The Corporation will be the sole entity obligated to pay debt service on the Series 2017 Bonds and other financial obligations. Accordingly, the forecasted financial statements only include the forecasted financial results of the Corporation, and do not include the financial results of Elim Care, Inc. or the Support Corporations.

Management Agreements

The Corporation will enter into a management agreement with Elim Management Services, LLC, which will provide management and related support services to the Corporation. The Corporation is forecasted to pay Elim Management Services, LLC compensation equal to four percent of the Corporation's net resident revenue from the Project (the "Management Fees"). Net resident revenue, for purposes of this calculation, is forecasted to exclude contributions. The Corporation is forecasted to pay Management Fees to Elim Management Services, LLC throughout the Forecast Period.

Management

As used above and hereafter, management of the Corporation refers to management of the Corporation and Elim Management Services, LLC, collectively "Management."

Liquidity Support Agreement

Elim Homes, Inc., the Corporation, and the Trustee are planning to enter into a liquidity support agreement (the "Liquidity Support Agreement") as of August 1, 2017, pursuant to which Elim Homes, Inc. will provide up to \$2,000,000 of liquidity (the "Support Obligation") to the Corporation.

Under the Liquidity Support Agreement, Elim Homes, Inc. has agreed to pay certain costs of the Corporation such as construction costs, debt service on the Series 2017 Bonds, and other operating expenses in connection with the Project if the Corporation has insufficient funds in the Working Capital Fund (as defined hereinafter) or Bond Fund (as defined hereinafter). The Support Obligation by Elim Homes, Inc. is limited to \$2,000,000 under the terms of the Liquidity Support Agreement. The Corporation has obligations under the Liquidity Support Agreement to repay Elim Homes, Inc. any amounts drawn under the Liquidity Support Agreement without interest.

Commencing after December 31, 2022, the Support Obligation shall be reduced to \$1,000,000 if the Corporation delivers to the Trustee an officer's certificate and certification by an independent public accountant demonstrating that for the most recently completed fiscal year, the Corporation is in compliance with: (i) the debt service coverage ratio requirement in the loan agreement; (ii) the days cash on hand requirement in the loan agreement; and (iii) the occupancy requirement in the loan agreement. The Liquidity Support Agreement cannot be reduced to \$1,000,000 any sooner than December 31, 2023.

The Support Obligation may be reduced to zero and the Liquidity Support Agreement shall terminate if after two consecutive fiscal years the Corporation has filed an officer's certificate and certification by an independent public

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

accountant demonstrating compliance with: (i) the debt service coverage ratio requirement in the loan agreement; (ii) the days cash on hand requirement in the loan agreement; and (iii) the occupancy requirement in the loan agreement. The Liquidity Support Agreement cannot be reduced to zero and terminated any sooner than December 31, 2024.

Management has not forecasted any draws on the Liquidity Support Fund during the Forecast Period.

The Project

The Project is planned to be located on approximately 20 acres of land in Wildwood, Florida and is anticipated to include the following components:

- 107 assisted living apartments (the “Assisted Living Units”);
- 48 memory care assisted living suites containing 54 beds (the “Memory Care Units”);
- 2 guest suites; and
- A town center.

The Project will be designed to meet the needs of aging seniors. The Project building will be three stories and approximately 185,000 total square feet in size, which will be built adjacent to the Live Oaks Community Church.

In addition to residential Assisted Living Units and Memory Care Units, the Project will have central common areas for residents and their families. These common areas will include dining rooms, a theater, art and hobby rooms, a lounge, a general store, fitness and aerobics center, and salon. Outdoor amenities of the Project consist of two courtyards.

The Project will also include two private guest suites with private access and parking for resident families. The units will include a bed, bathroom, TV/internet services, and a kitchenette.

Assisted Living Units

The Assisted Living Units are planned to consist of 107 units for residents who require varying amounts of assistance with activities of daily living. The following table presents a summary of the Assisted Living Units’ planned unit configuration:

Table 1
Assisted Living Units
Forecasted Unit Configuration

Unit Type	Number of Units	Unit Size (Square Feet)
Studio	23	367-594
One Bedroom	36	605-850
One Bedroom w/Den	36	830-1,008
Two Bedroom	12	1,043-1,098
Total/Weighted Average	107	797

Source: Management

The Assisted Living Units are planned to be private apartments with kitchenettes containing stoves, microwaves, refrigerators, and full bathrooms. The Assisted Living Units will also be equipped with emergency pull cord and pendant systems for resident safety. Assisted living common areas are planned to include a living room with a television, activity rooms, a main dining room, patios, a private courtyard and administrative and support areas. The monthly service fee is planned to include three prepared meals a day, weekly housekeeping and linen service, all utilities except for cable/satellite television, scheduled transportation, organized activities, unit maintenance, 24-hour

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

on-site staff monitoring, and spiritual care. Upon admission into the Assisted Living Units, residents will undergo a health assessment and will be assigned a care service package for the additional daily care the assessment determined as necessary. The services and programs will meet all state regulatory requirements.

Other services will be available to residents of the Assisted Living Units at an additional cost, including barber and beauty shop services and cable/satellite television.

Memory Care Units

Memory Care Units are planned to consist of 48 units containing 54 beds for residents in need of memory care assisted living in a secured environment. The following table presents a summary of the Memory Care Units' planned unit configuration:

Table 2
Memory Care Units
Forecasted Unit Configuration

Unit Type	Number of Units	Number of Beds	Unit Size (Square Feet)
Studio	42	42	419-455
Semi-Private	6	12	743
Total/Weighted Average	48	54	497

Source: Management

The Memory Care Units are planned to be private and semi-private apartments with amenities similar to the Assisted Living Units, except for the kitchenettes which will only contain a small refrigerator and cabinet storage. The Memory Care Units will also be equipped with emergency pull cord and pendant systems for resident safety. The Memory Care Units are planned to have secured access and separate common areas and courtyard. The monthly service fee for the Memory Care Units is planned to include three prepared meals a day, weekly housekeeping and linen service, all utilities except for cable/satellite television, scheduled transportation, organized activities, unit maintenance, 24-hour on-site staff monitoring, and spiritual care. Upon admission into the Memory Care Units, residents will undergo a health assessment and will be assigned a care service package for the additional daily care the assessment determined as necessary. The services and programs will meet all state regulatory requirements.

Other services will be available to residents of the Memory Care Units at an additional cost, including barber and beauty shop services and cable/satellite television.

Marketing Consultant Agreement

The Corporation entered into a marketing consultant agreement (the "Marketing Consultant Agreement") with Pavone Marketing Group, Inc. and its subsidiary Varsity, LLC ("Varsity"). The Marketing Consultant Agreement is in effect from May 22, 2017 through the Project reaching stabilized occupancy which is forecasted to occur in September of 2021.

As compensation for services rendered pursuant to the Marketing Consultant Agreement, Varsity is forecasted to be paid reimbursable expenses and a marketing fee consisting of the following:

- (a) Branding and planning fees totaling approximately \$44,200 will be payable upon obtaining financing for the Project;
- (b) Monthly consulting fees equal to \$10,000 per month are forecasted to begin nine months prior to the anticipated opening of the Project and continue until the Project reaches stabilized occupancy;
- (c) Any additional services requested by the Corporation that are not covered under the monthly consulting fees

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

- are payable at Varsity's standard hourly rates upon performance of the services;
- (d) Reimbursement of Varsity's direct expenses incurred on the Corporation's behalf;
- (e) Advertising expenditures incurred to properly advertise and market the Project to potential residents.

Compensation for the above listed services and expenses is estimated to approximate \$30,000 on a monthly basis and continue until the Project reaches stabilized occupancy.

Under the Marketing Consultant Agreement, Varsity will be responsible for the following items:

- (a) Branding – Varsity will perform market research and work with Management to develop a vision for the Project. Based on the information gathered, Varsity will develop and present a detailed branding strategy for the Project and develop the Project's logo, color palette, and other brand elements to be used to advertise and market the Project;
- (b) Marketing Consulting – Varsity will: 1) coordinate and supervise the overall marketing efforts of the Project until stabilized occupancy is achieved, 2) develop a tailored marketing plan to meet the cultural values of potential future residents and communicate the Project brand, 3) formulate and implement a communication plan which encompasses direct mailings, media/advertising development and placement, and development of marketing collateral materials, 4) develop a marketing budget, 5) assist with planning and implementing lead generation events and seminars, 6) develop a community outreach plan to create awareness, generate interest, facilitate referrals, and establish business relationships, and 7) conduct weekly status calls with the Project's marketing team;
- (c) Sales Consulting – Varsity will: 1) coordinate and supervise the overall sales efforts of the Project until stabilized occupancy is achieved, 2) assist with the selection and hiring of appropriate staff to lead the sales efforts, 3) conduct weekly meetings to evaluate leads and review current activities, 4) develop guidelines and procedures for a waiting list program, 5) train Project staff on the sales process, office procedures, reselling apartments, and handling cancellations, 6) implement sales and marketing reports, and 7) conduct two-day on-site meetings each month to build relationships, conduct additional training, and to provide coaching and guidance to the Project's sales team;
- (d) Set Up and Other Considerations – Varsity will assist the Management in designing and setting up an information center to conduct all sales and marketing efforts for the Project. The information center will contain furnishing for a model kitchen as well as other equipment, furniture, and displays that will assist with the marketing of the Project. Varsity will also assist in the installation and training of Project staff on a Customer Relationship Management System (CRM) for effective lead tracking and follow up.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Project Timeline

A proposed timeline for the Project, as provided by Management, is summarized in the following table:

Table 3
Project Timeline

Date	Item
August 2017	Series 2017 Bonds are Issued
August 2017	Construction Begins on the Project
November 2018	Construction is Complete on the Project
December 2018	Project Opens
September 2021	Assisted Living Units and Memory Care Units Reach Stabilized Occupancy (93%)

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

PLAN OF FINANCE

A summary of the forecasted sources and uses of funds for the Corporation's financing for the Project is provided in the following table:

Table 4
Series 2017 Bonds
Forecasted Sources and Uses of Funds
(000s Omitted)

<u>Sources of Funds:</u>		
Series 2017 Bonds	\$ 54,660	(1)
Equity Contribution	1,225	(2)
Total Sources of Funds	\$ 55,885	
<u>Uses of Funds:</u>		
Architect Fees	2,254	(3)
Building Construction	30,686	(4)
Development Contingency	765	(5)
City Fees	1,196	(6)
Furniture, Fixtures and Equipment	2,323	(7)
Other Project Costs	261	(8)
Total Project Related Costs	37,485	
Debt Service Reserve Fund	4,136	(9)
Working Capital Fund	1,500	(10)
Marketing Fund	1,185	(11)
Funded Interest	9,393	(12)
Cost of Issuance and Other Finance Costs	2,186	(13)
Total Other Costs	18,400	
Total Uses of Funds	\$ 55,885	

Source: Management and Underwriter

Notes to Table 4:

- 1) The Corporation's underwriter, Herbert J. Sims & Co. (the "Underwriter"), has indicated that proceeds in the amount of \$54,660,000 are estimated to be generated from the proposed issuance of the Series 2017 Bonds. The responsibility for payment of the debt service on the Series 2017 Bonds is solely that of the Corporation. The Underwriter has indicated the following structure and terms of the Series 2017 Bonds:
 - \$54,660,000 of tax-exempt fixed rate bonds, consisting of term maturities to August 1, 2052 with annual principal sinking fund payments assumed to begin on August 1, 2022 and semi-annual interest payments assumed to begin on February 1, 2018, with an assumed average annual interest rate of 6.43 percent.
- 2) Prior to January 1, 2017 Elim Care Foundation contributed Project development costs that have previously been paid by the Elim Care Foundation on behalf of the Corporation totaling \$1,225,000.
- 3) Management has forecasted architect fees related to drawing and design of the Project will approximate \$2,254,000 based on the Corporation's contract with Pope Architects, Inc.
- 4) Management has forecasted construction, site work, and other costs related to the construction of the Project will approximate \$30,686,000 based on their guaranteed maximum price contract with Edwards Construction Service, Inc. The guaranteed maximum price contract with Edwards Construction Service, Inc. includes a contractor contingency of 2.5% of the contract total or approximately \$767,000. It should be noted that although Management has entered into a guaranteed maximum price contract, adjustments for allowances,

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

change orders, or other circumstances not addressed in this contract could result in the total construction costs exceeding the maximum price that was established by the contract. Construction material costs will be paid directly by the Corporation to vendors in order to utilize the benefit of the sales tax exemption for nonprofits per the State of Florida statutes.

- 5) Management has forecasted a development contingency of 2.5% of the guaranteed maximum price contract or \$765,000 which represents Management's reserve for possible construction change orders or other unanticipated Project costs.
- 6) Management has forecasted city fees in the amount of \$1,196,000 to pay for estimated water meter, park dedication, permits, and other such costs.
- 7) Management has forecasted the cost of furniture, fixtures and equipment for the Project will approximate \$2,323,000 based upon Management's plans.
- 8) Management has forecasted other Project related costs of \$261,000.
- 9) Management and the Underwriter have forecasted \$4,136,000 will be deposited into a debt service reserve fund upon closing of the Series 2017 Bonds.
- 10) Management and the Underwriter have forecasted \$1,500,000 will be deposited into a working capital fund upon closing of the Series 2017 Bonds.
- 11) Management and the Underwriter have forecasted \$1,185,000 will be deposited into a marketing fund upon closing of the Series 2017 Bonds.
- 12) Management has forecasted funded interest in the amount of approximately \$9,393,000 which represents the Project related debt service through approximately June 1, 2020, which is approximately 34 months from the assumed issuance date of the Series 2017 Bonds.
- 13) Management has estimated costs related to the Underwriter's discount, legal fees, accounting fees, and other costs associated with the proposed issuance of the Series 2017 Bonds to approximate \$2,186,000.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

MARKET ASSESSMENT

Management's assumptions for the future utilization of the Project were developed based on analysis of the following factors, which may affect the demand for services:

- Site description and general area characteristics;
- Defined primary market area ("PMA") for the Project;
- Demographic and economic characteristics of Management's defined PMA;
- Estimated age and income qualified households within Management's defined PMA;
- Description and utilization of existing and proposed comparable assisted living and memory care facilities within Management's defined PMA; and
- Penetration rates for assisted living and memory care within Management's defined PMA.

SITE ANALYSIS

Site Description and Surrounding Land Use

The Project is planned to be located on an approximate 20 acre site in the northwest quadrant of the intersection of County Road 103 and Woodridge Drive (the "Site") in Wildwood, Florida. The Site is currently vacant with agricultural uses to the north and west. A WalMart Super Center and other retail uses are located to the south across Woodridge Drive; multifamily housing including senior development is located to the east across County Road 103.

The Villages is located just adjacent to the Site. The Villages is a 55+ age-restricted master planned community that offers recreational amenities such as golf courses, recreation centers, three town squares, parks and a polo stadium. Between 2010 and 2015, the population of The Villages doubled from about 51,000 to 114,000.

Access

Access to the Site is planned to be primarily from Woodridge Drive, an east-west thoroughfare that connects Wildwood with The Villages. County Road 466 is located 0.25 miles south of the Site. County Road 466 is a major thoroughfare through the area that would connect the Site to Interstate 5, approximately five miles west, and Highway 27, approximately 7 miles east.

A map depicting the location of the Site is presented below.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



Source: Microsoft MapPoint

Proximity to Retail, Health Care and Community Services

Conveniences important to seniors including a Walmart, several pharmacies, a Publix grocery store, gas stations, banks, and fast food restaurants are located along County Road 466.

There are several medical clinics located near the Site including an urgent care clinic less than one mile to the east. There are also a number of hospitals near the PMA. These hospitals are summarized in the following table.

Table 5
Hospitals Within 20 miles of the Project

Hospital Name	Location (City/ZIP Code)	Approximate Miles from the Project	Type	Number of Beds
Promise Hospital of Florida at The Villages	Oxford/34484	2	Long Term	40
The Villages Regional Hospital	The Villages/32159	6	Short Term Acute Care	277
Leesburg Regional Medical Center	Leesburg/34748	17	Short Term Acute Care	330

Source: American Hospital Directory, April 2017.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

PRIMARY MARKET AREA

Management defines the PMA for the Project as the geographic area from which the majority of the prospective residents are assumed to originate prior to occupancy. Management has defined the PMA to be an area that encompasses 10 ZIP Codes and extends from the Site approximately 4 to 11 miles to the north, 6 to 15 miles to the south, 6 to 12 miles to the east, and 3 to 8 miles to the west.

The following table summarizes the ZIP Codes and corresponding primary cities that make up the PMA.

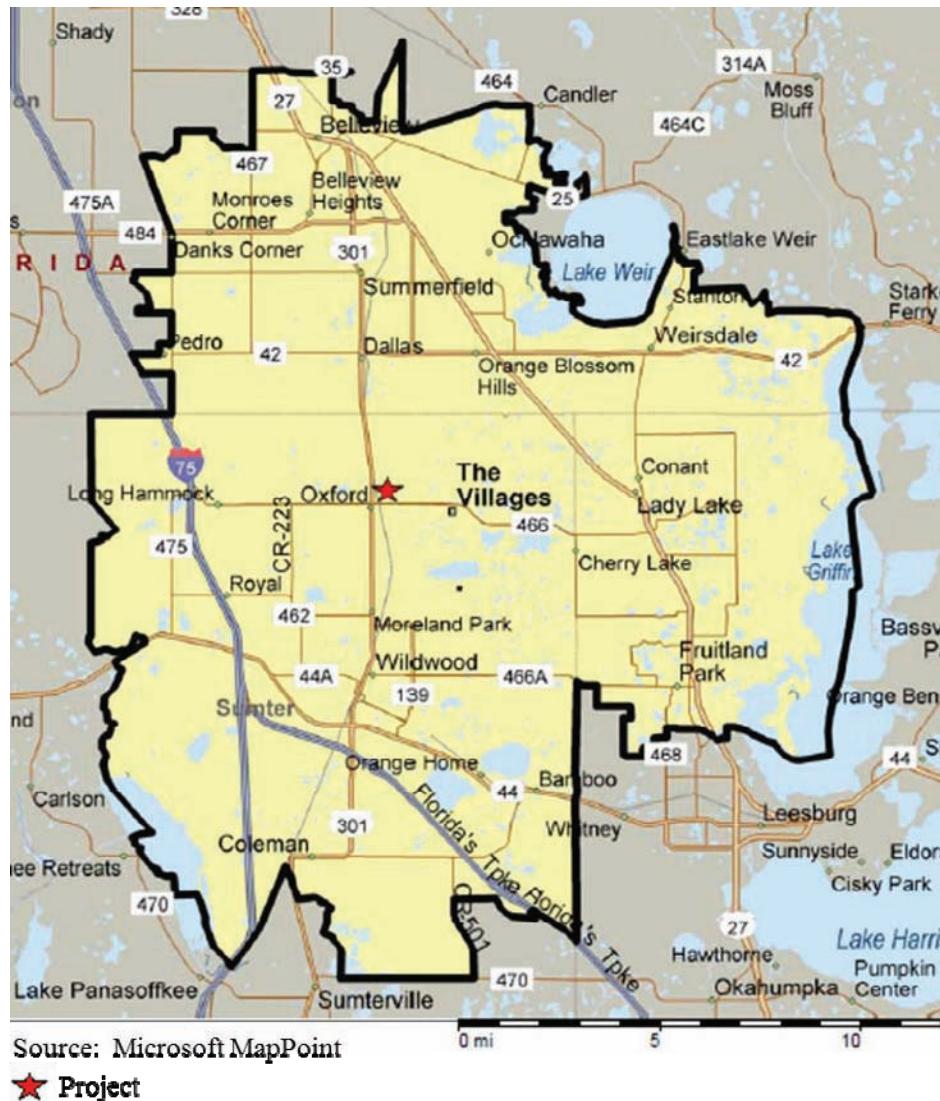
Table 6
PMA ZIP Codes and Cities/Localities

ZIP Code	City/Locality	ZIP Code	City/Locality	ZIP Code	City/Locality
32159	Lady Lake	32162	The Villages	32163	The Villages
32195	Weirsdale	33521	Coleman	34420	Bellevue
34484	Oxford	34491	Summerfield	34731	Fruitland Park
34785	Wildwood				

Source: Management

The following map depicts the PMA and the location of the proposed Project.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



PMA POPULATION DATA

The age distribution of the population in a geographic area is considered by Management to be a key factor in the determination of the area's retirement housing needs. Population data regarding numbers of elderly is presented in the following tables. The 2017 and 2022 data in the following tables are estimates and projections, respectively, provided by The Nielsen Company, a recognized provider of census demographic information.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 7
Elderly Population Change for the PMA

	2000 (Actual) <u>Population</u>	2010 (Actual) <u>Population</u>	2017 (Estimated) <u>Population</u>	2022 (Projected) <u>Population</u>	Average Compounded Percentage Change		
					2000 to 2010	2010 to 2017	2017 to 2022
Total Population	92,253	153,005	189,599	207,604	5.2%	3.1%	1.8%
Under Age 65	61,713	85,367	91,336	91,340	3.3%	1.0%	0.0%
Age 65 to 74 Population	18,899	41,954	61,556	74,443	8.3%	5.6%	3.9%
Age 75 to 84 Population	9,789	20,893	29,326	33,121	7.9%	5.0%	2.5%
Age 85 & Over Population	1,852	4,791	7,381	8,701	10.0%	6.4%	3.3%
Total 65 & Over	30,540	67,638	98,263	116,265	8.3%	5.5%	3.4%
Total 75 & Over	11,641	25,684	36,707	41,822	8.2%	5.2%	2.6%

Sources: The Nielsen Company and U.S. Census Bureau

The following table presents the percentage of total population by age group for the elderly population in the PMA, the State of Florida and the United States.

Table 8
Percentage of Total Population by Age Cohort

	2017 (Estimated)		
	PMA	Florida	U.S.
<u>Age Cohort</u>			
65 & Over	51.8%	20.1%	15.5%
75 & Over	19.4%	8.8%	6.4%
85 & Over	3.9%	2.7%	1.9%
<u>2022 (Projected)</u>			
<u>Age Cohort</u>			
65 & Over	56.0%	22.2%	17.5%
75 & Over	20.1%	9.3%	6.9%
85 & Over	4.2%	2.8%	2.0%

Sources: The Nielsen Company and U.S. Census Bureau

REAL ESTATE TRENDS

Management has assumed that many of the residents moving into the Project will sell their current homes prior to relocating to the Project. The ability of residents to sell their homes in a timely fashion may have an impact on the fill-up period of the Project. The following table summarizes historical data on the number of homes sold and average sales price for single-family homes sold for the ZIP Codes included in the PMA.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 9
Single-Family Home Sales Trends in the PMA
2014 through YTD March 31, 2017

ZIP Code ⁽¹⁾	ANNUAL DATA						Year-to-date	
	2014		2015		2016		March 31, 2017	
	Number Homes Sold	Average Sales Price						
32159	950	\$161,336	982	\$174,811	898	\$192,494	225	\$185,587
32162	1,737	308,524	1,773	259,768	1,691	261,684	396	269,364
32163	822	305,945	1,162	316,462	1,435	310,438	358	317,615
32195	34	113,147	40	137,150	40	160,950	4	272,500
34420	245	84,102	305	84,734	309	105,482	24	107,000
34484 ⁽²⁾	81	175,444	81	204,346	106	214,472	29	243,103
34491	759	122,942	800	131,434	727	142,076	111	141,243
34731	183	99,929	208	133,019	215	132,172	48	135,938
34785	161	65,075	201	89,144	180	79,478	46	83,587
Total/Wtd. Average	4,972	\$221,521	5,552	\$215,882	5,601	\$226,500	1,241	\$240,844

Source: Melissa Data Home Sales by ZIP Code, April 2017.

<http://www.melissadata.com/lists/ezlists/ezhomeowners.aspx>.

Notes:

(1) Real estate data not available for ZIP Code 33521.

(2) Represents the ZIP Code in which the Project is planned to be located.

ECONOMY AND EMPLOYMENT INFORMATION

The following table summarizes the top ten largest private employers in Sumter County, Florida, where the Project is planned to be located.

Table 10
Largest Private Employers in Sumter County, Florida
April 2017

Major Employer	Business Line	Number of Employees
The Villages Regional Hospital	Healthcare	1,128
Publix	Supermarket	800
T&D Concrete & Distribution	Concrete	660
Winn-Dixie	Supermarket	573
The Villages [®] Community	Housing Construction	400
Walmart Stores	Retail	390
Sumter Electric Cooperative	Energy	340
Time Definite Services	Transportation and logistics	265
Metal Industries, Inc.	Heating, ventilation and air conditioning	140
Outokumpu	Stainless steel	94

Source: Sumter County Economic Development. <http://sumterbusiness.com/top-employers>, estimate as of April 2017.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes employment by industry sector for The Villages, FL Metropolitan Statistical Area (“MSA”) (as defined in Note (1) to the table) and the State of Florida as of May 2016.

Table 11
Employment by Industry Sector – May 2016

Major Occupational Group	The Villages, MSA ⁽¹⁾		Florida	
	Number	Percentage	Number	Percentage
Food Preparation and Serving Related Occupations	4,080	16.3%	908,330	11.0%
Office and Administrative Support Occupations	3,480	13.9%	1,442,140	17.5%
Sales and Related Occupations	2,980	11.9%	1,060,730	12.9%
Healthcare Practitioners and Technical Occupations	2,020	8.1%	512,580	6.2%
Protective Service Occupations	1,760	7.0%	233,250	2.8%
Construction and Extraction Occupations	1,500	6.0%	355,120	4.3%
Personal Care and Service Occupations	1,250	5.0%	237,940	2.9%
Transportation and Material Moving Occupations	1,150	4.6%	501,290	6.1%
Healthcare Support Occupations	920	3.7%	235,950	2.9%
Building and Grounds Cleaning and Maintenance Occupations	860	3.4%	322,780	3.9%
Installation, Maintenance, and Repair Occupations	820	3.3%	346,580	4.2%
Business and Financial Operations Occupations	700	2.8%	441,200	5.4%
Management Occupations	700	2.8%	276,220	3.4%
Production Occupations	680	2.7%	309,720	3.8%
Community and Social Service Occupations	260	1.0%	84,600	1.0%
Architecture and Engineering Occupations	200	0.8%	101,260	1.2%
Computer and Mathematical Occupations	200	0.8%	193,670	2.4%
Life, Physical, and Social Science Occupations	190	0.8%	37,600	0.5%
Arts, Design, Entertainment, Sports, and Media Occupations	170	0.7%	97,120	1.2%
Legal Occupations	80	0.3%	84,040	1.0%
Education, Training, and Library Occupations	*	*	417,640	5.1%
Farming, Fishing, and Forestry Occupations	*	*	22,250	0.3%
All Occupations ⁽²⁾	25,070	100.0%	8,222,030	100.0%

Source: United States Department of Labor, Bureau of Labor Statistics, May 2016 Occupational Employment and Wage Estimates, www.bls.gov/oes/current, April, 2017.

Notes:

* - Estimates were not released at the time of research.

(1) The Villages, FL MSA consists of Sumter County, Florida.

(2) The sum of the employment for each category may not foot to the total for all occupations due to rounding estimates.

The following table summarizes unemployment rate trends for The Villages, FL MSA, the state of Florida and the United States for 2013 through February 2017.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 12
Unemployment Rate Trends ⁽¹⁾

	The Villages, FL MSA ⁽²⁾	Florida	United States
2017			
February	7.0% ^(P)	4.7% ^(P)	4.9%
January	7.6%	5.2%	5.1%
2016			
Annual	6.8%	4.9%	4.9%
December	6.6%	4.7%	4.5%
November	7.0%	4.8%	4.4%
October	7.1%	4.9%	4.7%
September	6.9%	5.1%	4.8%
August	6.7%	5.2%	5.0%
July	7.1%	5.1%	5.1%
June	6.5%	5.1%	5.1%
May	6.3%	4.5%	4.5%
April	6.6%	4.6%	4.7%
March	6.7%	4.8%	5.1%
February	6.9%	4.7%	5.2%
January	7.3%	5.0%	5.3%
2015			
Annual	7.5%	5.4%	5.3%
December	6.6%	4.9%	4.8%
November	6.9%	5.0%	4.8%
October	7.1%	5.2%	4.8%
September	7.1%	5.4%	4.9%
August	7.6%	5.6%	5.2%
July	7.9%	5.8%	5.6%
June	7.4%	5.6%	5.5%
May	7.8%	5.5%	5.3%
April	7.3%	5.2%	5.1%
March	7.6%	5.4%	5.6%
February	7.9%	5.5%	5.8%
January	8.2%	5.9%	6.1%
2014 (Annual Average)	8.3%	6.3%	6.2%
2013 (Annual Average)	9.3%	7.2%	7.4%

Source: U.S. Bureau of Labor Statistics, www.bls.gov, April 2017.

Notes:

(P) = Preliminary.

(1) Data reflects rates not seasonally adjusted.

(2) The Villages, FL MSA consists of Sumter County, Florida.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Description and Utilization of Assisted Living Services

In Florida, assisted living facilities are licensed and regulated by the Agency for Health Care Administration (the “Agency”) under Chapter 429.01 of the Statues and Chapter 59A-35 of the Florida Administrative Code. According to the Agency, assisted living facilities are defined as an entity which undertakes to provide housing, meals, and one or more personal services for a period exceeding 24 hours to one or more adults who are not relatives of the owner or administrator. The facility is to be designed to provide personal care services in the least restrictive and most home-like environment. Personal services include assistance with meals, dressing, movement, bathing, or the assistance with or supervision of medication; or general supervision or oversight of the physical and mental well-being of a person who needs assistance to maintain a private and independent residence in an assisted living facility.

To provide assisted living services, the facility must obtain a standard license (“Standard License”) to operate. In addition, Florida has three specialty licenses - Extended Congregate Care, Limited Nursing Services and Limited Mental Health. To obtain these specialty licenses, the facility must meet additional requirements.

- Extended Congregate Care (“ECC”) License enables a facility to provide, directly or through contract, services beyond those permissible under the Standard License, including acts performed by licensed nurses and supportive services that would not be permitted under standard licensure.
- Limited Nursing Services (“LNS”) License enables a facility to provide a select number of defined nursing services which a facility with a Standard License would not be able to perform.
- Limited Mental Health License is required for any facility intending to admit three or more mental health residents.

Management anticipates obtaining an ECC License for the Project.

Management has used the general industry term “Assisted Living” to describe facilities that provide services, including meals, housekeeping, medication management, assistance with activities of daily living, and general supervision. In addition, Management anticipates a separate secured unit and specialized programs for residents with dementia which is referred to as “memory care” housing.

Summary of Assisted Living Units

The following table summarizes the assisted living and memory care communities offering similar services and amenities competing for similar age and income qualified residents and are located within the PMA of the Project (the “Comparable AL Communities”). Management has reflected these existing units as comparable with the Project for purposes of calculating assisted living penetration rates presented subsequently hereinafter. It should be noted there are two communities with a total of 55 beds in the PMA that were not deemed Comparable AL Communities and were not included in the penetration calculation.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 13
Comparable AL Communities in the PMA – Existing and Pending

	Number of AL Units	Number of MC Beds	Total Number of AL & MC Units/Beds	AL Occupancy %	MC Occupancy %	Total AL & MC Occupancy %
The Project	107	54	161	N/A	N/A	N/A
Existing Comparable AL Communities						
Atria Senior Living	69	20	89	95.7%	90.0%	94.4%
Buffalo Crossings	108	0	108	95.4%	N/A	95.4%
Elan Spanish Springs	50	36	86	98.0%	91.7%	95.4%
Freedom Pointe at the Villages	75	62	137	92.0%	91.9%	92.0%
Hampton Manor Bellevue	0	42	42	N/A	85.7%	85.7%
HarborChase of Villages Crossing	64	30	94	98.4%	100.0%	98.9%
Mission Oaks	46	62	108	84.8%	98.4%	92.6%
Serenades at the Villages	0	56	56	N/A	89.3%	89.3%
Springs of Lady Lake	80	0	80	90.0%	N/A	90.0%
Summerfield Suites	42	0	42	88.1%	N/A	88.1%
Sumter Place in the Villages	108	40	148	94.4%	90.0%	93.2%
The Willows at Wildwood	77	33	110	94.8%	87.9%	92.7%
Sub-Total/Weighted Average Comparable AL Communities	719	381	1,100	93.6%	91.9%	93.0%
Sub-Total Comparable AL Communities Including The Project	826	435	1,261			
Pending Comparable AL Communities						
Under Construction						
Elan Buena Vista	74	32	106			
HarborChase at Wildwood	66	30	96			
Pending Comparable AL Communities Not Under Construction						
American House	108	32	140			
Excellence at Lady Lake	186	0	186			
Omega - Living Waters	29	24	53			
Village Veranda at Lady Lake	116	30	146			
Including the Project, Existing Comparable AL Communities and Pending AL Comparable Communities	1,405	583	1,988			

Source: Management, telephone interviews, personal visits and other research conducted in May/June 2016 and updated in April 2017.

Notes:

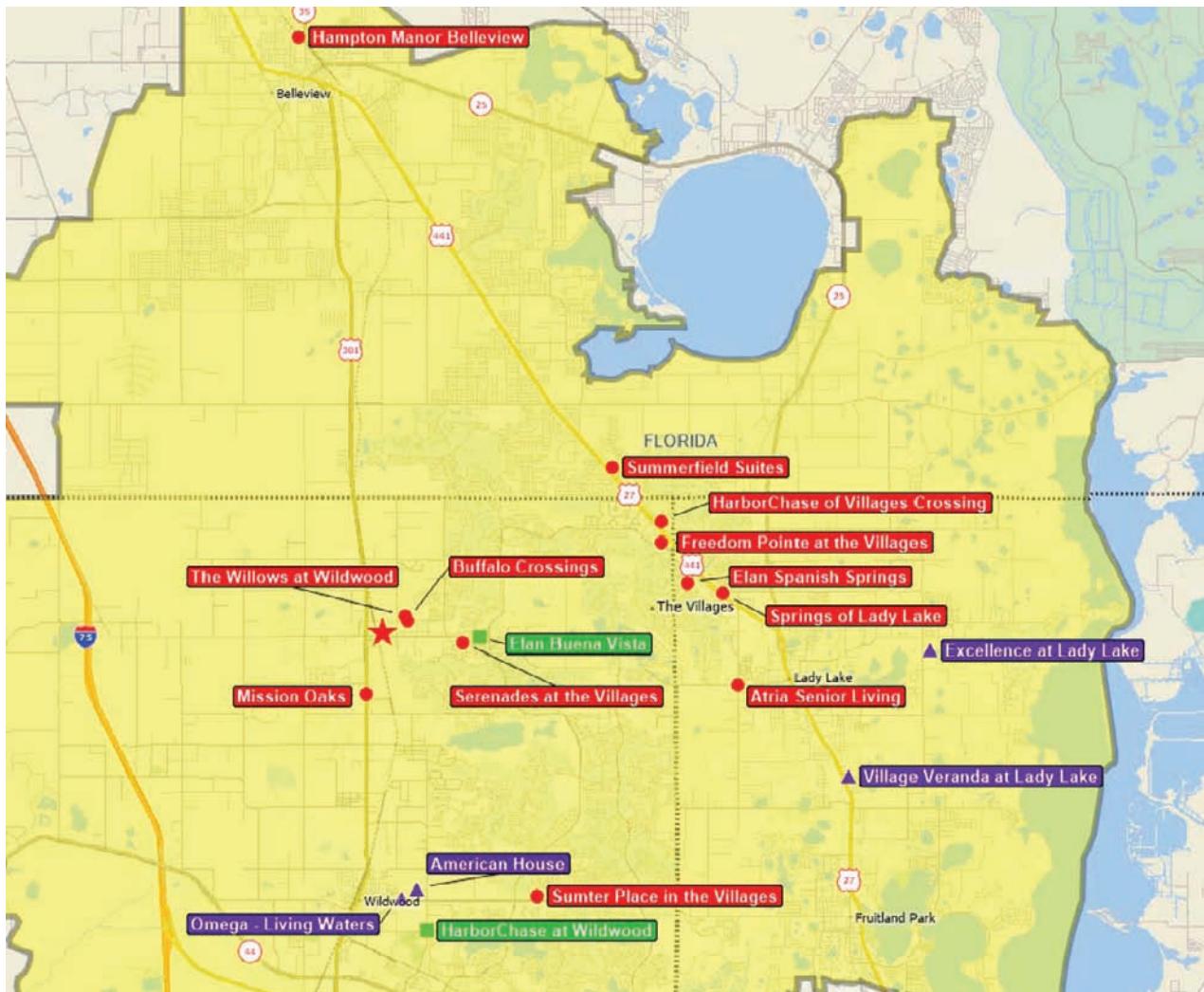
AL = Assisted Living.

MC = Memory Care.

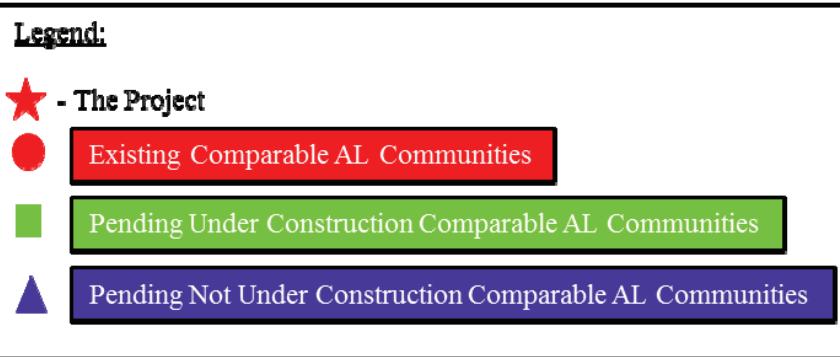
N/A = Not applicable.

The following map shows the location of the existing and pending Comparable AL Communities in the PMA.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES



Source: Maptitude



Existing Comparable AL Communities

The following table summarizes the Project and Comparable AL Communities in the PMA based on information from Management, telephone interviews, personal visits and other research completed in May and June, 2016 and updated in April 2017.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14
Comparable AL Communities in the PMA

	The Project	Atria Senior Living ⁽¹⁾	Buffalo Crossings
Street Address	County Road 103 & Woodridge Dr	930 County Rd 466	3890 Woodridge Dr
City/State/ZIP code	Wildwood, FL 34484	Lady Lake, FL 32159	The Villages, FL 32162
Miles from the Project	N/A	5.9	0.1
Owner/Sponsor	Elim Care	Concordis Senior Living	KR Management LLC
Profit/Non-Profit	Non-Profit	Profit	Profit
Year Opened	Planned December 2018	2010	2015
Number of Beds:			
AL studio-shared	0	0	0
AL studio-private	23	0	50
AL one-bedroom	72	69	50
AL two-bedroom	12	0	8
Total AL Beds	107	69	108
MC Studios-shared	12	*	0
MC Studios-private	42	*	0
MC one-bedroom	0	0	0
Total MC Beds	54	20	0
Total AL/MC Beds	161	89	108
Number of IL Units	0	0	0
Number of SNF Beds	0	0	92 ⁽¹⁾
Square Footage:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	367-594	440-470	265-427
AL one-bedroom	605-1,008	440-619	536-677
AL two-bedroom	1,043-1,098	N/A	822-997
MC Studios-shared	743	345	N/A
MC Studios-private	419-455	345	N/A
MC one-bedroom	N/A	N/A	N/A
Monthly Fees:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	\$3,883-4,189 ⁽¹⁾	\$3,865-\$4,280	\$3,400-\$4,200
AL one-bedroom	\$5,801-\$5,947 ⁽¹⁾	\$3,865-\$5,150 ⁽²⁾	\$5,250-\$5,550
AL two-bedroom	\$6,092 ⁽¹⁾	N/A	\$6,000-\$6,500
MC Studios-shared	\$4,830 ⁽¹⁾	\$3,770	N/A
MC Studios-private	\$5,752 ⁽¹⁾	\$4,100	N/A
MC one-bedroom	N/A	N/A	N/A
Occupancy Rate-AL	N/A	95.7%	95.4%
Occupancy Rate-MC	N/A	90.0%	N/A
Included in the Monthly Fee:			
Meals - AL	3 Daily Meals	3 Daily Meals	3 Daily Meals
Meals - MC	3 Daily Meals	3 Daily Meals	N/A
Housekeeping	Weekly	Weekly	Daily
Laundry service - AL	Weekly	Weekly	\$40 per month
Laundry service - MC	Weekly	Weekly	N/A
Personal care - AL	Levels of Care ⁽¹⁾⁽²⁾	Levels of Care ⁽³⁾	Levels of Care ⁽²⁾
Personal care - MC	Levels of Care ⁽¹⁾⁽²⁾	All Inclusive	N/A

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14 (Cont.)
Comparable AL Communities in the PMA

	Elan Spanish Springs	Freedom Pointe at the Villages	Hampton Manor Belleview
Street Address	981 Del Mar Drive	1475 & 1700 El Camino Real	10590 SE 62nd Avenue Rd
City/State/ZIP code	The Villages, FL 32159	The Villages, FL 32159	Belleview, FL 34420
Miles from the Project	5.9	6.1	10.4
Owner/Sponsor	Titan Senior Living	Brookdale Senior Living Solutions	Virtue Senior Living
Profit/Non-Profit	Profit	Profit	Profit
Year Opened	2016	1998/2015	1987
Number of Beds:			
AL studio-shared	0	0	0
AL studio-private	*	*	0
AL one-bedroom	*	*	0
AL two-bedroom	*	0	0
Total AL Beds	50	75	0
MC Studios-shared	0	*	*
MC Studios-private	36	*	*
MC one-bedroom	0	0	0
Total MC Beds	36	62	42
Total AL/MC Beds	86	137	42
Number of IL Units	0	235	0
Number of SNF Beds	0	72	0
Square Footage:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	340-475	282-496	N/A
AL one-bedroom	545-640	506-672	N/A
AL two-bedroom	835	N/A	N/A
MC Studios-shared	N/A	*	209-340
MC Studios-private	260-315	282-496	209-340
MC one-bedroom	N/A	N/A	N/A
Monthly Fees:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	Starting at \$3,905	\$4,400	N/A
AL one-bedroom	Starting at \$4,750	\$5,000-\$5,400	N/A
AL two-bedroom	Starting at \$5,620	N/A	N/A
MC Studios-shared	N/A	\$4,800	\$1,950-2,2550
MC Studios-private	Starting \$4,950	\$5,775-\$5,875	\$2,950-\$3,550
MC one-bedroom	N/A	N/A	N/A
Occupancy Rate-AL	98.0%	92.0%	N/A
Occupancy Rate-MC	91.7%	91.9%	85.7% ⁽¹⁾
Included in the Monthly Fee:			
Meals - AL	3 Daily Meals	3 Daily Meals	3 Daily Meals
Meals - MC	3 Daily Meals	3 Daily Meals	N/A
Housekeeping	Weekly	Weekly ⁽¹⁾	Weekly
Laundry service - AL	Weekly	Weekly	Weekly
Laundry service - MC	Weekly	Weekly	N/A
Personal care - AL	Levels of Care ⁽¹⁾	Levels of Care ⁽²⁾	Levels of Care ⁽²⁾
Personal care - MC	Levels of Care ⁽²⁾	All Inclusive	N/A

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14 (Cont.)
Comparable AL Communities in the PMA

	HarborChase of Villages Crossing	Mission Oaks	Serenades at the Villages
Street Address	13517 NE 86th Court	10780 US-301	2450 Parr Dr
City/State/ZIP code	Lady Lake, FL 32159	Oxford, FL 34484	The Villages, FL 32162
Miles from the Project	6.7	2.8	1.2
Owner/Sponsor	Harbor Retirement Associates	Mission Oaks Senior Living LLC	Sonata Senior Living
Profit/Non-Profit	Profit	Profit	Profit
Year Opened	2014	2010	2014
Number of Beds:			
AL studio-shared	* ⁽¹⁾	0	0
AL studio-private	0	26	0
AL one-bedroom	*	20	0
AL two-bedroom	*	0	0
Total AL Beds	<u>64</u>	<u>46</u>	<u>0</u>
MC Studios-shared	*	*	22
MC Studios-private	*	*	34
MC one-bedroom	0	0	0
Total MC Beds	<u>30</u>	<u>62</u>	<u>56</u>
Total AL/MC Beds	<u>94</u>	<u>108</u>	<u>56</u>
Number of IL Units	<u>0</u>	<u>0</u>	<u>0</u>
Number of SNF Beds	<u>0</u>	<u>0</u>	<u>0</u>
Square Footage:			
AL studio-shared	510	N/A	N/A
AL studio-private	N/A	345	N/A
AL one-bedroom	510-585	447-579	N/A
AL two-bedroom	*	N/A	N/A
MC Studios-shared	275	422-544	472-494
MC Studios-private	275	325-336	286-418
MC one-bedroom	N/A	N/A	N/A
Monthly Fees:			
AL studio-shared	\$3,150	N/A	N/A
AL studio-private	N/A	\$3,350	N/A
AL one-bedroom	\$4,295-\$4,795	\$3,750	N/A
AL two-bedroom	*	N/A	N/A
MC Studios-shared	\$3,790	\$4,750	\$4,800
MC Studios-private	\$4,750	\$5,750	\$5,200
MC one-bedroom	N/A	N/A	N/A
Occupancy Rate-AL	98.4%	84.8%	N/A
Occupancy Rate-MC	100.0%	98.4%	89.3%
Included in the Monthly Fee:			
Meals - AL	3 Daily Meals	3 Daily Meals	N/A
Meals - MC	3 Daily Meals	3 Daily Meals	3 Daily Meals
Housekeeping	Weekly	Weekly	Daily
Laundry service - AL	Weekly	Additional \$50 per month	N/A
Laundry service - MC	Weekly	Weekly	Weekly
Personal care - AL	Levels of Care ⁽²⁾	Levels of Care ⁽¹⁾	N/A
Personal care - MC	Levels of Care ⁽²⁾	All Inclusive	Levels of Care ⁽¹⁾

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14 (Cont.)
Comparable AL Communities in the PMA

	Springs of Lady Lake	Summerfield Suites	Sumter Place in the Villages
Street Address	630 Griffin Ave	17421 SE 109th Terrace	1550 Killingsworth Way
City/State/ZIP code	Lady Lake, Florida 32159	Summerfield, FL 34491	The Villages, FL 32162
Miles from the Project	7.7	7.6	7.8
Owner/Sponsor	Greystone	Summerfield Suites LLC	KR Management LLC
Profit/Non-Profit	Profit	Non-Profit	Profit
Year Opened	*	2002	2012
Number of Beds:			
AL studio-shared	0	0	0
AL studio-private	0	23	40
AL one-bedroom	80	19	48
AL two-bedroom	0	0	20
Total AL Beds	80	42	108
MC Studios-shared	0	0	0
MC Studios-private	0	0	40
MC one-bedroom	0	0	0
Total MC Beds	0	0	40
Total AL/MC Beds	80	42	148
Number of IL Units	0	0	150
Number of SNF Beds	0	0	0
Square Footage:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	N/A	265	330-455
AL one-bedroom	*	327-432	627-678
AL two-bedroom	N/A	N/A	630
MC Studios-shared	N/A	N/A	N/A
MC Studios-private	N/A	N/A	255
MC one-bedroom	N/A	N/A	N/A
Monthly Fees:			
AL studio-shared	N/A	N/A	N/A
AL studio-private	N/A	\$3,300	\$3,500-\$4,050
AL one-bedroom	\$4,100-\$4,800 ⁽¹⁾	\$3,600-\$4,200	\$5,250-\$5,300
AL two-bedroom	N/A	N/A	\$5,000
MC Studios-shared	N/A	N/A	N/A
MC Studios-private	N/A	N/A	\$5,200
MC one-bedroom	N/A	N/A	N/A
Occupancy Rate-AL	90% ⁽¹⁾	88.1%	94.4%
Occupancy Rate-MC	N/A	N/A	90.0%
Included in the Monthly Fee:			
Meals - AL	3 Daily Meals	3 Daily Meals	3 Daily Meals
Meals - MC	N/A	N/A	3 Daily Meals
Housekeeping	Weekly	Weekly	Weekly
Laundry service - AL	Additional \$75 per month	Weekly	Additional \$40 per month
Laundry service - MC	N/A	N/A	Weekly
Personal care - AL	Levels of Care ⁽¹⁾⁽²⁾	Levels of Care ⁽¹⁾	Levels of Care ⁽¹⁾
Personal care - MC	N/A	N/A	Levels of Care ⁽²⁾

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 14 (Cont.)
Comparable AL Communities in the PMA

The Willows at Wildwood

Street Address	4725 Bellwether Lane
City/State/ZIP code	Oxford, FL 34484
Miles from the Project	0.1
Owner/Sponsor	LeisureCare
Profit/Non-Profit	Profit
Year Opened	2015
Number of Beds:	
AL studio-shared	0
AL studio-private	*
AL one-bedroom	*
AL two-bedroom	*
Total AL Beds	<u>77</u>
MC Studios-shared	*
MC Studios-private	*
MC one-bedroom	0
Total MC Beds	<u>33</u>
Total AL/MC Beds	<u>110</u>
Number of IL Units	<u>0</u>
Number of SNF Beds	<u>0</u>
Square Footage:	
AL studio-shared	N/A
AL studio-private	340-473
AL one-bedroom	475-557
AL two-bedroom	<u>642-909</u>
MC Studios-shared	*
MC Studios-private	*
MC one-bedroom	N/A
Monthly Fees:	
AL studio-shared	N/A
AL studio-private	Starting at \$2,700
AL one-bedroom	Starting at \$3,600
AL two-bedroom	Starting at \$4,300
MC Studios-shared	\$4,500
MC Studios-private	\$5,500
MC one-bedroom	N/A
Occupancy Rate-AL	94.8%
Occupancy Rate-MC	87.9%
Included in the Monthly Fee:	
Meals - AL	3 Daily Meals
Meals - MC	3 Daily Meals
Housekeeping	Weekly
Laundry service - AL	Weekly
Laundry service - MC	Weekly
Personal care - AL	Levels of Care ⁽¹⁾
Personal care - MC	All Inclusive

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Source: Management, telephone interviews, personal visits and other research conducted in May/June 2016 and updated in April 2017.

Notes:

* = Unable to obtain information from the facility.

N/A = Not applicable to this facility.

IL = Independent Living.

AL = Assisted Living.

MC = Memory Care.

SNF = Skilled Nursing Facility.

The Project

(1) Monthly service and levels of care fees are stated in 2017 dollars, deflated by approximately 3 percent from the planned opening price in 2018.

(2) There are four levels of care. Level A is an additional \$388 per month, Level B is an additional \$728 per month, Level C is an additional \$1,068 per month and Level D is an additional \$1,383 per month.

Atria Senior Living

(1) Previously known as Lexington Park.

(2) Atria Senior Living is currently offering a discount on their largest one bedroom unit, bringing the maximum rent of \$5,150 down to \$4,150 for a limited time.

(3) There are six levels of care for assisted living. Level 1 is an additional \$350 per month, Level 2 is an additional \$700 per month, Level 3 is an additional \$1,050 per month, Level 4 is an additional \$1,400 per month, Level 5 is an additional \$1,700 per month and Level 6 is an additional \$2,100 per month.

Buffalo Crossings

(1) Construction on the 92-unit skilled nursing facility is complete and is planned to open in late June, 2017.

(2) There are four levels of care for assisted living. Level 1 is an additional \$200 per month, Level 2 is an additional \$400 per month, Level 3 is an additional \$725 per month and Level 4 is an additional \$1,000 per month.

Elan Spanish Springs

(1) There are three levels of care for assisted living. Level 1 is an additional \$400 per month, Level 2 is an additional \$800 per month and Level 3 is an additional \$1,200 per month.

(2) There are three levels of care for memory care. Level 1 is included in the monthly fee in the preceding table, Level 2 is an additional \$250 per month and Level 3 is an additional \$500 per month.

Freedom Pointe at the Villages

(1) Light daily housekeeping is provided in addition to weekly housekeeping.

(2) There are four levels of care for assisted living. Level 1 is an additional \$400 per month, Level 2 is an additional \$750 per month, Level 3 is an additional \$1,100 per month and Level 4 is an additional \$1,425 per month.

Hampton Manor Bellevue

(1) Occupancy is from June 2016. The community was unwilling to disclose updated occupancy.

(2) There are four levels of care for assisted living. Level 1 is an additional \$550 per month, Level 2 is an additional \$750 per month, Level 3 is an additional \$950 per month, and Level 4 is an additional \$1,150 per month.

HarborChase of the Villages

(1) Shared assisted living studios are two bedroom units sold as shared units.

(2) There are four levels of care for assisted living and memory care. Level 1 is an additional \$650 per month, Level 2 is an additional \$950 per month, Level 3 is an additional \$1,250 per month and Level 4 is an additional \$1,550 per month.

Mission Oaks

(1) There are three levels of care for assisted living. Level 1 is an additional \$350 per month, Level 2 is an additional \$750 per month and Level 3 is an additional \$1,050 per month.

Serenades at the Villages

(1) Levels 1 through 3 are included in the monthly service fee. Level 4 through level 9 ranges from an additional \$400 to an additional \$1,250 per month.

Springs of Lady Lake

(1) Pricing and occupancy are from June 2016. The community was unwilling to disclose updated occupancy.

(2) There are four levels of care for assisted living. Level 1 to Level 3 range an additional \$400 per month to an additional \$900 per month. Pricing for Level 4 was not disclosed.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Summerfield Suites

(1) There are six levels of care for assisted living, Level 1 is an additional \$150 per month, Level 2 is an additional \$300 per month, Level 3 is an additional \$500 per month, Level 4 is an additional \$700 per month, Level 5 is an additional \$900 per month and Level 6 is an additional \$1,100 per month.

Sumter Place in the Villages

(1) There are four levels of care for assisted living. Level 1 is an additional \$200 per month, Level 2 is an additional \$400 per month, Level 3 is an additional \$725 per month and Level 4 is an additional \$1,000 per month.

(2) There are seven levels of care for memory care. Levels 1 through 3 are included in the monthly service fee. Level 4 is an additional \$400 per month, Level 5 is an additional \$500 per month, Level 6 is an additional \$600 per month and Level 7 is an additional \$700 per month.

The Willows at Wildwood

(1) There are four levels of care for assisted living. Level 1 is an additional \$300 per month, Level 2 is an additional \$600 per month, Level 3 is an additional \$1,000 per month and Level 4 is an additional \$1,500 per month.

Planned Assisted Living Developments in the PMA

Based upon telephone interviews with local planning agencies, interviews with management at existing retirement communities and other research, there are two senior living communities offering assisted living services that are under construction and four that are pending in the PMA in addition to the Project. These communities are included in the assisted living penetration rate calculation that follows.

- Titan Senior Living has started construction on Elan Buena Vista, a 224 unit senior housing community located at the southwest corner of Buena Vista Boulevard and County Road 466 in Lady Lake. The senior living community is planned to consist of 118 independent living apartments, 74 assisted living apartments and 32 memory care apartments. The project is scheduled to open in early 2018. This project is included as pending Comparable AL Communities under construction in Table 13.
- Harbor Retirement Associates has started construction on HarborChase of Wildwood, a 96 bed senior housing community at 7046 Powell Road in Wildwood. The project is planned to include 66 assisted living units and 26 memory care units (30 beds). The project is scheduled to open in October 2017. This project is included as pending Comparable AL Communities under construction in Table 13.
- American House Senior Living Communities is planning to add 108 assisted living units and 32 memory care units adjacent to its existing American House Wildwood community at 7676 Rio Grande Boulevard in Wildwood. This project recently changed ownership and timing for this project is uncertain. This project is included as pending Comparable AL Communities not under construction in Table 13.
- Excellence at Lady Lake is planned to be constructed at 39520 Gray's Airport Road in Lady Lake. The project is planned to include 186 beds of assisted living and the project received city approvals in February 2017. Staff at the city indicated construction is planned to commence in the near future. This project is included as pending Comparable AL Communities not under construction in Table 13.
- Omega Communities is planning to construct Omega – Living Waters on a 7.5-acre parcel that is part of a larger 30-acre mixed-use development located at 1155 Highway 466 in Lady Lake. Phase 1 is planned to include 116 independent living units, 29 assisted living units and 24 memory care units. The project is planned to begin construction sometime in 2017. This project is included as pending Comparable AL Communities not under construction in Table 13.
- Village Veranda at Lady Lake, LLC is planning to construct Village Veranda at Lady Lake which is planned to be located at 2807 Hartsock Sawmill Road in Lady Lake. The project is planned to include 116 assisted living and 30 memory care units and is currently going through the review process. This project is included as pending Comparable AL Communities not under construction in Table 13.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Staff at the City of Lady Lake indicated there may be an expansion at Atria Senior Living. Detail on type of senior housing and timing were not available at the time of research and this expansion project was not included in the penetration rate calculation that follows.

Assisted Living Estimated Penetration Analysis

The increased size of the private-paying frail elderly market has attracted providers to develop new and creative options for caring for this population. Methodologies for projecting bed need or demand for assisted living (which includes memory care) vary. Research studies have identified impairment levels in activities of daily living (“ADL”) such as dressing, bathing, eating, toileting, mobility, and taking medications, as well as instrumental activities of daily living (“IADL”), such as meal preparation, home maintenance, shopping, and personal finance; all of which generally are often used to measure levels of functioning and estimate the care needs of a specific population. The decision by elderly persons to enter an assisted living facility to meet their needs for assistance often depends on alternatives available and is somewhat more discretionary than the decision to enter a nursing care facility.

Population data and income statistics may be utilized to some extent to estimate the number of qualified households (age 75 and over) for assisted living services, yet should not be relied upon entirely as a measure of success for a facility. The amount of cross-subsidization that occurs between adult care givers (assumed to be those households aged 45-to-64 earning in excess of \$100,000 annually) and their parents may also provide for additional financial assistance as a means for non-income qualified seniors to afford this level of care. Additionally, non-income qualified seniors may have additional assets that could provide the financial means to afford this level of care. Thus, assisted living calculated estimated penetration rates, where relevant, and estimated market penetration rates are presented as a range between age-qualified households and age-and income-qualified households.

Management anticipates that the prospective residents of its Assisted Living Units and Memory Care Units will generally meet the following profile prior to occupancy:

- 75 years of age or older;
- Living alone; and
- Requiring some assistance with ADLs and/or IADLs.

Additionally, pre-tax income characteristics have been applied to estimate a range of market penetration rates for age and income qualified households. Management assumes that a prospective resident of the Assisted Living Units and Memory Care Units will have an annual pre-tax income of at least \$66,200 or an annual income of \$25,000 or more if they own their own home. This assumption allows those owning a home to be included as qualified households in light of the additional potential financial resources from the sales proceeds.

The following table presents the household income distribution data in the PMA as well as the calculated income eligible households for the Assisted Living Units and Memory Care Units. The 2017 and 2022 data in the table are estimates as provided by The Nielsen Company. The following table also presents data for 2018 that has been interpolated from information provided by The Nielsen Company.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 15
Income Eligible Households in PMA

Age Range:	2017 (Estimated)				Total
	65-74	75-84	85 & Over		
Total Households	35,030	18,931	4,687		58,648
Median Household Income	\$ 59,928	\$ 43,654	\$ 34,731		\$ 52,661
<u>Household Income:</u>					
Less than \$25,000	4,176	4,401	1,569		10,146
\$25,000 - 34,999	3,259	2,643	796		6,699
\$35,000 - 49,999	6,580	4,196	878		11,654
\$50,000 - 74,999	8,811	3,817	754		13,383
\$75,000 - 99,999	4,988	1,813	311		7,112
\$100,000 - 149,999	4,934	1,404	320		6,658
\$150,000 - 199,999	1,233	373	37		1,643
\$200,000 or More	1,049	283	22		1,353
Households with \$24,300 or more of income	30,971	14,653	3,162		48,785
Households with \$64,300 or more of income	15,974	5,507	1,013		22,494
Age Range:	2018 (Interpolated) (1)				Total
	65-74	75-84	85 & Over		
Total Households	36,503	19,423	4,851		60,777
Median Household Income	\$ 60,928	\$ 44,246	\$ 35,287		\$ 53,550
<u>Household Income:</u>					
Less than \$25,000	4,223	4,423	1,597		10,243
\$25,000 - 34,999	3,297	2,659	812		6,768
\$35,000 - 49,999	6,697	4,251	900		11,848
\$50,000 - 74,999	9,117	3,934	788		13,839
\$75,000 - 99,999	5,266	1,908	333		7,507
\$100,000 - 149,999	5,322	1,509	350		7,181
\$150,000 - 199,999	1,407	423	45		1,875
\$200,000 or More	1,174	316	26		1,516
Households with \$25,000 or more of income	32,280	15,000	3,254		50,534
Households with \$66,200 or more of income	16,378	5,541	1,031		22,950
Age Range:	2022 (Projected)				Total
	65-74	75-84	85 & Over		
Total Households	42,393	21,388	5,508		69,289
Median Household Income	\$ 64,929	\$ 46,616	\$ 37,511		\$ 57,097
<u>Household Income:</u>					
Less than \$25,000	4,412	4,512	1,710		10,634
\$25,000 - 34,999	3,446	2,721	879		7,046
\$35,000 - 49,999	7,163	4,469	988		12,621
\$50,000 - 74,999	10,341	4,402	925		15,668
\$75,000 - 99,999	6,378	2,286	420		9,084
\$100,000 - 149,999	6,877	1,929	469		9,274
\$150,000 - 199,999	2,103	621	76		2,800
\$200,000 or More	1,673	448	42		2,162
Households with \$28,100 or more of income	36,912	16,032	3,526		56,471
Households with \$74,500 or more of income	17,237	5,371	1,025		23,633

Source: The Nielsen Company and Management

Notes: (1) Interpolated data is based upon the 2017 and 2022 data provided by The Nielsen Company.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table estimates the number of age and income qualified households that are living alone and estimated to require assistance with ADLs or IADLs within the PMA. The information is presented in 2018, the proposed year of completion of the Project.

Table 16
Estimated Number of Qualified Individuals in the PMA – 2018

Estimated Age Qualified Households⁽¹⁾	Estimated Age, Income and Asset Qualified Households⁽²⁾	Percentage Requiring Assistance⁽³⁾	Percentage Living Alone⁽⁴⁾	Estimated Number of Age Qualified Individuals	Estimated Number of Age and Income Asset Qualified Individuals
24,274	N/A	34.6%	37.7%	3,163	N/A
N/A	17,493	34.0%	37.7%	N/A	2,243

Source: The Nielsen Company and Management

Notes:

(1) Households with householders aged 75 years of age and older, from Table 15.

(2) Households with householders aged 75 years of age and over with reported incomes of \$25,000 and over if they own their homes (based on tenure data from the 2010 U.S. Census) plus all householders aged 75 years and older with reported incomes of \$66,200 or more (from Table 15).

(3) Percentage of persons aged 75 years of age and older estimated to need assistance with ADLs. Percentage is the weighted average based upon the number of qualified households age 75 to 84 and age 85 and over. From the National Center for Health Statistics, "Functional Limitations among Medicare Beneficiaries" from the Medicare Current Beneficiary Survey, average for 2008-2010, May 2013.

(4) Percentage of persons aged 75 years of age and older estimated to be living alone. Percentage is from www.census.gov for the PMA from the 2010 U.S. Census.

Penetration rates are one measure of the degree to which the PMA might be either under-served or saturated. As penetration rates increase, assisted living units may become more difficult to fill. However, higher penetration rates may not necessarily be an indication of the difficulty in achieving expected occupancy levels. Some markets may have a higher acceptance level for assisted living housing options and may support higher penetration rates.

These penetration rates should be considered in conjunction with each other and other market factors such as occupancy levels at existing Comparable AL Communities within the PMA, the number of proposed facilities in the PMA, the planned design of the units and project spaces at the Project, alternatives for potential residents, and the proposed marketing plans and efforts of Management.

The market penetration rate is presented as the percentage of the age-qualified individuals and age-and income-qualified individuals that Management assumes that the total market has absorbed (or must absorb) for the entire market to achieve stabilized occupancy. The market penetration rate is calculated by dividing the number of comparable assisted living and memory care units within the PMA by the number of age-qualified individuals and the age-and income-qualified individuals within the PMA.

The project penetration rate is presented as a range between the percentages of the age-qualified individuals and the percentage of age-and income-qualified individuals that Management assumes that the Project would need to attract in order to achieve stabilized occupancy. Project penetration is calculated by dividing the number of Assisted Living Units and Memory Care Units planned at the Project by the total number of age-qualified individuals and age-and income-qualified individuals in the PMA.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 17
Assisted Living Estimated Penetration Rate Analysis – 2018

Estimated Penetration Rates	Estimated Age Qualified Individuals	Estimated Age and Income Qualified Individuals
Market Penetration Rate Analysis:		
Market inventory of assisted living units in the PMA:		
The Project	161	161
Existing and Pending Under Construction Comparable AL Communities	1,302	1,302
Total units at the Project, Existing and Pending Under Construction Comparable AL Communities	1,463	1,463
Number of units assuming 70% of Project residents originate from the PMA at 93% occupancy, and 70% of existing comparable residents originate from the PMA at 93% occupancy [a]	952	952
Number of Qualified Individuals ⁽¹⁾	3,163	2,243
Plus the number of Qualified Individuals currently residing at existing Comparable AL Communities in the PMA	1,023	1,023
Total Qualified Individuals [b]	4,186	3,266
Market Penetration Rate - The Project, Existing and Pending Under Construction Comparable AL Communities [a/b]	22.7%	29.1%
Number of pending Comparable AL Communities not under construction assuming 70% of residents will originate from the PMA at 93% occupancy [c]	342	342
Total existing and planned units to be occupied in the PMA [a+c] [d]	1,294	1,294
Market Penetration Rate - The Project, Existing Comparable and Planned Comparable AL Communities [d/b]	30.9%	39.6%
Project Penetration Rate Analysis:		
Number of units at the Project assuming 70% of residents originate from the PMA at 93% occupancy [e]	105	105
Project Penetration Rate [e/b]	2.5%	3.2%

Source: Management

Notes:

- (1) Number of qualified individuals from Table 16.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's forecasted financial statements are presented using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are assumed to include certain investments in highly liquid instruments with original maturities of three months or less from the date of acquisition, which are not included in assets limited as to use or investments.

Accounts Receivable, Residents

Accounts receivable are stated at their net realizable value. The Corporation plans to provide an allowance for uncollectible accounts based on the allowance method using Management's judgment. Residents are not anticipated to be required to provide collateral for services rendered. Payment for services is planned to be required upon receipt of invoice or claim submitted. Accounts past-due more than 90 days are planned to be individually analyzed for collectability. In addition, an allowance is planned to be provided for other accounts when collection efforts have been exhausted.

Property and Equipment

Property and equipment additions are recorded at forecasted cost, which includes forecasted interest capitalized during the development and construction of the Project. Donated property and equipment is assumed to be recorded at its estimated fair value at the date of receipt. Depreciation is forecasted on a straight-line basis for all depreciable assets over estimated useful lives. Management has estimated useful lives ranging from 35 years for buildings and improvements and 10 years for furniture and equipment. Construction in progress costs are planned to be deferred until the Project is complete and placed into service at which time the costs are depreciated over the estimated useful life of the asset.

Deferred Financing Fees, Net

Financing costs incurred in connection with the issuance of long-term debt are assumed to be deferred and amortized using the straight-line method over the term of the related financing, which approximates the effective interest method. The amortization expense related to the deferred financing costs is included in interest expense on the statement of operations and changes in unrestricted net assets (deficit). Deferred financing costs are recorded as an offset to long-term debt on the forecasted statements of financial position.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets. Assets limited as to use are assumed to be carried at fair value. Management does not assume any change in the underlying value of the assets limited as to use during the Forecast Period that would result in realized or unrealized gains or losses.

Investments

Investments in equity securities with readily determinable market values are stated at fair value. Investment income or loss and unrealized gains and losses are included in change in unrestricted net assets (deficit). No unrealized gains and losses on investments are assumed by Management during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Security Deposits Payable

As a condition of occupancy in the Project, residents are required to make security deposits. The deposits are refundable upon leaving and, therefore, are recorded as a liability. The Corporation records the security deposit cash received as assets limited as to use on the statements of financial position.

Resident Service Revenue

Resident service revenue is forecasted to be reported at the estimated net realizable amounts from residents. Resident service revenue is planned to be recorded as revenue when earned.

Marketing Costs

The costs associated with marketing the Project to prospective residents consists primarily of salaries, direct advertising, and marketing activities. These direct advertising costs include media advertising, direct mailings, and other such activities. All marketing costs are expensed as incurred and are recorded with administrative services on the forecasted statements of operations and changes in unrestricted net assets (deficit).

Income Taxes

The Corporation has been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) of the Code; accordingly, no provision for income taxes has been made in the forecasted financial statements.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MANAGEMENT'S BASIS FOR FORECAST OF REVENUES

Forecasted revenues of the Project during the Forecast Period are primarily based upon the monthly services fees assumed to be charged to residents of the Assisted Living Units and Memory Care Units. Management has forecasted this resident services revenue based upon its historical experience with operating the Support Corporations and its plans to operate the Project during the Forecast Period.

Resident Service Revenue

Assisted Living Units

Forecasted Occupancy

Forecasted occupancy for the Assisted Living Units is based on Management's move-in assumptions for these units. The following table reflects Management's anticipated occupancy for the Assisted Living Units upon completion of the Project.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 18
Assisted Living Units
Forecasted Occupancy Schedule

	Total Units	Net Move-Ins	Cumulative Occupancy ⁽¹⁾	Cumulative Occupancy Percent
2018:				
December	107	10.7	10.7	10.0%
2019:				
January	107	5.4	16.1	15.0%
February	107	5.4	21.4	20.0%
March	107	3.8	25.2	23.5%
April	107	3.8	28.9	27.0%
May	107	3.7	32.6	30.5%
June	107	3.8	36.4	34.0%
July	107	3.8	40.1	37.5%
August	107	3.2	43.4	40.5%
September	107	3.2	46.6	43.5%
October	107	3.2	49.8	46.5%
November	107	3.2	53.0	49.5%
December	107	3.2	56.2	52.5%
2020:				
January	107	3.2	59.4	55.5%
February	107	3.2	62.6	58.5%
March	107	3.2	65.8	61.5%
April	107	3.2	69.0	64.5%
May	107	2.1	71.2	66.5%
June	107	2.1	73.3	68.5%
July	107	2.1	75.5	70.5%
August	107	2.1	77.6	72.5%
September	107	2.1	79.7	74.5%
October	107	2.1	81.9	76.5%
November	107	2.1	84.0	78.5%
December	107	2.1	86.2	80.5%
2021:				
January	107	2.1	88.3	82.5%
February	107	2.1	90.4	84.5%
March	107	2.1	92.6	86.5%
April	107	1.1	93.6	87.5%
May	107	1.1	94.7	88.5%
June	107	1.1	95.8	89.5%
July	107	1.1	96.9	90.5%
August	107	1.1	97.9	91.5%
September	107	1.6	99.5	93.0%
Thereafter	107		99.5	93.0%

Source: Management

(1) Amounts in table are rounded and therefore cumulative occupancy totals may not foot.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes the average monthly service fees for residents of the Assisted Living Units at its planned opening in December 2018:

Table 19
Assisted Living Units
Forecasted Average Monthly Service Fees at Opening in December 2018

Unit Type	Number of Units	Monthly Service Fees	Average Additional Service Fee ⁽¹⁾	Average Monthly Service Fee
Studio	23	\$4,000-\$4,315	\$650	\$4,650-\$4,965
One Bedroom	36	\$5,975	\$650	\$6,625
One Bedroom w/Den	36	\$6,125	\$650	\$6,775
Two Bedroom	12	\$6,275	\$650	\$6,925
Total/Weighted Average	107	\$5,693	\$650	\$6,343
Second Person Occupant Fees		\$975		

Source: Management

Notes:

(1): Management has forecasted that each of the residents of the Assisted Living Units will purchase service packages at an average rate of \$650 per month upon opening of the Assisted Living Units in December 2018. The additional service package fees are forecasted based upon Management's experience in operating the Support Corporations.

Management has forecasted second person occupant fees totaling \$975 per month upon opening of the Assisted Living Units. Management has forecasted the second person occupant fees to be earned on approximately ten percent of the occupied Assisted Living Units based upon Management's experience in operating the Support Corporations.

Management has forecasted the Assisted Living Units monthly service fees to be inflated by approximately 3.0 percent per annum during the Forecast Period beginning January 1, 2020.

Memory Care Units

Forecasted Occupancy

Forecasted occupancy for the Memory Care Units is based on Management's move-in assumptions for these units. The following table reflects Management's anticipated occupancy for the Memory Care Units upon completion of the Project.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 20
Memory Care Units
Forecasted Occupancy Schedule

	Total Beds	Net Move-Ins	Cumulative Occupancy ⁽¹⁾	Cumulative Occupancy Percent
2018:				
December	54	5.4	5.4	10.0%
2019:				
January	54	2.7	8.1	15.0%
February	54	2.7	10.8	20.0%
March	54	1.9	12.7	23.5%
April	54	1.9	14.6	27.0%
May	54	1.9	16.5	30.5%
June	54	1.9	18.4	34.0%
July	54	1.9	20.3	37.5%
August	54	1.6	21.9	40.5%
September	54	1.6	23.5	43.5%
October	54	1.6	25.1	46.5%
November	54	1.6	26.7	49.5%
December	54	1.6	28.4	52.5%
2020:				
January	54	1.6	30.0	55.5%
February	54	1.6	31.6	58.5%
March	54	1.6	33.2	61.5%
April	54	1.6	34.8	64.5%
May	54	1.1	35.9	66.5%
June	54	1.1	37.0	68.5%
July	54	1.1	38.1	70.5%
August	54	1.1	39.2	72.5%
September	54	1.1	40.2	74.5%
October	54	1.1	41.3	76.5%
November	54	1.1	42.4	78.5%
December	54	1.1	43.5	80.5%
2021:				
January	54	1.1	44.6	82.5%
February	54	1.1	45.6	84.5%
March	54	1.1	46.7	86.5%
April	54	0.5	47.3	87.5%
May	54	0.5	47.8	88.5%
June	54	0.5	48.3	89.5%
July	54	0.5	48.9	90.5%
August	54	0.5	49.4	91.5%
September	54	0.8	50.2	93.0%
Thereafter	54		50.2	93.0%

Source: Management

(1) Amounts in table are rounded and therefore cumulative occupancy totals may not foot.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

The following table summarizes the average monthly service fees for residents of the Memory Care Units at its planned opening in December 2018:

Table 21
Memory Care Units
Forecasted Average Monthly Service Fees at Opening in December 2018

Unit Type	Number of Beds	Monthly Service Fees	Average Additional Service Fee ⁽¹⁾	Total Average Monthly Service Fee
Studio	42	\$5,925	\$950	\$6,875
Semi-Private	12	\$4,975	\$950	\$5,925
Total/Weighted Average	54	\$5,714	\$950	\$6,664

Source: Management

Notes:

(1): Management has forecasted that each of the residents of the Memory Care Units will purchase service packages at an average rate of \$950 per month upon opening of the Memory Care Units in December 2018. The additional service package fees are forecasted based upon Management's experience in operating the Support Corporations.

Management has not forecasted any second person occupants in the Memory Care Units during the Forecast Period.

Management has forecasted the Memory Care Units monthly service fees to be inflated by approximately 3.0 percent per annum during the Forecast Period beginning January 1, 2020.

Other Revenue

Management has forecasted other revenue to include additional meals, additional housekeeping and laundry services, cable/satellite television, beauty and barber services, garage/storage, community fees, supplies and other miscellaneous services. Management has forecasted other revenue equal to approximately 1.7 percent of resident services revenue during the Forecast Period. These amounts are forecasted by Management based on its operating plans for the Project and additional services to be offered.

Interest Income

Interest Income consists of interest earned on available cash and cash equivalents, investments, and assets limited as to use. During construction of the Project, interest expense on the Series 2017 Bonds has been capitalized, net of interest earned on the various trustee-held funds.

The following table reflects Management's assumed realized interest earnings rates during the Forecast Period based upon historical earnings rates of the Support Corporations and current economic conditions:

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 22
Forecasted Average Investment Earnings Rates

	For the Years Ending December 31,					
	2017	2018	2019	2020	2021	2022
Cash and Cash Equivalents	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Project Fund	1.10%	1.10%	n/a	n/a	n/a	n/a
Funded Interest Fund	1.10%	1.10%	1.10%	1.10%	n/a	n/a
Working Capital Fund	0.00%	0.00%	0.00%	n/a	n/a	n/a
Marketing Fund	0.00%	0.00%	0.00%	n/a	n/a	n/a
Bond Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt Service Reserve Fund	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Investments	n/a	n/a	n/a	3.00%	3.00%	3.00%

Source: Management and Underwriter

n/a = not applicable

Management does not forecast any unrealized or realized gains/losses from the valuation or sale of investments during the Forecast Period.

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES

Operating Expenses

Operating expenses have been forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon Management's operating plans for the Project and its experience operating the Support Corporations. In general, operating expenses are forecasted to increase by 3.0 percent annually throughout the Forecast Period for inflation.

The specific basis for major expense items were formulated by Management and are discussed below.

Salaries and Benefits

A full-time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Average hourly rates are forecasted to increase at a rate of 3.0 percent annually for inflation throughout the Forecast Period for the Project. Listed below are Management's forecasted FTEs and average hourly rates, by department, for the Project for the period or years ending December 31, 2018 through 2022.

Table 23
Forecasted Staffing and Average Hourly Rates of the Project
(In Full-Time Equivalents)

Departments	For the Period or Years Ending December 31,							
	2018		2019		2020		2021	
	Number of FTEs	Average Hourly Rate	Number of FTEs	Average Hourly Rate	Number of FTEs	Average Hourly Rate	Number of FTEs	Average Hourly Rate
Nursing	1.92	\$16.52	23.34	\$17.10	39.31	\$16.48	52.75	\$16.63
Other Care Related	0.33	15.64	4.08	15.56	5.08	15.22	6.00	15.16
Dietary Services	0.92	13.53	11.00	14.02	16.98	13.31	22.25	13.25
Housekeeping and Laundry Services	0.26	10.32	3.41	10.32	6.66	10.63	9.00	10.95
Plant Operations and Maintenance	0.25	16.43	2.06	24.46	2.79	26.63	3.50	23.42
Administrative Services	0.37	21.17	3.65	27.18	5.50	27.39	5.50	28.21
Total/Weighted Average	4.05	\$15.79	47.54	\$16.86	76.32	\$16.34	99.00	\$16.15
							99.00	\$16.63

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Benefit costs are assumed to include payroll taxes including FICA, unemployment taxes, workers' compensation, medical insurance, life insurance and other miscellaneous benefits. These benefit costs are assumed to approximate 28 percent of salaries during the Forecast Period for the Project.

Nursing

Non-salary related nursing costs are forecasted based upon Management's estimate of the cost of nursing supplies, lab supplies, training and education, and other such costs. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. Management assumes that these costs would vary with changes in occupancy levels. In addition, these costs are forecasted by Management to be inflated by 3.0 percent per annum throughout the Forecast Period.

Dietary

Non-salary related costs of the dietary department are forecasted to include Management's estimate of the costs for raw food, dietary supplies, dietician consultant, and other such costs. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. Management assumes that these costs would vary with changes in occupancy levels. In addition, these costs are forecasted by Management to be inflated by 3.0 percent per annum throughout the Forecast Period.

Plant Operations and Maintenance

Non-salary related costs in this department are forecasted to include Management's estimate of the cost for utilities, service contracts, minor equipment, repairs, general maintenance, contracted services, and maintenance supplies which Management assumes are primarily fixed in nature. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. In addition, these costs are forecasted by Management to be inflated by 3.0 percent per annum throughout the Forecast Period.

Housekeeping and Laundry

Non-salary related costs of housekeeping and laundry services include Management's estimate of the costs for contracted services, supplies, linens and other miscellaneous costs associated with providing housekeeping and laundry services to residents. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. Management assumes that these costs would vary with changes in occupancy levels. In addition, these costs are forecasted by Management to be inflated by 3.0 percent per annum throughout the Forecast Period.

Other Care Related

Management has forecasted non-salary related costs in this department as the estimated cost of activities supplies, chaplain supplies, pet expense, cable television, beauty shop expense, training and education, and other such costs. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. Management assumes that these costs would vary with changes in occupancy levels. In addition, these costs are forecasted by Management to be inflated by 3.0 percent per annum throughout the Forecast Period.

Property and Related

Non-salary related costs in this department are forecasted to include Management's anticipated costs for real estate taxes and other miscellaneous property expenses. Management has forecasted these costs based upon the anticipated real estate taxes upon opening of the Project, its experience operating the Support Corporations and its plans for operating the Project. Additionally, these costs are anticipated to increase for inflation at 3.0 percent annually throughout the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Administrative Services

Non-salary related costs of administration are forecasted to include Management's estimate of costs for employee gifts and parties, project development, telephone service, professional fees, management fees, marketing costs, supplies, membership dues, facility advertising and promotion, licenses and permits, insurance, and other miscellaneous costs. Management has forecasted these costs based upon its experience operating the Support Corporations and its plans for operating the Project. Additionally, these costs are anticipated to increase for inflation at 3.0 percent annually throughout the Forecast Period. Management fees have been forecasted based upon terms of the Management Agreement as more fully described previously herein.

Depreciation

Property and equipment are forecasted to be depreciated over their estimated useful lives by the straight-line method.

Interest Expense

Interest expense is forecasted related to the debt service requirements of the Series 2017 Bonds. Management has capitalized interest expense during the development and construction period of the Project. Amortization of deferred financing costs related to the Corporation's long-term debt is calculated using the straight line method over the term of the debt and is included in interest expense.

MANAGEMENT'S BASIS FOR FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Forecast Period are assumed to reflect net cash flows, after excess cash has been transferred to investments, during the Forecast Period.

Accounts Receivable, Residents

Accounts receivable, net of an allowance for non-collectible accounts, are forecasted based on Management's estimate. Management has forecasted accounts receivable at approximately 8 days for resident revenues for the years ending December 31, 2018, 2019, 2020, 2021, and 2022.

Prepaid Expenses and Other

Prepaid expenses and other are forecasted based upon Management's estimate of 3.0 percent of operating expenses excluding salaries, employee benefits and payroll taxes, depreciation, amortization and interest throughout the Forecast Period.

Accounts Payable

Accounts payable are forecasted based upon Management's estimate of 10 days of expenses excluding salaries, employee benefits and payroll taxes, depreciation, amortization and interest throughout the Forecast Period.

Security Deposits Payable

Security deposits payable is forecasted based upon occupancy of the Assisted Living Units and the Memory Care Units and is forecasted to stabilize during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Accrued Salaries, Benefits, and Payroll Taxes

Accrued salaries, benefits and payroll taxes are forecasted based upon Management's estimate of 19 days of salaries, employee benefits and payroll taxes during the Forecast Period.

Accrued Interest

Accrued interest is forecasted based upon the terms of the Series 2017 Bonds.

Accrued Real Estate Taxes

Accrued real estate taxes are forecasted based upon 6 months of real estate tax expense during the Forecast Period.

Assets Limited as to Use

Project Fund – The project fund represents amounts that will be utilized to pay Project costs funded by a portion of the Corporation's Series 2017 Bonds proceeds. It is forecasted that the project fund will be fully expended during the year ending December 31, 2018.

Debt Service Reserve Fund – The Corporation is required to maintain a debt service reserve fund equal to the maximum annual debt service requirements on the Series 2017 Bonds (excluding the final year of maturity). It is assumed that no draw against the debt service reserve fund will be required during the Forecast Period.

Funded Interest Fund – Interest expense on the Series 2017 Bonds for the first thirty-four months from the forecasted date of issuance is assumed to be funded by a portion of the Series 2017 Bonds proceeds.

Marketing Fund – The marketing fund represents amounts that will be utilized to pay marketing costs funded by the Series 2017 Bonds proceeds.

Working Capital Fund – Working capital needs of the Corporation during the fill period are forecasted to be funded by a portion of the Series 2017 Bonds proceeds.

Bond Fund – The bond fund represents monthly advance payments of principal and interest to be made by the Corporation to the bond trustee relating to the Series 2017 Bonds. Funds held in the Bond Fund will be used by the bond trustee to make the principal and interest payments to the owners of the Series 2017 Bonds.

Property and Equipment

Property and equipment balances, net of accumulated depreciation, are forecasted based on assumed costs of constructing the Project, and other routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation. The following table reflects the project related costs, capitalized interest, and other routine capital additions during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 24
Forecasted Property and Equipment Additions
(000s Omitted)

	For the Years Ending December 31,					
	2017	2018	2019	2020	2021	2022
Property and Equipment,						
Beginning	\$ 3,956	\$ 16,592	\$ 43,785	\$ 44,085	\$ 44,435	\$ 44,835
Project Costs ⁽¹⁾	11,225	24,090	-	-	-	-
Capitalized Interest	1,411	3,103	-	-	-	-
Routine Additions	-	-	300	350	400	450
Total	<u>\$ 16,592</u>	<u>\$ 43,785</u>	<u>\$ 44,085</u>	<u>\$ 44,435</u>	<u>\$ 44,835</u>	<u>\$ 45,285</u>

Source: Management

Notes:

(1) Project costs are shown as Construction in Progress on the Statement of Financial Position until placed in service.

Long-Term Debt and Interest Expense

After the assumed issuance of the Series 2017 Bonds, the Corporation's long-term debt is planned to be comprised of the Series 2017 Bonds, the terms of which are more fully described in the notes to Table 4. The Corporations' long-term debt is recorded on the statement of financial position. The following table presents a summary of the assumed annual principal payments for the Series 2017 Bonds which is presented on a December 31, fiscal year basis.

Table 25
Schedule of Series 2017 Bonds Annual Principal Payments
(000s Omitted)

Fiscal Year	Series 2017	
	Bonds	
2017	\$	-
2018		-
2019		-
2020		-
2021		-
2022		410
2023		465
2024		500
2025		545
2026		615
Thereafter		<u>52,125</u>
	<u>\$</u>	<u>54,660</u>

Source: Management

Unrestricted Net Assets (Deficit)

Unrestricted net assets (deficit) for the Forecast Period are based on results of the Forecasted Statements of Operations and Changes in Unrestricted Net Assets (Deficit).

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

SENSITIVITY ANALYSES

The financial forecast was prepared based on assumptions made by Management concerning future operations of the Corporation. Various factors and conditions may occur which could adversely affect the forecast of the financial condition of the Corporation and its ability to meet its debt service requirements. These factors may include, but may not be limited to, legislation and regulatory actions, changes in assumptions concerning occupancy, rental rates, financing, construction costs, operating costs, and occupancy variations due to increased competition from other senior housing facilities. Furthermore, Management prepared its financial forecast assuming that the Corporation obtains financing at rates and terms similar to those provided by the Underwriter, and the debt service requirements of the Series 2017 Bonds do not change during the Forecast Period.

The analyses that follow should not be construed as reflecting the only significant assumptions presented in the forecast. The sensitivity analyses represent Management's estimates and the Underwriter's request and have not been examined. The sensitivity analyses are not intended to be all-inclusive, and are presented for the purpose of demonstrating the significance of: (1) a reduction in forecasted occupancy of the Project, (2) a reduction in the monthly service fees charged and (3) an extended fill of the Project.

Sensitivity Analysis #1 in Table 26, as presented by Management, was conducted to estimate the reduction in the forecasted stabilized occupancy of the Project to a breakeven point such that the Corporation's annual debt service coverage ratio for the year ending December 31, 2022 would approximate 1.00, without a corresponding ability to reduce operating expenses.

The following table contrasts the forecasted financial metrics against the sensitivity analysis.

Table 26
Sensitivity Analysis #1
For the Year Ending December 31, 2022

	<u>As Forecasted</u>	<u>Sensitivity #1</u>
Assisted Living Occupancy	93.0%	80.8%
Memory Care Occupancy	93.0%	80.8%
Annual Debt Service Coverage Ratio	1.44	1.00
Number of Days Cash on Hand	131	76

Source: Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Sensitivity Analysis #2 in Table 27, as presented by Management, was conducted to reflect the impact of a decrease in the monthly service fees the Project is able to charge and collect to a breakeven point such that the Corporation's annual debt service coverage ratio for the year ending December 31, 2022 would approximate 1.00, without the corresponding ability to decrease operating expenses.

The following table contrasts the forecasted financial metrics against the sensitivity analysis.

Table 27
Sensitivity Analysis #2
For the Year Ending December 31, 2022

	<u>As Forecasted</u>	<u>Sensitivity #2</u>
Total Weighted Average Monthly Service Fee:		
Assisted Living Units	\$6,931	\$6,099
Memory Care Units	\$7,282	\$6,408
Annual Debt Service Coverage Ratio	1.44	1.00
Number of Days Cash on Hand	131	75

Source: Management

Sensitivity Analysis #3 in Table 28, as presented by Management, was conducted to reflect the impact of an extended fill period of the Project's Assisted Living Units and Memory Care Units by 12 months, without the corresponding ability to decrease operating expenses, but with the ability to draw on the Liquidity Support Agreement and subordinate fifty percent of Management Fees.

The following table contrasts the forecasted financial metrics against the sensitivity analysis.

Table 28
Sensitivity Analysis #3
For the Year Ending December 31, 2022

	<u>As Forecasted</u>	<u>Sensitivity #3</u>
Date Stabilized Occupancy Obtained	September of 2021	September of 2022
Draws on Liquidity Support Agreement	\$0	\$2,000,000
Accrued/unpaid management fees	\$0	\$435,500
Annual Debt Service Coverage Ratio	1.44	1.24
Number of Days Cash on Hand	131	5

Source: Management

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APPENDIX C

**ELIM CARE, INC. AND SUPPORT
CORPORATIONS CONSOLIDATED FINANCIAL STATEMENTS**

- Audited Fiscal Years ended December 31, 2016 and 2015
- Unaudited fiscal quarter ended March 31, 2017

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**ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES
AND SUPPORT CORPORATIONS**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

**ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Elim Care, Inc.
dba: Elim Care Ministries and Support Corporations
Eden Prairie, Minnesota

We have audited the accompanying consolidated financial statements of Elim Care, Inc. dba: Elim Care Ministries and Support Corporations, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of changes in net assets, operations, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Elim Care, Inc.
dba: Elim Care Ministries and Support Corporations

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Elim Care, Inc. dba: Elim Care Ministries and Support Corporations as of December 31, 2016 and 2015, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Elim Care, Inc. adopted a recently issued accounting standard related to the accounting for debt issuance costs. The new standard requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs over the life of the debt, and record the amortization as a component of interest expense. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 25, 2017

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 14,613,332	\$ 13,391,941
Current Portion of Investments	1,122,592	917,440
Current Portion of Assets Limited as to Use	1,516,673	1,338,448
Accounts Receivable, Net	10,541,921	9,841,991
Current Portion of Designated Investments	1,015,077	1,466,620
Inventory	925,419	1,031,792
Interest Receivable	102,691	112,884
Deferred Income Taxes	63,000	38,000
Prepaid Expenses	477,513	524,882
Total Current Assets	30,378,218	28,663,998
ASSETS LIMITED AS TO USE		
Resident Trust Funds	161,856	188,797
Deposits	481,601	256,819
Pledges Receivable	44,204	153,503
Funds Held by Trustee Under Bond Indenture	3,177,942	3,158,049
Total Assets Limited as to Use	3,865,603	3,757,168
Less: Assets Limited as to Use That are Required for Current Liabilities	1,516,673	1,338,448
Noncurrent Assets Limited as to Use	2,348,930	2,418,720
PROPERTY AND EQUIPMENT		
Property and Equipment	194,757,857	175,556,466
Less: Accumulated Depreciation	85,803,908	78,627,257
Total Property and Equipment	108,953,949	96,929,209
OTHER ASSETS		
Deferred Development	3,212,135	1,645,887
Construction in Progress	-	9,375,856
Investments (Net of Current Portion Shown Above)	15,017,154	15,626,615
Gift Annuities	20,000	20,000
Designated Investments (Net of Current Portion Shown Above)	2,548,371	3,348,185
Investment in Guardian Angels † Elim Home Care	785,665	658,585
Intangible Assets	670,000	670,000
Total Other Assets	22,253,325	31,345,128
Total Assets	\$ 163,934,422	\$ 159,357,055

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	2016	2015
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 5,527,586	\$ 4,888,551
Accounts Payable - Trade	2,132,245	2,169,795
Resident Trust Funds Payable	161,856	188,797
Accrued Salaries, Wages, and Payroll Taxes	3,329,553	2,902,247
Accrued Benefits	4,199,464	3,909,490
Entrance Fee and Deposits Payable	481,601	546,206
Accrued Interest	489,804	594,276
Accrued Expenses - Other	<u>1,714,769</u>	<u>2,316,042</u>
Total Current Liabilities	18,036,878	17,515,404
LONG-TERM DEBT (Net of Current Maturities Shown Above and Unamortized Financing Fees)	89,293,018	87,081,630
OTHER LIABILITIES		
Deferred Compensation Payable	536,076	416,964
Accounts Payable - Construction	59,648	1,026,268
Deferred Endowment Revenue	313,600	339,084
Asset Retirement Obligations	433,656	417,499
Total Other Liabilities	<u>1,342,980</u>	<u>2,199,815</u>
Total Liabilities	108,672,876	106,796,849
COMMITMENT AND CONTINGENT LIABILITIES		
NET ASSETS		
Unrestricted	53,351,346	50,559,200
Temporarily Restricted	1,239,763	1,358,148
Permanently Restricted	670,437	642,858
Total Net Assets	<u>55,261,546</u>	<u>52,560,206</u>
Total Liabilities and Net Assets	<u>\$ 163,934,422</u>	<u>\$ 159,357,055</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	Temporarily Restricted							
		Permanently Restricted	Donor Restricted Funds for Valley View Village		Donor Restricted Contributions	Total	Unrestricted		
Excess of Revenue over Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,326,947	\$ 2,326,947	
Restricted Contributions Received		27,579	48,800	673,074	721,874		-	749,453	
Interest Earned		-	6	6,541	6,547		-	6,547	
Investment Gains/Losses and Fees		-	-	26,051	26,051		-	26,051	
Net Assets Released from Restriction - Operations		-	(34,106)	(373,552)	(407,658)		-	(407,658)	
Net Assets Released from Restriction - Capital		-	(21,000)	(444,199)	(465,199)	465,199		-	
Change in Net Assets		27,579	(6,300)	(112,085)	(118,385)	2,792,146		2,701,340	
Net Assets - Beginning		642,858	70,940	1,287,208	1,358,148	50,559,200		52,560,206	
Net Assets - Ending		<u>\$ 670,437</u>	<u>\$ 64,640</u>	<u>\$ 1,175,123</u>	<u>\$ 1,239,763</u>	<u>\$ 53,351,346</u>		<u>\$ 55,261,546</u>	
	2015	Temporarily Restricted							
		Permanently Restricted	Donor Restricted Funds for Valley View Village		Donor Restricted Contributions	Total	Unrestricted		
Excess of Revenue over Expense		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,941,017	\$ 1,941,017	
Restricted Contributions Received		-	42,534	689,439	731,973		-	731,973	
Interest Earned		-	7	5,874	5,881		-	5,881	
Investment Losses and Fees		-	-	(10,461)	(10,461)		-	(10,461)	
Net Assets Released from Restriction - Operations		-	(32,179)	(291,508)	(323,687)		-	(323,687)	
Net Assets Released from Restriction - Capital		-	(3,000)	(317,644)	(320,644)	320,644		-	
Change in Net Assets		-	7,362	75,700	83,062	2,261,661		2,344,723	
Net Assets - Beginning		642,858	63,578	1,211,508	1,275,086	48,297,539		50,215,483	
Net Assets - Ending		<u>\$ 642,858</u>	<u>\$ 70,940</u>	<u>\$ 1,287,208</u>	<u>\$ 1,358,148</u>	<u>\$ 50,559,200</u>		<u>\$ 52,560,206</u>	

See accompanying Notes to Consolidated Financial Statements.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		2015	
	Amount	Percent of Revenue	Amount	Percent of Revenue
REVENUE, GAINS, AND OTHER SUPPORT				
Operating Revenue	\$ 130,260,279	99.7 %	\$ 121,563,005	99.7 %
Net Assets Released from Restriction - Operations	407,658	0.3	323,687	0.3
Total Revenue, Gains, and Other Support	130,667,937	100.0	121,886,692	100.0
COST OF GOODS SOLD	6,799,545	5.2	6,423,821	5.3
OPERATING EXPENSE	123,089,270	94.2	113,944,921	93.5
OPERATING INCOME	779,122	0.6	1,517,950	1.3
OTHER INCOME (EXPENSE)				
Interest Income	589,716		524,525	
Gain on Sale of Investments	734,688		478,066	
Loss on Sale of Fixed Assets	(27,201)		(65,794)	
Unrealized Loss on Investments	(68,013)		(934,359)	
Income Taxes	(80,427)		(97,322)	
Contributions	51,982		55,820	
Gain on Investment in Guardian Angels † Elim Home Care, Inc.	377,080		462,131	
Loss on Refinancing	(30,000)		-	
Total Other Income	1,547,825		423,067	
EXCESS OF REVENUE OVER EXPENSE	2,326,947		1,941,017	
NET ASSETS RELEASED FROM RESTRICTION - CAPITAL	465,199		320,644	
CHANGE IN UNRESTRICTED NET ASSETS	\$ 2,792,146		\$ 2,261,661	

See accompanying Notes to Consolidated Financial Statements.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Page 5)	\$ 2,701,340	\$ 2,344,723
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,271,424	7,282,355
Amortization of Financing Fees	242,388	194,782
Amortization of Deferred Room Endowment Income	(25,484)	(57,266)
Accretion of Asset Retirement Obligation	25,847	24,612
Loss on Refinancing	30,000	-
Deferred Development Costs Written Off	820	-
Restricted Contributions	(749,453)	(731,973)
Gain on Investment in Joint Ventures	(127,080)	(462,131)
Loss on Sale of Fixed Assets	27,201	65,794
Gain on Sale of Investments	(734,688)	(478,066)
Unrealized Loss on Investments	68,013	934,359
Interest Earned on Restricted Funds	(6,547)	(5,881)
Investment (Gains) Losses and Fees on Restricted Funds	(26,051)	10,461
(AIncrease) Decrease in Assets:		
Accounts Receivable	(564,418)	409,598
Inventory	106,373	(78,690)
Interest Receivable	10,193	(8,034)
Prepaid Expenses and Other Assets	(144,869)	499,230
Increase (Decrease) in Liabilities:		
Accounts Payable - Trade	(37,550)	(137,362)
Accrued Expenses	717,280	(183,060)
Accrued Interest	(52,272)	7,800
Deferred Income Taxes	-	(7,000)
Other Liabilities	(90,249)	579,960
Net Cash Provided by Operating Activities	8,642,218	10,204,211
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment and Construction in Progress	(3,137,202)	(3,126,405)
Purchases of Deferred Development Costs and Land Held for Development	(1,672,019)	(537,561)
Selling Costs Paid	(41,235)	-
Asbestos Abatement Costs Paid	(9,690)	-
Purchases of Investments	(4,021,501)	(4,477,702)
Redemptions of Investments	6,352,013	2,400,499
Payments from Operating Cash Into Trust Funds	(2,512,358)	(1,929,990)
Payments of Marketing and Operating Expenses from Construction Fund	34,357	-
Payments of Interest Expense from Construction Fund	66,659	-
Interest Reinvested in Funds Held by Trustees	(13,187)	(16,620)
Proceeds from Sale of Fixed Assets	16,950	7,100
Payments of Operating Expenses from Donor Restricted Funds	34,106	32,179
Payments of Principal and Interest from Bond Funds	1,784,601	1,790,315
Net Cash Used by Investing Activities	(3,118,506)	(5,858,185)

See accompanying Notes to Consolidated Financial Statements.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	\$ (4,939,580)	\$ (4,477,898)
Loan Proceeds Received	-	50,001
Payment of Financing Costs	(112,194)	(155,667)
Restricted Contributions Received	749,453	731,973
Net Cash Used by Financing Activities	<u>(4,302,321)</u>	<u>(3,851,591)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,221,391	494,435
Cash and Cash Equivalents - Beginning	<u>13,391,941</u>	<u>12,897,506</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 14,613,332</u>	<u>\$ 13,391,941</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Payments for Interest	<u>\$ 3,381,755</u>	<u>\$ 3,535,629</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Deferred Income Taxes	<u>\$ 25,000</u>	<u>\$ (7,000)</u>
Payments of Construction in Progress from Construction Fund	<u>\$ 1,045,906</u>	<u>\$ 3,508,046</u>
Payment of Loan Payable from Investment Redemption	<u>\$ -</u>	<u>\$ 201,202</u>
Additions (Reductions) to Construction in Progress:		
Increase (Decrease) in Accounts Payable Construction	<u>\$ (966,620)</u>	<u>\$ 821,199</u>
Increase (Decrease) in Accrued Interest	<u>\$ (16,700)</u>	<u>\$ 16,700</u>
Payments of Demolition Costs from Construction Fund	<u>\$ -</u>	<u>\$ 41,317</u>
Payments of Property and Equipment from Donor Restricted Funds	<u>\$ 21,000</u>	<u>\$ 3,000</u>
Loan Draws	<u>\$ 7,804,645</u>	<u>\$ 3,668,940</u>
Payment of Construction in Progress	<u>(6,561,636)</u>	<u>(3,637,126)</u>
Payment of Financing Fees	<u>(1,000)</u>	<u>-</u>
Deposit to Construction Fund	<u>(1,206,509)</u>	<u>-</u>
Payment of Interest Expense	<u>(35,500)</u>	<u>(31,814)</u>
Total	<u>\$ -</u>	<u>\$ -</u>
Loan Proceeds	<u>\$ 2,363,908</u>	<u>\$ 1,753,000</u>
Pay Off Old Loan	<u>(3,000,000)</u>	<u>-</u>
Payment of Financing Fees	<u>(132,668)</u>	<u>(29,601)</u>
Payment from Bond Fund	<u>768,760</u>	<u>-</u>
Purchase of Land Held for Development	<u>-</u>	<u>(1,723,399)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Consolidated Financial Statements.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 ORGANIZATION AND OPERATIONS

The purpose of Elim Care, Inc. is to provide housing, health care, and support services to older adults and to advance the mission of "Service in the spirit of Christ's love". Elim Care, Inc. is a Minnesota 501(c)(3) nonprofit corporation and a support corporation of the North Central District Association of the Evangelical Free Church of America (the Association). Elim Care, Inc. is managed by a Board of Directors elected by the Association. These consolidated financial statements present the financial position and results of operations of Elim Care, Inc. and its Support Corporations, collectively referred to as "the Corporation." Elim Care, Inc. is identified by its dba: Elim Care Ministries in the supplementary information contained within these statements. Support Corporations are as follows:

Elim Care Foundation

Elim Care Foundation, a Minnesota 501(c)(3) nonprofit corporation, is primarily responsible for the long-term investment of funds for the Elim corporations.

Elim Homes, Inc. and Affiliates

Elim Homes, Inc. is a 501(c)(3) nonprofit corporation that provides nursing facility services in the Spirit of Christ to the elderly, handicapped, and others having special needs. Elim Homes, Inc. and Affiliates own and operate six licensed nursing facilities. The affiliates are Redeemer Residence, Inc. and Park View Care Center. A centralized administrative service division, Elim Management Services, LLC, has been established to serve all Support Corporations of Elim Care, Inc. Following is information relating to the six licensed nursing facilities of Elim Homes, Inc.:

<u>Location</u>	Number of Licensed Beds	Number of Beds in Service at 12/31/16	Number of Beds in Service at 12/31/15
Princeton, Minnesota	126	107	106
Milaca, Minnesota	103	86	86
Watertown, Minnesota	55	46	51
Fargo, North Dakota	136	136	136
Minneapolis, Minnesota (Redeemer Residence)	141	129	129
Buffalo, Minnesota (Park View Care Center)	124	123	123
Total	<u>685</u>	<u>627</u>	<u>631</u>

Elim Homes, Inc. owns a 30-unit assisted living facility connected to its Princeton nursing facility dba: Caley House and an 11-unit elderly independent apartment unit connected to its Watertown nursing facility dba: Elim Meadows.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 ORGANIZATION AND OPERATIONS (CONTINUED)

Elim Homes, Inc. and Affiliates (Continued)

Elim Homes, Inc. owns a therapy division dba: Progressive Rehabilitation Options (Pro Rehab), which serves Elim organizations as well as other companies.

Elim Shores, Inc.

Elim Shores, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 64-unit independent and assisted living facility for the elderly located in Eden Prairie, Minnesota.

Pioneer House Assisted Living, Inc.

Pioneer House Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 48-unit assisted living building in Fargo, North Dakota. The facility is attached to Elim Home - Fargo, a 136-bed nursing facility, which is owned by Elim Homes, Inc.

Elim Children's Center, Inc.

Elim Children's Center, Inc., a Minnesota 501(c)(3) nonprofit corporation, provides childcare services in Fargo, North Dakota and Minneapolis, Minnesota. The day cares operate within the nursing care facilities in those locations, which are owned by Elim Homes, Inc.

Elim Preferred Services, Inc.

Elim Preferred Services, Inc., a Minnesota for-profit corporation, is a medical equipment and supply company serving the Elim corporations as well as other companies.

Preferred Senior Services, Inc.

Preferred Senior Services, Inc., a Minnesota for-profit corporation, is a senior services marketing and management company that is currently inactive.

New Harmony Care Center, Inc.

New Harmony Care Center, Inc., a Minnesota 501(c)(3) nonprofit corporation owns and operates a 76-bed licensed nursing facility located in St. Paul, Minnesota.

Cornerstone Assisted Living of Plymouth, Inc.

Cornerstone Assisted Living of Plymouth, Inc., a Minnesota 501(c)(3) nonprofit corporation owns and operates an 86-unit assisted living building in Plymouth, Minnesota.

Park Lane Apartments, Inc.

Park Lane Apartments, Inc. is a nonprofit, tax-exempt corporation operating a 48-unit apartment complex located in Buffalo, Minnesota and is adjacent to the Park View Care Center nursing facility. The apartment complex will be closing in late 2017 due to its age and will likely be demolished in 2018. All tenants were advised during 2016 and are making plans to move.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 ORGANIZATION AND OPERATIONS (CONTINUED)

Newton Village, Inc.

Newton Village, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 50-unit independent living, 44-unit assisted living building including 9 memory care units in Newton, Iowa. It also operates an attached 24-bed licensed nursing facility.

Lake Ridge Care Center of Buffalo, Inc.

Lake Ridge Care Center of Buffalo, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 65-bed licensed nursing facility, of which 56 beds are currently in service, a 27-unit assisted living facility, and a 5-bed wing for end of life specialty care located in Buffalo, Minnesota.

Country Meadows of Milaca, Inc.

Country Meadows of Milaca, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 32-unit independent and assisted living building in Milaca, Minnesota attached to the Elim Homes, Inc. – Milaca nursing facility.

Park Terrace Assisted Living, Inc.

Park Terrace Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, owns and operates a 32-unit assisted living and 14-unit memory care building, which includes adult day care space, in Buffalo, Minnesota attached to the Park View Care Center nursing facility.

Evangelical Retirement Homes, Inc. dba: Valley View Village

Evangelical Retirement Homes, Inc. dba: Valley View Village (Valley View Village), is an Iowa 501(c)(3) nonprofit organization located in Des Moines, Iowa, that owns and operates 88 independent senior living units and a 79-bed skilled nursing facility. In August 2016 the construction of a new skilled nursing facility was completed and is attached to the old facility. All nursing facility residents and operations were transferred to the new building and the old building was substantially vacated. Plans are under discussion for the removal of the old building and addition of more independent and assisted living units to be built in its place.

Community Health Foundation of Wright County

Community Health Foundation of Wright County, a Minnesota 501(c)(3) nonprofit corporation, was organized to improve the health of the residents of Wright County and is currently inactive.

Village Assisted Living, Inc. dba: Valley View Village Assisted Living

Village Assisted Living, Inc., a Minnesota 501(c)(3) nonprofit corporation, is a 54-unit assisted living building in Des Moines, Iowa that is attached to the Valley View Village nursing facility.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 ORGANIZATION AND OPERATIONS (CONTINUED)

Baptist Home, Inc.

Baptist Home, Inc. is a North Dakota 501(c)(3) nonprofit corporation located in Bismarck, North Dakota, that owns and operates a 140-bed licensed nursing facility. As stated in the by-laws, at least 41% of the directors in office must be members of a North American Baptist Conference church.

Baptist Apartments, Inc.

Baptist Apartments, Inc., a North Dakota 501(c)(3), is developing plans for building senior apartment units that will be connected to the Baptist Home, Inc. nursing facility. As stated in the by-laws, at least 41% of the directors in office must be members of a North American Baptist Conference church.

Haven Homes, Inc.

Haven Homes, Inc. is a Minnesota 501(c)(3) nonprofit corporation which owns and operates a 67-bed licensed nursing facility, of which 52 beds are currently in service, and a 21-unit assisted living facility located in Maple Plain, Minnesota.

Guardian Angels † Elim Home Care, Inc.

Elim Care, Inc. has a 50% interest in Guardian Angels † Elim Home Care, Inc., a joint venture with Guardian Angels of Elk River, Inc. The home health care entity is a Minnesota 501(c)(3) nonprofit corporation serving seniors primarily in the Elk River, Anoka, Buffalo, Cambridge and Princeton, Minnesota areas. The co-owners, Elim Care, Inc. and Guardian Angels of Elk River, Inc. each appoint one-half of the Board members for Guardian Angels † Elim Home Care, Inc. with a rotating Chairperson each year. Accordingly, the Corporation records its investment in Guardian Angels † Elim Home Care, Inc. under the equity method of accounting.

Elim Senior Housing

Elim Senior Housing is a Minnesota 501(c)(3) nonprofit corporation organized in 2015 to develop a senior housing project in Wildwood, Florida. There were no operations in 2015 and only development activity in 2016. It is anticipated that an approximate 150-unit assisted living and memory care building will commence construction in the first half of 2017.

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation. All significant intercompany balances and transactions have been eliminated. Consolidated statements are based on the assumption that they represent the financial position and operating results of a single business enterprise and, accordingly, transactions within the single unit are eliminated.

Basis of Presentation

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Corporation or passage of time.

Permanently Restricted – Those resources subject to donor imposed restrictions that they be maintained permanently by the Corporation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Excess of Revenue over Expense

The consolidated statements of operations include excess of revenue over expense. Changes in unrestricted net assets which are excluded from excess of revenue over expense include net assets released from restriction for purchases of property and equipment, transfers to/from affiliates, capital contributions and gifts in-kind of capital assets.

Investment in Guardian Angels † Elim Home Care

The equity method is generally required when ownership is 50% or less. The equity method does not include all the accounts of the entity in the financial statements; rather, the investment is carried at cost, adjusted for the partners' share of the earnings, losses, and distributions.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Guardian Angels † Elim Home Care (Continued)

The equity method is used to account for the following investment in joint venture:

<u>Investment Partner</u>	<u>Percent Owned</u>	<u>Investee</u>
Elim Care, Inc.	50%	Guardian Angels † Elim Home Care, Inc. (Joint Venture with Guardian Angels of Elk River, Inc.)

Operating Revenue

Nursing Care

Nursing care revenue includes room charges and ancillary services to nursing facility residents and revenue is recorded at established billing rates, net of contractual adjustments, resulting from agreements with third-party payors.

Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in revenue in the year of settlement.

Deferred Room Endowment

Valley View Village nonrefundable admission payments are recognized as income by the straight-line method over the residents' life expectancy from their admission date in accordance with published ordinary life annuity tables. If death occurs before the resident reaches their estimated life expectancy, all remaining deferred revenue is taken into income in the year of death. Valley View Village discontinued accepting nonrefundable admission payments in 2007.

Third-Party Reimbursement Agreements

Medicaid

The Corporation participates in the Medicaid program which is administered by the Department of Human Services (DHS) of the states of Minnesota, North Dakota, and Iowa. Rates are subject to retroactive adjustment by field audit. The Corporation must submit annual cost reports for each nursing facility which are used for annual rate setting purposes.

By Minnesota and North Dakota Statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Third-Party Reimbursement Agreements (Continued)

Medicare

By state statutes, a skilled nursing facility which participates in the Medicaid program must also participate in the Medicare program. The program is administered by the United States Centers for Medicare and Medicaid Services (CMS).

The Corporation is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement.

Nursing facilities licensed for participation in the Medicare and Medicaid programs are subject to annual surveys. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance, which would have a negative impact on the revenues of the nursing facilities.

Occupancy Percentages

During the years ended December 31, 2016 and 2015, the occupancy percentages and the percentages of residents covered under the Medicaid and Medicare programs were as follows:

	2016		
	Total Occupancy	Percentage of Days Medicaid	Percentage of Days Medicare
Princeton, MN	95.0 %	66.1 %	10.0 %
Milaca, MN	84.1	56.6	9.0
Watertown, MN	78.5	60.2	9.3
Fargo, ND	93.9	52.9	12.1
Minneapolis, MN (Redeemer Residence)	83.9	83.3	4.2
Buffalo, MN (Park View Care Center)	93.4	58.5	8.6
St. Paul, MN (New Harmony Care Center, Inc.)	91.1	65.5	4.9
Buffalo, MN (Lake Ridge Care Center)	85.3	58.4	16.3
Des Moines, IA (Valley View Village)	70.5	60.1	8.0
Bismarck, ND (Baptist Home)	99.1	59.2	7.0
Maple Plain, MN (Haven Homes)	88.7	55.6	5.2
Newton, IA (Newton Village)	94.0	34.6	6.9
Weighted Average	89.2	61.3	8.4

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy Percentages (Continued)

	2015		
	Total Occupancy	Percentage of Days Medicaid	Percentage of Days Medicare
Princeton, MN	93.9 %	62.4 %	9.7 %
Milaca, MN	85.3	55.9	7.7
Watertown, MN	79.7	66.5	9.8
Fargo, ND	96.4	56.2	12.0
Minneapolis, MN (Redeemer Residence)	93.4	85.3	3.3
Buffalo, MN (Park View Care Center)	94.9	55.8	8.0
St. Paul, MN (New Harmony Care Center, Inc.)	93.1	62.4	7.8
Buffalo, MN (Lake Ridge Care Center)	82.2	57.6	13.3
Des Moines, IA (Valley View Village)	73.9	62.2	6.5
Bismarck, ND (Baptist Home)	98.8	60.1	5.8
Maple Plain, MN (Haven Homes)	87.6	50.5	7.4
Newton, IA (Newton Village)	87.3	17.1	13.1
Weighted Average	90.9	61.2	8.1

Cash and Cash Equivalents

Cash and cash equivalents consist of investments that mature within three months of the purchase date. Cash and cash equivalents consist of the following at December 31, 2016 and 2015:

	2016	2015
Cash	\$ 8,668,903	\$ 12,069,831
Money Market Accounts	5,944,429	1,322,110
Total	<u>\$ 14,613,332</u>	<u>\$ 13,391,941</u>

The Corporation places its temporary cash investments with financial institutions. At times, such deposits may exceed the FDIC insurance limit.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenue over expense unless the income or loss is restricted by donor.

Unrealized gains and losses on temporarily restricted and permanently restricted investments are reported as temporary or permanently restricted net assets, as appropriate. The cost of securities sold is based on the specific identification method.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

In general, investments are exposed to various risks, such as interest rate, credit and overall market variability risk. Due to the level of risk associated with certain investments, it is reasonably possible changes in the values of the investments will occur in the near term and that such changes could be material.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements, donor restricted funds and resident funds held in trust. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Accounts Receivable

Accounts receivable are stated at their net realizable value. The Corporation provides for an allowance for uncollectible accounts based on the allowance method using management's judgment. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of invoice or claim submitted. Accounts past due more than 90 days are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of collectability has occurred. The allowances for uncollectible accounts were \$780,700 and \$694,500 at December 31, 2016 and 2015, respectively.

Inventory

Inventory is valued by using the first in, first out (FIFO) method.

Pledges Receivable

The Corporation accounts for uncollectible pledges receivable by the reserve method. At December 31, 2016 and 2015, the allowance for uncollectible pledges was \$1,400 and \$5,700, respectively.

Property and Equipment

Property and equipment are recorded at cost and are depreciated over their estimated useful lives by the straight-line method of depreciation. Donated property and equipment is recorded at fair value at the date of receipt. The Corporation uses the following useful lives for depreciating the property and equipment:

Land Improvements	10 Years
Buildings and Rental Properties	20-40 Years
Furniture and Equipment	3-5 Years
Vehicles	4-10 Years
Leasehold Improvements	10 Years

Leasehold improvements are depreciated over the shorter of the expected life or lease term.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Capitalization

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets, and depreciated over the estimated useful lives by the straight-line method of depreciation once the assets are placed into service.

Deferred Development and Construction in Progress

Deferred development and construction in progress costs have been deferred until the project has been constructed or plans for such a project are discontinued. If the planned project is constructed, these costs will be capitalized and depreciated over the life of the project. If the project is discontinued these costs will be expensed at that time.

Intangible Assets

Intangible assets include values assigned to the licensing and certifications necessary to operate skilled nursing beds that were acquired with the Haven Homes acquisition for \$670,000 as of December 31, 2014. The intangible assets associated with the skilled nursing beds are not being amortized and are evaluated for potential impairment on an annual basis or more frequently if impairment indicators arise.

Donated Services

Services donated by volunteers are not reflected in the consolidated financial statements since contributed services do not meet the definition of recordable services under current accounting principles.

Entrance Fees and Deposits Payable

As a condition of occupancy at all of the Corporation's independent and assisted living housing locations, residents are required to make entrance and security deposits. The deposits are refundable upon leaving and, therefore, are recorded as a liability.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

With the exception of its wholly owned, for-profit subsidiaries, Elim Preferred Services, Inc. and Preferred Senior Services, Inc., the Corporation and its affiliates have been granted exempt status relative to federal and state corporate income taxes under Section 501(c)(3) and applicable state codes.

Elim Preferred Services, Inc. recorded deferred tax assets in the accompanying consolidated balance sheets to reflect temporary book and tax differences.

The Corporation's income tax returns are subject to review and examination by federal, state, and local authorities. The Corporation is not aware of any activities that would jeopardize its tax-exempt status. The Corporation reports any activities that are subject to tax on unrelated business income or excise or other taxes and files all proper returns related to these activities.

Real Estate Taxes

The real estate of the Corporation utilized in the provision of nursing facility services has been exempted from ad valorem property taxes by the states of Minnesota and North Dakota and their political subdivisions. In Iowa, Valley View Village's nursing facility is exempt. Property used by the Corporation for other purposes is not exempt from ad valorem property taxes.

Asset Retirement Obligations

Asset retirement obligations represent obligations to dispose of assets that are legally required to be removed at a future date, such as environmental remediation costs including asbestos removal. These are recorded at the net present value using a risk-free interest rate and inflationary rate.

Deferred Endowment Revenue

An estimated liability is calculated based on the present value of the net cost related to providing future services to current residents who paid a nonrefundable endowment fee upon admission. Since the present value of the net cost of future services does not exceed the deferred revenue from advance fees, no additional liability has been recorded above the deferred endowment revenue. The balance of unrecognized endowment revenue is shown as deferred endowment revenue in the other liabilities.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Corporation adopted accounting standards regarding the fair value measurement of financial assets and liabilities. Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Corporation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Corporation may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Corporation also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Corporation has not elected to measure any existing financial instruments at fair value; however, the Corporation may elect to measure newly acquired financial instruments at fair value in the future.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Investments valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Investments valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. The Corporation does not have any investments that are valued using Level 3 inputs.

New Accounting Pronouncements

During the year ended December 31, 2016, the Corporation adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by approximately \$2,657,000 as of December 31, 2015, respectively. The ASU is retrospectively applied. The adoption of the standard had no effect on previously reported net assets.

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NOTE 3 FAIR VALUE MEASUREMENTS

The Corporation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Corporation measures fair value refer to Note 2 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Corporation measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	2016				
	Level 1	Level 2	Level 3	Total	
Assets:					
Mutual Funds	\$ 1,036,234	\$ -	\$ -	\$ 1,036,234	
Equity Securities	7,375,819	-	-	7,375,819	
Obligations of U.S. Government and Agencies	2,061,571	-	-	2,061,571	
Corporate and Municipal Bonds	-	8,036,308	-	8,036,308	
Total Assets Measured at Fair Value	\$ 10,473,624	\$ 8,036,308	\$ -	\$ 18,509,932	
	2015				
	Level 1	Level 2	Level 3	Total	
Assets:					
Mutual Funds	\$ 923,342	\$ -	\$ -	\$ 923,342	
Equity Securities	7,409,292	-	-	7,409,292	
Obligations of U.S. Government and Agencies	4,033,990	-	-	4,033,990	
Corporate and Municipal Bonds	-	8,133,297	-	8,133,297	
Total Assets Measured at Fair Value	\$ 12,366,624	\$ 8,133,297	\$ -	\$ 20,499,921	

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NOTE 4 INVESTMENTS

The fair value of investments is estimated based upon quoted market prices for those or similar investments. Investment portfolios consisted of the following at December 31, 2016 and 2015:

	2016		2015	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
	\$	\$	\$	\$
Equity Securities	\$ 7,375,819	\$ 5,420,707	\$ 7,409,292	\$ 5,270,479
Mutual Funds	1,036,234	1,007,650	923,342	961,892
Obligations of U.S. Government and Agencies	1,919,436	1,892,847	3,569,711	3,457,766
Certificate of Deposits and Money Market	1,335,397	1,332,841	1,323,218	1,523,106
Corporate and Municipal Bonds	8,036,308	8,296,473	8,133,297	8,346,408
Total	<u>\$ 19,703,194</u>	<u>\$ 17,950,518</u>	<u>\$ 21,358,860</u>	<u>\$ 19,559,651</u>

The investments are included as follows on the balance sheets to reflect restrictions, if any, placed on them:

	2016	2015
Investments:		
Current Portion	\$ 1,122,592	\$ 917,440
Noncurrent Portion	<u>15,017,154</u>	<u>15,626,615</u>
Subtotal Investments	<u>16,139,746</u>	<u>16,544,055</u>
Designated Investments:		
Current Portion	1,015,077	1,466,620
Noncurrent Portion	<u>2,548,371</u>	<u>3,348,185</u>
Subtotal Designated Investments	<u>3,563,448</u>	<u>4,814,805</u>
Total	<u>\$ 19,703,194</u>	<u>\$ 21,358,860</u>

Certain investments were designated as follows:

	2016	2015
Deferred Compensation	\$ 574,753	\$ 557,697
Workers Compensation Insurance Reserves	2,203,028	1,907,520
Valley View Donated Funds	64,642	70,940
Baptist Home Financing Pledge	-	1,611,694
Endowment Funds	721,025	666,954
Total	<u>\$ 3,563,448</u>	<u>\$ 4,814,805</u>

The Corporation established a nonqualified deferred compensation plan for key employees. Various investments were designated as a reserve fund for the self-funded workers' compensation plan as required by the Minnesota Department of Commerce. Endowment funds for various ministries such as chaplain support, staff scholarships, and other benevolent purposes were also segregated in designated investments.

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NOTE 5 PROPERTY AND EQUIPMENT

A summary of property and equipment and the related accumulated depreciation at December 31, 2016 and 2015 is as follows:

	2016	2015
Land	\$ 4,822,497	\$ 4,822,497
Land Held for Investment/Development	1,823,724	2,281,674
Land Improvements	3,531,095	3,244,306
Leasehold Improvements	354,031	339,462
Buildings	153,326,628	137,152,741
Rental Properties	457,756	457,756
Furniture and Equipment	28,733,669	25,605,420
Vehicles	1,708,457	1,652,610
Total	<u>194,757,857</u>	<u>175,556,466</u>
Less: Accumulated Depreciation	<u>85,803,908</u>	<u>78,627,257</u>
Total Property and Equipment (at Depreciated Cost)	<u><u>\$ 108,953,949</u></u>	<u><u>\$ 96,929,209</u></u>

At December 31, 2016 and 2015, costs related to the future purchase of land in Medina, Minnesota totaled \$36,724 and \$3,850, respectively. At December 31, 2016, costs related to the future purchase of land in Buffalo, Minnesota totaled \$575. At December 31, 2016 and 2015 costs related to the purchase of land were incurred for a future project in Wildwood, Florida in the amount of \$1,786,425 and \$2,277,824, respectively. During 2016, a portion of the land in Wildwood, Florida was sold to an unrelated party. These costs are reported in Land Held for Investment/Development in the above table.

NOTE 6 CONSTRUCTION IN PROGRESS

At December 31, 2015 costs totaling approximately \$9,376,000 were incurred related to the replacement of the existing skilled nursing facility on the Valley View Village campus located in Des Moines, Iowa. The replacement consisted of the construction of a 79-bed skilled nursing facility adjacent to the current building. Construction was completed in August 2016 with costs relating to the project totaling approximately \$16,710,000. These costs have been moved to Property and Equipment on the financial statements as of December 31, 2016.

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NOTE 7 DEFERRED DEVELOPMENT COSTS

As of December 31, 2016 and 2015, Park View Care Center, Elim Home – Fargo and Redeemer Residence incurred costs totaling \$111,484 and \$106,790, respectively, related to plans for improvements to the nursing care facilities. Newton Village, Inc. incurred costs totaling \$1,943 as of December 31, 2016 and 2015 for plans to convert independent living units to assisted living units. Baptist Apartments, Inc. incurred costs totaling \$25,591 as of December 31, 2016 for plans to build an approximate 50-unit assisted living and memory care facility.

As of December 31, 2016, Elim Senior Housing incurred costs totaling \$2,169,778 related to the planned construction of an approximate 150-unit assisted living and memory care building. It is anticipated this project will be financed through the issuance of long-term debt and the anticipated total project cost is approximately \$56 million. The Corporation plans to complete a second phase consisting of independent living units at an unknown date in the future. The Corporation is anticipating financing and construction of Phase 1 to begin in the first half of 2017.

Elim Care Foundation holds costs related to developing various projects as of December 31, 2016 and 2015 as follow:

	2016	2015
Senior Independent Housing - Buffalo, MN	\$ 745,166	\$ 745,166
Campus Project - Wildwood, FL	45,161	682,476
Campus Project - Medina, MN	3,500	-
Senior Independent Housing - Des Moines, IA	109,512	109,512
Total	\$ 903,339	\$ 1,537,154

NOTE 8 INCOME TAXES

Elim Preferred Services, Inc. recorded income tax expense of approximately \$80,400 and \$97,300 for the years ended December 31, 2016 and 2015, respectively. The amounts are recorded in Other Income (Expense) on the consolidated statements of operations. Deferred tax receivables, net of valuation allowance, of \$63,000 and \$38,000 were recorded at December 31, 2016 and 2015, respectively, for future tax effects attributable to temporary differences and are recorded as a current asset in Deferred Income Taxes on the consolidated balance sheets.

The main component of the short-term deferred tax liability includes differences between tax and book depreciation at December 31, 2016 and 2015 of approximately \$100,100 and \$112,500, respectively. It is anticipated that at some time in the near future, the accelerated tax depreciation will expire and create additional taxes payable in excess of book income.

Preferred Senior Services, Inc. had a net operating loss carry forward of \$629,670 as of December 31, 2016.

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NOTE 9 LONG-TERM DEBT

Long-term debt at December 31, 2016 and 2015 consisted of the following:

<u>Description</u>	<u>Security</u>	<u>2016</u>	<u>2015</u>
3.20% Note Payable, Due 2033	See (1)	\$ 2,156,544	\$ 2,257,627
5.83% Average Interest Rate, Bonds Payable, Due 2024	See (2)	2,550,000	2,795,000
5.75% Note Payable, Due 2017	See (3)	68,417	237,161
3.00% Note Payable, Due 2023	See (4)	1,288,925	1,457,495
3.06% Note Payable, Due 2033	See (5)	4,988,081	5,208,561
2.95% Note Payable, Due 2024	See (6)	4,411,115	4,903,150
2.00% Note Payable, Due 2023	See (7)	192,766	221,017
4.50% Bonds Payable, Due 2025	See (8)	2,534,405	2,781,513
5.26% Average Interest Rate, Bonds Payable, Due 2026	See (9)	2,500,000	2,685,000
3.00 % Note Payable, Due 2023	See (10)	3,971,115	4,547,500
Various Rates, Special Assessments	See (11)	85,681	97,062
2.70% Note Payable, Due 2033	See (12)	7,326,860	7,670,818
2.70% Note Payable, Due 2034	See (12)	2,943,011	3,044,313
5.72% Bonds Payable, Due 2034	See (12)	2,440,000	2,500,000
2.95% Note Payable, Due 2031	See (13)	2,774,829	51,518
2.95% Note Payable, Due 2031	See (13)	1,565,796	1,117,830
2.95% Note Payable, Due 2031	See (13)	8,919,091	3,754,328
2.95% Note Payable, Due 2027	See (13)	4,817,471	4,960,643
3.20% Note Payable, Due 2034	See (14)	4,058,864	4,221,970
2.95% Note Payable, Due 2033	See (15)	2,447,717	2,572,667
6.00% Note Payable, Due 2017	See (16)	165,200	179,585
4.40% Note Payable, Due 2032	See (17)	5,341,809	5,575,230
4.25% Note Payable, Due 2023	See (18)	667,510	756,775

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NOTE 9 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>Security</u>	<u>2016</u>	<u>2015</u>
3.21% Note Payable, Due 2029	See (19)	3,151,998	3,352,846
5.71% Average Interest Rate, Bonds Payable, Due 2032	See (20)	2,725,000	5,865,000
3.00% Note Payable, Due 2032	See (20)	9,858,765	8,865,589
3.00% Note Payable, Due 2032	See (20)	8,872,879	7,963,632
5.97% Average Interest Rate, Bonds Payable, Due 2028	See (21)	2,965,000	3,130,000
2.00% Note Payable, Due 2016	See (22)	-	50,001
2.00% Note Payable, Due 2016	See (23)	-	50,001
4.55% Note Payable, Due 2020	See (24)	1,714,050	1,753,000
Total		97,502,899	94,626,832
Less: Current Maturities		5,527,586	4,888,551
Unamortized Financing Costs		2,682,295	2,656,651
Long-Term Portion		<u>\$ 89,293,018</u>	<u>\$ 87,081,630</u>

- (1) During 2013, the existing debt of Lake Ridge Care Center of Buffalo, Inc. was refinanced by a Wright County, Minnesota Refunding Revenue Note (Lake Ridge Care Center of Buffalo, Inc. Project) Series 2013, in the amount of \$2,500,000. Included in this amount was approximately \$1,755,000 used to fund construction of an additional wing to the facility. The note is secured by a separate mortgage and security agreement. At every five-year anniversary, the interest rate will be reset based on certain market rates and may be fixed or fluctuate during the five-year period.
- (2) In April 1999, the City of Minneapolis issued tax-exempt Pooled Revenue Bonds in the amount of \$5,345,000, due in 2024, to refinance a Series 1994 bond issue for Redeemer Residence, Inc. By terms of the issue, the City of Minneapolis has no direct obligation for payment of the bonds. Redeemer Residence, Inc. has assumed the entire obligation.

A first mortgage and security agreement has been placed on all land, building, improvements, and equipment of the Redeemer Residence, Inc. facility. Payment of principal and interest on the bonds is made by funds transferred by the Corporation to the bond fund.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (3) In May 1998, the City of Watertown, Minnesota issued a Health Facility Revenue Note of 1998 in the amount of \$2,100,000, to finance remodeling and construction projects at the Watertown and Milaca nursing care facilities. The security on the note is a first mortgage and reassignment of rents on the Watertown and Milaca facilities.

On each five-year anniversary of the loan, beginning on October 1, 1998, the interest rate was reset based on the five-year United States Treasury Bill rate on that date. The rate will be 5.75% over the remaining term of the loan.

- (4) In September 2003, the existing debt of Elim Shores, Inc. was refinanced by a bank qualified, tax-exempt note in the amount of \$2,855,000. The note is secured by a separate mortgage and security agreement. At every five-year anniversary, the interest rate will be reset based on certain market rates and may be fixed or fluctuate during the five-year period. However, the rate may not fall below 3.00% or exceed 6.00%.
- (5) During 2013, the existing debt of Park Terrace Assisted Living, Inc. was refinanced by a Wright County, Minnesota Refunding Revenue Note (Park Terrace Project) Series 2013 in the amount of \$5,650,000. The note is secured by a separate mortgage and security agreement. At every five-year anniversary, the interest rate will be reset based on certain market rates and may be fixed or fluctuate during the five-year period. However, the rate may not fall below 3.06% or exceed 6.00%.
- (6) In May 2003, the City of Princeton issued a tax-exempt Nursing Home Revenue Note of \$9,000,000 for moratorium construction projects in Princeton and Milaca, Minnesota. The security on the note is a second mortgage and reassignment of rents on the Princeton, Milaca, and Fargo nursing facilities.

There are two interest rate setting options of either a five-year or ten-year rate term based on certain market rates. Originally, the rate could not fall below 4.00% or exceed 8.00% for the 5-year option, and could not fall below 4.61% or exceed 8.65% for the 10-year option. During 2013, the loan was amended to reduce the current interest rate to 2.95% with rate resets scheduled for 2018 and 2023. The rates going forward may not fall below 2.95% or exceed the original maximums. With each option a pre-payment penalty equal to the number of years remaining in the rate term is in place. At the end of each interest rate term, the two interest rate setting options become available again. Should certain loans with Bremer Bank, N.A. be prepaid, the rates on this note are subject to higher interest setting factors, and the limits on the rates the note may not fall below, would increase by .50%.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (7) In April 2003, Elim Homes, Inc. closed on a note with the Bank of North Dakota for the purpose of making renovations to the nursing facility located in Fargo, North Dakota. The note was approved through an application process administered by the North Dakota Department of Human Services. The security on the note is a second mortgage and reassignment of rents on the Fargo, North Dakota nursing facility.
- (8) In March 2005, The Port Authority of the City of St. Paul, Minnesota issued bank qualified tax-exempt Health Care Facilities Revenue Bonds (New Harmony Care Center, Inc.) with a maximum borrowing limit of \$4,400,000. The bonds were issued for a moratorium construction project and at December 31, 2006, these bonds had been fully drawn upon for construction costs. By terms of the issue, The Port Authority of St. Paul has no direct obligation for payment of the bonds. New Harmony Care Center, Inc. has assumed the obligation.

At each five-year anniversary the interest rate will be reset based on certain market rates. The rate may not fall below 4.50% or exceed 8.50% over the term of the loan. A pre-payment penalty equal to the number of years remaining in the rate term is in place. A first mortgage and security agreement has been placed on all land, building, improvements, and equipment of the New Harmony Care Center, Inc. facility.

- (9) In February 2006, Wright County, Minnesota issued bank-qualified tax-exempt Health Care Facilities Revenue Refunding Bonds (Park View Care Center Project) Series 2006 totaling \$4,020,000. Interest rates range from 4.75% to 5.40%. By terms of the issue, Wright County has no obligation for payment of the bonds. Park View Care Center has assumed the obligation.

A first mortgage and security agreement has been placed on all land, building, improvements and equipment of the Park View Care Center facility. Payment of principal and interest on the bonds is made by funds transferred by the Corporation to the bond fund.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (10) In September 2014, the City of Plymouth, Minnesota issued a tax-exempt Housing Facilities Revenue Refunding Note (Cornerstone Assisted Living of Plymouth, Inc.) Series 2014 totaling \$5,250,900. The note was issued to refund the existing note payable issued in 2006. By terms of the issue, the City of Plymouth, Minnesota has no direct obligation for the payment of the note. Cornerstone Assisted Living of Plymouth, Inc. has assumed the obligation.

In September 2018, and every five years thereafter, the interest rate will be reset based on certain market rates. The rate may not fall below 3% or exceed 6% over the term of the loan. A pre-payment penalty equal to the number of years remaining in the rate term is in place. A first mortgage and security agreement has been placed on all land, building, improvements, and equipment of the Cornerstone Assisted Living of Plymouth, Inc. facility.

- (11) Various city improvement projects in Minneapolis, Bismarck, and Fargo have been assessed by the corresponding local governments to the facilities in those locations. Payment schedules assigned by the local governments include interest rates from 2.00% - 6.00% with terms from five to twenty-five years.
- (12) In July 2013, Newton Village, Inc. closed on three separate loans relating to the refinancing of its existing debt and for the construction of a 24-bed skilled nursing facility. The City of Kellogg, Iowa issued a bank-qualified tax-exempt Senior Living Revenue Refunding Bond (Newton Village Project) Series 2013B totaling \$8,465,000. It also issued a bank qualified Senior Living Revenue Funding Bond (Newton Village Project) Series 2013A totaling \$3,290,000. At each five-year anniversary, the interest rate will be reset based on certain market rates. The rate may not fall below 2.70% or exceed 6.00% over the term of the loan. The City also issued Subordinate Revenue Bonds Series 2013C in the amount of \$2,500,000 with interest rates ranging from 4% to 6%.

By terms of the issues, the City of Kellogg has no obligation for payment of the bonds. Newton Village, Inc. has assumed the obligation with a guarantee from Elim Care, Inc. A first mortgage and security agreement has been placed on all land, building, improvements and equipment of Newton Village, Inc. When the project achieves certain financial criteria, the guarantee will be released.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (13) During 2014, Evangelical Retirement Homes, Inc. dba: Valley View Village and Village Assisted Living, Inc. closed on four separate loans related to the refinancing of its existing debt and for the construction and furnishing of a 79-bed skilled nursing facility in Des Moines, Iowa. The City of Bondurant, Iowa issued a Senior Living Revenue Bond (Valley View Village Project) Series 2014B in the amount of \$2,800,000. The City of Carlisle, Iowa issued a Senior Living Revenue Bond (Valley View Village Project) Series 2014 in the amount of \$9,000,000. The City of Pleasant Hill, Iowa issued Senior Living Revenue Refunding Bonds (Valley View Village Project), Series 2014A and 2014B in the amounts of \$5,100,000 and \$1,580,000, respectively. The bonds issued allow Valley View Village to draw down on the funds as construction costs are incurred.

By terms of the issue, the Cities have no obligation for the payment of the bonds. A first mortgage and security agreement has been placed on all land, building, improvements, and equipment of Valley View Village and Village Assisted Living, Inc.

The interest rate will be reset in 2021 and every five-year anniversary thereafter based on certain market rates. The rate may not fall below 2.95% or exceed 6.25% at the first interest rate reset and 7.0% thereafter.

As part of the overall construction project, Valley View Village and Village Assisted Living, Inc. also issued additional bonds in 2014; see (14) for more detail.

- (14) During 2014, the City of Bondurant, Iowa issued a tax-exempt Senior Living Revenue Bond (Valley View Project) Series 2014 totaling \$4,400,000. The proceeds of the bonds were used to refinance its existing debt and for construction costs; see (13). At each five-year anniversary, the interest rate will be reset based on certain market rates. The rate may not fall below 3.2% or exceed 6.0%.

By terms of the issue, the City of Bondurant has no obligation for payment of the bonds. Valley View Village and Village Assisted Living, Inc. have assumed the obligation with a guarantee from Elim Care, Inc. A second mortgage and security agreement has been placed on all land, building, improvements, and equipment of the Cornerstone Assisted Living of Plymouth, Inc.

- (15) During 2013, existing debt of Country Meadows of Milaca, Inc. was refinanced by a City of Milaca, Minnesota Refunding Revenue Note (Country Meadows of Milaca Project) Series 2013 in the amount of \$3,000,000. The note is secured by a separate mortgage and security agreement. At every five-year anniversary, the interest rate will be reset based on certain market rates and may be fixed or fluctuate during the five-year period. However, the rate may not fall below 2.95% or exceed 6.00%.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (16) In June 2010, Elim Care Foundation purchased a house and vacant land next to New Harmony Care Center, Inc. for future expansion. The purchase was financed by a \$244,000 note that is secured by the mortgage on the property. The interest rate was fixed at 6.00% over the loan term.
- (17) In December 2010, Cass County, North Dakota issued a tax-exempt Nursing Home Revenue Note in the amount of \$6,300,000, to refinance a 1996 Nursing Home Revenue Note and provide funding for a construction project. By terms of the issue, Cass County has no direct obligation for payment of the note. At every five-year anniversary, the interest rate will be reset based on certain market rates. The rate may not fall below 4.40% or exceed 7.50%.
- (18) In April 2011, the City of Milaca, Minnesota issued a tax-exempt Housing Facilities Refunding Revenue Note (Elim Homes, Inc. Project) Series 2011 totaling \$1,116,522. The note was issued to refund a 1996 note payable. By terms of the issue, the City of Milaca, Minnesota has no direct obligation for payment of the note. Elim Homes, Inc. has assumed the obligation.

At each five-year anniversary the interest rate will be reset based on certain market rates. The rate may not fall below 4.25% or exceed 7.25% over the term of the loan. The note is secured by a first mortgage on the assisted living facility and the assignment of rents and leases.

- (19) In September 2014, Cass County North Dakota issued a tax-exempt Refunding Note (Pioneer House Assisted Living, Inc.) Series 2014 in the amount of \$3,597,900. The note was issued to refund the existing note payable issued in 2010. By terms of the issue, Cass County has no direct obligation for payment of the note.

The Security on the note is a first mortgage and security agreement placed on the land on which the assisted living facility resides, the buildings, improvements, and equipment at the Fargo, North Dakota facility. Certain land has been excluded from the security.

At every five-year anniversary, the interest rate will be reset based on certain market rates. The rate may not fall below 3.21% or exceed 6.0%.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (20) In July 2012, Baptist Home, Inc. closed on three separate loans relating to the purchase of land and the construction of its new 140-bed skilled nursing facility in Bismarck, North Dakota. Burleigh County, North Dakota issued Subordinate Nursing Home Revenue Bonds in the amount of \$6,000,000 with interest rates ranging from 3.6% to 6.2%. The City of Wilton, North Dakota issued a bank-qualified tax-exempt Revenue Note (Baptist Home, Inc. Project) Series 2012 totaling \$10,000,000. The City of Lincoln, North Dakota issued a bank-qualified tax-exempt Revenue Note (Baptist Home, Inc. Project) Series 2012 totaling \$9,000,000.

By terms of the issue the County and Cities have no obligation for the payment of the bonds. A first mortgage and security agreement has been placed on all land, building, improvements, and equipment of the new facility. Baptist Home, Inc. has assumed the entire obligation with a limited guarantee from Elim Care, Inc. When the project achieves certain financial criteria, the guarantee will be released. During 2016, Baptist Home, Inc. met the financial criteria to allow pledged investments of approximately \$1,484,300 to be released.

For eighteen months, the City of Wilton and Lincoln loans' interest rates were set to fluctuate with the prime lending rate. The rate was set at 3.75% for five years as of December 2014. In July 2016, the City of Wilton and Lincoln loans were refinanced and a portion of the Subordinate Nursing Home Revenue Bonds were paid off. The City of Wilton and Lincoln loans' interest rates were set at 3.0% as of July 2016 and the rate will be reset every five years based on certain market rates.

At every five-year anniversary, the interest rate will be reset based on certain market rates. The rate may not fall below 3.00% or exceed 8.00%.

- (21) In July 1998, the City of Maple Plain, Minnesota authorized the issuance and sale of \$4,975,000 of tax-exempt Health Care Facilities Revenue Bonds (Haven Homes, Inc. Project) to refinance the Series 1990 Revenue Bonds and finance improvements to the nursing home and assisted living project. The interest rates of remaining bonds range from 5.75% to 6.00%.

By terms of the bond issue the City of Maple Plain has no direct obligation for payment of the bonds. A first mortgage and security agreement has been placed on all land, building, fixtures, and equipment owned by the Corporation in favor of Wells Fargo, trustee for the City of Maple Plain, Minnesota and the bond holders. In addition, all revenues of the project have been assigned to the trustee.

Haven Homes entered into a forbearance agreement dated August 7, 2014 related to the Series 1998 Revenue Bonds through April 29, 2016. On December 31, 2015, an amendment to the forbearance agreement was executed which extended the date of the agreement through January 25, 2017. Debt covenant requirements were met in 2016 and the need for a forbearance agreement was eliminated.

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NOTE 9 LONG-TERM DEBT (CONTINUED)

- (22) In December 2014, Wright County, Minnesota issued a tax-exempt Revenue Note (Park View Care Center), Series 2014 in the amount of \$10,000,000, to finance the construction of a proposed 81-unit senior independent living facility. The note was paid off during 2016 due to project delays.
- (23) In December 2015, the City of Montrose, Minnesota issued a tax-exempt Revenue note (Park View Care Center), Series 2015 in the amount of \$10,000,000 to finance the construction of a proposed 81-unit senior independent living facility. The note was paid off during 2016 due to project delays.
- (24) In April 2015, Elim Care Foundation purchased vacant land located in Wildwood, Florida for future expansion. The purchase was financed by a \$1,753,000 note that is secured by a security agreement on all land, building, improvements and equipment of Pioneer House Assisted Living, Inc. The interest rate was fixed at 4.55% over the loan term. See Note 7 for further detail on the proposed project.

Maturity requirements on long-term debt are as follows:

<u>Year Ending December 31,</u>	Notes, Mortgages and Assessments			<u>Bonds</u>	<u>Total</u>
	<u>Payable</u>		<u>Payable</u>		
2017	\$ 4,682,586		\$ 845,000		\$ 5,527,586
2018	4,591,351		890,000		5,481,351
2019	4,741,259		935,000		5,676,259
2020	6,346,982		985,000		7,331,982
2021	4,984,498		1,045,000		6,029,498
Later Years	58,976,223		8,480,000		67,456,223
Total	\$ 84,322,899		\$ 13,180,000		\$ 97,502,899

The Corporation had capitalized interest, net of earnings, on construction funds during the construction period. The total interest expense and capitalized interest for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Total Interest Paid or Accrued	\$ 3,573,352	\$ 3,584,515
Less: Capitalized Construction Period Interest	217,362	142,906
Interest Expense Relating to Current		
Period Operations	3,355,990	3,441,609
Add: Amortization Expense	242,388	194,782
Total Interest Expense	\$ 3,598,378	\$ 3,636,391

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NOTE 9 LONG-TERM DEBT (CONTINUED)

Unamortized Financing Costs

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized over the term of the related indebtedness. Unamortized financing costs at December 31, 2016 and 2015 were approximately \$2,682,000 and \$2,657,000, respectively. Amortization expense for the years ended December 31, 2016 and 2015 were approximately \$242,000 and \$195,000, respectively.

Restrictive Covenants

There are terms and covenants in the agreements for the above long-term debt that set out certain ratios and items for operation of the Corporation.

Funds Held by Trustee Under Bond Indenture

The Series 2013, 2012, 2006, 1999, and 1998 bond issues established debt service reserve funds to provide reserves for the payment of principal and interest on the bonds in the event the bond fund principal and interest accounts are insufficient to meet debt service requirements. The debt service reserve funds are included in funds held by trustee under bond indenture on the consolidated balance sheet. Also included in funds held by trustee under bond indenture are project funds, which were funded by bond proceeds to enable payment of construction costs. The Series 1999 bond issue and Series 2014 and 2013 notes established repair and replacement funds to provide reserves for asset purchases and repairs in the event that cash is not available from other sources to keep the projects in good working order. These are included in project and repair and replacement funds in the following table.

The investments included in funds held by trustee under bond indentures were as follows at December 31, 2016 and 2015:

<u>Description</u>	2016		2015	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<i>Bond Funds</i>				
Money Market Funds	\$ 813,571	\$ 813,571	\$ 892,832	\$ 892,832
<i>Reserve Funds</i>				
Certificate of Deposits and Money Market	1,529,133	1,529,133	1,191,803	1,191,903
Obligation of U.S. Government Corporations and Agencies	142,135	148,375	464,279	488,376
<i>Project and Repair and Replacement Funds</i>				
Money Market Funds	693,103	693,103	609,135	609,135
Total	\$ 3,177,942	\$ 3,184,182	\$ 3,158,049	\$ 3,182,246

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NOTE 10 LINES OF CREDIT

The Corporation has a line of credit with Bremer Bank bearing interest at the bank's prime lending rate. The lending limit on the line is as follows:

	<u>Amount</u>
Elim Preferred Services, Inc.	\$ 250,000

At December 31, 2016 and 2015, there were no advances on the credit line. The line of credit expires May 31, 2017.

NOTE 11 OPERATING LEASES

The Corporation leases its warehouse, therapy space and certain equipment under various building and equipment leases with terms extending to 2021. The rent expenses incurred for 2016 and 2015 under these leases were approximately \$360,160 and \$338,150, respectively. Future minimum lease payments required under these lease agreements are as follows:

Minimum equipment lease payments:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 10,738
2018	9,486
2019	5,768
2020	3,119
2021	3,119
Total	<u>\$ 32,230</u>

Minimum space rent lease payments:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 290,512
2018	292,796
2019	127,190
2020	111,996
2021	111,996
Total	<u>\$ 934,490</u>

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NOTE 12 INVESTMENT IN JOINT VENTURE

As described in Note 2, the consolidated financial statements do not include the accounts of Guardian Angels † Elim Home Care, Inc., since this joint venture is accounted for using the equity method.

Guardian Angels † Elim Home Care, Inc.

Effective October 1, 1996, Elim Care, Inc. purchased a 50% ownership in a home health care company, Guardian Angels † Elim Home Care, Inc. Guardian Angels of Elk River, Inc. and Elim Care, Inc. are the members of the corporation and will share profits and losses equally. Guardian Angels † Elim Home Care, Inc. paid \$37,500 and \$30,000 to Elim Care, Inc. for management services during the years ended December 31, 2016 and 2015, respectively. During the year ended December 31, 2016, Guardian Angels † Elim Home Care, Inc. transferred the Corporation \$250,000 which is recorded on the consolidated statement of operations as a transfer from affiliate.

The following is a summary of the audited financial statements of Guardian Angels † Elim Home Care, Inc. at September 30, 2016 and 2015 for the years then ended:

	2016	2015
ASSETS		
Property and Equipment	\$ 713,900	\$ 543,000
Other Assets	1,142,500	1,101,800
Total Assets	\$ 1,856,400	\$ 1,644,800
LIABILITIES AND NET ASSETS		
Other Liabilities	\$ 591,600	\$ 454,400
Accounts Payable - Affiliates	-	300,000
Net Assets	1,264,800	890,400
Total Liabilities and Net Assets	\$ 1,856,400	\$ 1,644,800
OPERATING RESULTS		
Change in Net Assets	<u>\$ 374,400</u>	<u>\$ 795,100</u>

The Corporation's investment in Guardian Angels † Elim Home Care, Inc. consists of the following at December 31, 2016 and 2015:

	2016	2015
Beginning Balance	\$ 658,585	\$ 196,454
Elim Care, Inc. Share of Income	377,080	462,131
Distributions	(250,000)	-
Investment in Assets of Joint Venture	\$ 785,665	\$ 658,585

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NOTE 13 EMPLOYEE BENEFIT PLANS

Retirement Savings Plan

The Corporation has a defined contribution retirement savings plan covering substantially all of its employees after specified periods of service and after meeting certain eligibility requirements. Total retirement savings expenses for the years ended December 31, 2016 and 2015 were \$1,354,652 and \$968,634, respectively.

Deferred Compensation Plan

Effective January 1, 2003, the Corporation entered into various non-qualified deferred compensation agreements with certain key employees. The plan provides for the eligible employees to defer salary up to an allowed amount, adjusted annually. The Corporation makes contributions to the deferred compensation plan on the employee's behalf, and the employees become vested based upon certain criteria as described in the plan. The plan is invested in various mutual funds and is stated at market value which is based upon quoted market prices.

NOTE 14 FUNCTIONAL CLASSIFICATION OF EXPENSES

Functional classification of expenses for the years ended December 31, 2016 and 2015 consisted of the following:

	2016	2015
Program	\$ 107,773,292	\$ 99,714,898
Management and General Support	13,069,723	12,133,823
Fund Raising	287,460	278,219
Total	\$ 121,130,475	\$ 112,126,940

The above expenses do not include Elim Preferred Services, Inc. and Preferred Senior Services, Inc., for-profit corporations, with operating expenses of \$1,958,795 and \$1,817,981 for the years ended December 31, 2016 and 2015, respectively.

NOTE 15 CONTINGENT LIABILITIES

Litigation

The Corporation is subject to legal proceedings and claims, which arise in the course of providing health care services. In management's opinion, the amount of liability, if any, with respect to these actions would not materially affect the financial position or results of operations of the Corporation.

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NOTE 15 CONTINGENT LIABILITIES (CONTINUED)

Health Care

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Medical Insurance

The Corporation is insured under a self-funded, employee medical insurance program that is managed by a third-party administrator. The plan is sponsored and administered by the Church Benefits Board. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. The Corporation incurred claims and administrative fees, at cost, of \$7,808,978 and \$5,818,590 for the years ended December 31, 2016 and 2015, respectively. These funds are deposited in a voluntary employees' beneficiary association (VEBA) trust and are not refundable to the Corporation.

Workers' Compensation Insurance

On January 1, 2004, Elim Care, Inc. changed from a fully insured contract to a self-insured plan for its Minnesota facilities. This plan excludes facilities located in North Dakota and Iowa, which remain on fully insured contracts. The Corporation has contracted with an administrative service company to supervise and administer the program. The Corporation contracts separately to insure for excessive claims. Claims in excess of a certain amount will be funded by the stop-loss carrier up to a limit specified in the contract. Estimated future claims for incurred incidents of approximately \$976,400 and \$1,015,000 were recorded as liabilities as of December 31, 2016 and 2015, respectively.

The provision for outstanding losses is estimated from case reserves and actuarial projections and is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the consolidated financial statements.

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NOTE 16 CLASSIFICATION OF NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Purchases of Property and Equipment	\$ 840,864	\$ 905,220
Operating Activities	398,899	452,928
Total	\$ 1,239,763	\$ 1,358,148

NOTE 17 DONOR RESTRICTIONS RELEASED

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors as follows:

	2016	2015
Restrictions Accomplished:		
Capital Additions	\$ 465,199	\$ 320,644
Operating Activities	407,658	323,687
Total	\$ 872,857	\$ 644,331

NOTE 18 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give at December 31, 2016 and 2015:

	2016	2015
Less Than One Year	\$ 44,604	\$ 116,767
One to Five Years	1,000	42,436
Subtotal	45,604	159,203
Less: Allowance for Doubtful Accounts	(1,400)	(5,700)
Total	\$ 44,204	\$ 153,503

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NOTE 19 SUBSEQUENT EVENTS

Elim Homes, Inc. – Watertown Campus Closure

The Corporation announced on April 25, 2017 that the Elim Homes, Inc. campus in Watertown, Minnesota will be ceasing operations and closing in the near future. The nursing home residents and senior housing tenants will be relocated. It is anticipated that the building will be sold. The Corporation intends to transfer as many employees as possible to other facilities operated by the Corporation and assist with job placements.

In preparing these consolidated financial statements, the Corporation has considered events and transactions that have occurred through April 25, 2017, the date in which the consolidated financial statements were available to be issued.

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

Board of Directors
Elim Care, Inc.
dba: Elim Care Ministries and Support Corporations
Eden Prairie, Minnesota

We have audited the consolidated financial statements of Elim Care, Inc. dba: Elim Care Ministries and Support Corporations as of and for the years ended December 31, 2016 and 2015, and our report thereon dated April 25, 2017, which expressed an unqualified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

CliftonLarsonAllen LLP
CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 25, 2017

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Princeton	Milaca	Watertown	Fargo	Pro Rehab
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,049	\$ 1,288	\$ 1,793	\$ 4,240	\$ -
Current Portion of Investments	-	-	-	-	-
Current Portion of Assets Limited as to Use	31,165	19,579	9,896	21,409	-
Accounts Receivable, Net	858,292	516,483	266,579	840,259	1,601,078
Current Portion of Due from Affiliates	-	2,041,971	-	6,816,449	7,658,114
Current Portion of Designated Investments	-	-	-	-	-
Inventory	-	-	-	-	-
Interest Receivable	-	-	-	-	-
Deferred Income Taxes	-	-	-	-	-
Prepaid Expenses	19,500	12,300	1,400	81,000	7,969
Total Current Assets	<u>910,006</u>	<u>2,591,621</u>	<u>279,668</u>	<u>7,763,357</u>	<u>9,267,161</u>
ASSETS LIMITED AS TO USE					
Resident Trust Funds	11,865	19,579	2,696	21,409	-
Deposits	19,300	-	7,200	-	-
Pledges Receivable	-	-	-	-	-
Funds Held by Trustee Under Bond Indenture	-	-	-	-	-
Total Assets Limited as to Use	<u>31,165</u>	<u>19,579</u>	<u>9,896</u>	<u>21,409</u>	<u>-</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	<u>31,165</u>	<u>19,579</u>	<u>9,896</u>	<u>21,409</u>	<u>-</u>
Noncurrent Assets Limited as to Use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROPERTY AND EQUIPMENT					
Property and Equipment	14,826,110	7,296,676	4,841,286	12,714,514	1,173,657
Less: Accumulated Depreciation	8,856,063	5,067,330	3,751,021	8,066,443	781,266
Total Property and Equipment	<u>5,970,047</u>	<u>2,229,346</u>	<u>1,090,265</u>	<u>4,648,071</u>	<u>392,391</u>
OTHER ASSETS					
Deferred Development Costs	-	-	-	15,064	-
Investments *	-	-	-	-	-
Due from Affiliates *	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Gift Annuities	-	-	-	-	-
Designated Investments *	-	-	-	-	84,072
Investment in Subsidiaries	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,064</u>	<u>84,072</u>
Total Assets	<u>\$ 6,880,053</u>	<u>\$ 4,820,967</u>	<u>\$ 1,369,933</u>	<u>\$ 12,426,492</u>	<u>\$ 9,743,624</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Elim Management Services	Elim Homes Parent	Eliminations	Elim Homes, Inc.
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 57,997	\$ 5,360,168	\$ -	\$ 5,426,535
Current Portion of Investments	-	-	-	-
Current Portion of Assets Limited as to Use	-	-	-	82,049
Accounts Receivable, Net	-	738	-	4,083,429
Current Portion of Due from Affiliates	10,269	4,541,076	(19,026,507)	2,041,372
Current Portion of Designated Investments	38,677	976,400	-	1,015,077
Inventory	-	32,937	-	32,937
Interest Receivable	-	26,200	-	26,200
Deferred Income Taxes	-	-	-	-
Prepaid Expenses	31,001	20,762	-	173,932
Total Current Assets	<u>137,944</u>	<u>10,958,281</u>	<u>(19,026,507)</u>	<u>12,881,531</u>
ASSETS LIMITED AS TO USE				
Resident Trust Funds	-	-	-	55,549
Deposits	-	-	-	26,500
Pledges Receivable	-	-	-	-
Funds Held by Trustee Under Bond Indenture	-	-	-	-
Total Assets Limited as to Use	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,049</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	-	-	-	82,049
Noncurrent Assets Limited as to Use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROPERTY AND EQUIPMENT				
Property and Equipment	1,946,572	1,971,637	-	44,770,452
Less: Accumulated Depreciation	1,261,217	508,836	-	28,292,176
Total Property and Equipment	<u>685,355</u>	<u>1,462,801</u>	<u>-</u>	<u>16,478,276</u>
OTHER ASSETS				
Deferred Development Costs	-	-	-	15,064
Investments *	-	2,896,937	-	2,896,937
Due from Affiliates *	552,630	1,690,183	-	2,242,813
Notes Receivable	-	-	-	-
Gift Annuities	-	-	-	-
Designated Investments *	312,396	1,226,628	-	1,623,096
Investment in Subsidiaries	-	-	-	-
Intangible Assets	-	-	-	-
Total Other Assets	<u>865,026</u>	<u>5,813,748</u>	<u>-</u>	<u>6,777,910</u>
Total Assets	<u>\$ 1,688,325</u>	<u>\$ 18,234,830</u>	<u>\$ (19,026,507)</u>	<u>\$ 36,137,717</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Redeemer Residence, Inc.	Park View Care Center	Eliminations	Elim Homes, Inc. and Affiliates
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 660,498	\$ 621,705	\$ -	\$ 6,708,738
Current Portion of Investments	15,005	20,400	-	35,405
Current Portion of Assets Limited as to Use	265,805	173,594	-	521,448
Accounts Receivable, Net	1,008,231	1,198,603	(73,030)	6,217,233
Current Portion of Due from Affiliates	108,976	113,059	(411,271)	1,852,136
Current Portion of Designated Investments	-	-	-	1,015,077
Inventory	-	-	-	32,937
Interest Receivable	3,900	4,400	-	34,500
Deferred Income Taxes	-	-	-	-
Prepaid Expenses	17,600	16,300	-	207,832
Total Current Assets	<u>2,080,015</u>	<u>2,148,061</u>	<u>(484,301)</u>	<u>16,625,306</u>
ASSETS LIMITED AS TO USE				
Resident Trust Funds	33,609	21,660	-	110,818
Deposits	-	-	-	26,500
Pledges Receivable	-	-	-	-
Funds Held by Trustee Under Bond Indenture	<u>704,764</u>	<u>318,255</u>	<u>-</u>	<u>1,023,019</u>
Total Assets Limited as to Use	<u>738,373</u>	<u>339,915</u>	<u>-</u>	<u>1,160,337</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	<u>265,805</u>	<u>173,594</u>	<u>-</u>	<u>521,448</u>
Noncurrent Assets Limited as to Use	<u>472,568</u>	<u>166,321</u>	<u>-</u>	<u>638,889</u>
PROPERTY AND EQUIPMENT				
Property and Equipment	12,609,124	10,366,021	-	67,745,597
Less: Accumulated Depreciation	<u>9,310,747</u>	<u>7,214,319</u>	<u>-</u>	<u>44,817,242</u>
Total Property and Equipment	<u>3,298,377</u>	<u>3,151,702</u>	<u>-</u>	<u>22,928,355</u>
OTHER ASSETS				
Deferred Development Costs	4,694	91,726	-	111,484
Investments *	874,595	1,008,346	-	4,779,878
Due from Affiliates *	-	-	-	2,242,813
Notes Receivable	-	-	-	-
Gift Annuities	-	-	-	-
Designated Investments *	-	-	-	1,623,096
Investment in Subsidiaries	-	-	-	-
Intangible Assets	-	-	-	-
Total Other Assets	<u>879,289</u>	<u>1,100,072</u>	<u>-</u>	<u>8,757,271</u>
Total Assets	<u>\$ 6,730,249</u>	<u>\$ 6,566,156</u>	<u>\$ (484,301)</u>	<u>\$ 48,949,821</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	New Harmony Care Center, Inc.	Elim Care Foundation	Elim Shores, Inc.	Elim Care Ministries	Elim Preferred Services, Inc.
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 296,965	\$ 507,507	\$ 43,049	\$ 277,059	\$ 134,419
Current Portion of Investments	-	450,276	-	-	-
Current Portion of Assets Limited as to Use	13,137	800	92,600	-	-
Accounts Receivable, Net	683,147	83,564	30,941	-	977,917
Current Portion of Due from Affiliates	291,278	-	68,023	403,507	-
Current Portion of Designated Investments	-	-	-	-	-
Inventory	-	-	-	-	892,482
Interest Receivable	-	23,100	-	-	-
Deferred Income Taxes	-	-	-	-	63,000
Prepaid Expenses	12,000	800	8,847	2,100	37,998
Total Current Assets	1,296,527	1,066,047	243,460	682,666	2,105,816
ASSETS LIMITED AS TO USE					
Resident Trust Funds	13,137	-	-	-	-
Deposits	-	800	92,600	-	-
Pledges Receivable	-	-	-	44,204	-
Funds Held by Trustee Under Bond Indenture	-	-	-	-	-
Total Assets Limited as to Use	13,137	800	92,600	44,204	-
Less: Assets Limited as to Use and That are Required for Current Liabilities	13,137	800	92,600	-	-
Noncurrent Assets Limited as to Use	-	-	-	44,204	-
PROPERTY AND EQUIPMENT					
Property and Equipment	7,825,643	932,774	5,446,851	159,175	541,273
Less: Accumulated Depreciation	4,543,914	51,280	3,498,067	44,554	441,127
Total Property and Equipment	3,281,729	881,494	1,948,784	114,621	100,146
OTHER ASSETS					
Deferred Development Costs	-	903,339	-	-	-
Investments *	-	2,517,276	386,544	-	-
Due from Affiliates *	-	935,354	-	250,000	-
Notes Receivable	-	157,712	-	-	-
Gift Annuities	-	-	-	20,000	-
Designated Investments *	-	461,225	-	-	139,608
Investment in Subsidiaries	-	-	-	2,049,272	-
Intangible Assets	-	-	-	-	-
Total Other Assets	-	4,974,906	386,544	2,319,272	139,608
Total Assets	\$ 4,578,256	\$ 6,922,447	\$ 2,578,788	\$ 3,160,763	\$ 2,345,570

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Preferred Senior Services, Inc.	Pioneer House Assisted Living, Inc.	Elim Children's Center, Inc.	Cornerstone Assisted Living of Plymouth, Inc.
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ -	\$ 881,667	\$ 22,511	\$ 1,103,911
Current Portion of Investments	-	65,435	-	80,983
Current Portion of Assets Limited as to Use	-	30,933	5,870	62,500
Accounts Receivable, Net	-	52,362	1,814	64,393
Current Portion of Due from Affiliates	-	9,939	15,654	82,252
Current Portion of Designated Investments	-	-	-	-
Inventory	-	-	-	-
Interest Receivable	-	9,600	-	13,500
Deferred Income Taxes	-	-	-	-
Prepaid Expenses	300	16,654	1,531	18,754
Total Current Assets	<u>300</u>	<u>1,066,590</u>	<u>47,380</u>	<u>1,426,293</u>
ASSETS LIMITED AS TO USE				
Resident Trust Funds	-	-	-	-
Deposits	-	30,933	5,870	62,500
Pledges Receivable	-	-	-	-
Funds Held by Trustee Under Bond Indenture	-	75,106	-	100,141
Total Assets Limited as to Use	<u>-</u>	<u>106,039</u>	<u>5,870</u>	<u>162,641</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	-	30,933	5,870	62,500
Noncurrent Assets Limited as to Use	<u>-</u>	<u>75,106</u>	<u>-</u>	<u>100,141</u>
PROPERTY AND EQUIPMENT				
Property and Equipment	-	5,669,373	38,065	9,264,658
Less: Accumulated Depreciation	-	2,751,310	38,065	3,511,196
Total Property and Equipment	<u>-</u>	<u>2,918,063</u>	<u>-</u>	<u>5,753,462</u>
OTHER ASSETS				
Deferred Development Costs	-	-	-	-
Investments *	-	1,411,471	-	1,668,895
Due from Affiliates *	-	1,693,382	-	-
Notes Receivable	-	-	-	-
Gift Annuities	-	-	-	-
Designated Investments *	-	-	-	-
Investment in Subsidiaries	-	-	-	-
Intangible Assets	-	-	-	-
Total Other Assets	<u>-</u>	<u>3,104,853</u>	<u>-</u>	<u>1,668,895</u>
Total Assets	<u>\$ 300</u>	<u>\$ 7,164,612</u>	<u>\$ 47,380</u>	<u>\$ 8,948,791</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Newton Village, Inc.	Park Lane Apartments, Inc.	Lake Ridge Care Center of Buffalo, Inc.	Country Meadows of Milaca, Inc.
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 142,822	\$ 60,057	\$ 705,197	\$ 444,515
Current Portion of Investments	-	-	-	-
Current Portion of Assets Limited as to Use	159,845	14,051	12,980	12,800
Accounts Receivable, Net	126,981	6,558	693,183	23,975
Current Portion of Due from Affiliates	35,406		542,787	19,231
Current Portion of Designated Investments	-	-	-	-
Inventory	-	-	-	-
Interest Receivable	-	-	-	1,700
Deferred Income Taxes	-	-	-	-
Prepaid Expenses	20,366	5,300	10,600	4,702
Total Current Assets	<u>485,420</u>	<u>85,966</u>	<u>1,964,747</u>	<u>506,923</u>
ASSETS LIMITED AS TO USE				
Resident Trust Funds	-	-	12,980	-
Deposits	59,500	14,051	-	12,800
Pledges Receivable	-	-	-	-
Funds Held by Trustee Under Bond Indenture	611,544	-	50,090	30,054
Total Assets Limited as to Use	<u>671,044</u>	<u>14,051</u>	<u>63,070</u>	<u>42,854</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	159,845	14,051	12,980	12,800
Noncurrent Assets Limited as to Use	<u>511,199</u>	<u>-</u>	<u>50,090</u>	<u>30,054</u>
PROPERTY AND EQUIPMENT				
Property and Equipment	15,732,297	1,275,024	7,918,822	4,002,388
Less: Accumulated Depreciation	4,640,346	925,800	3,849,808	1,459,413
Total Property and Equipment	<u>11,091,951</u>	<u>349,224</u>	<u>4,069,014</u>	<u>2,542,975</u>
OTHER ASSETS				
Deferred Development Costs	1,943	-	-	-
Investments *	-	-	-	360,784
Due from Affiliates *	-	-	-	-
Notes Receivable	-	-	-	-
Gift Annuities	-	-	-	-
Designated Investments *	-	-	-	-
Investment in Subsidiaries	-	-	-	-
Intangible Assets	-	-	-	-
Total Other Assets	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>360,784</u>
Total Assets	<u>\$ 12,090,513</u>	<u>\$ 435,190</u>	<u>\$ 6,083,851</u>	<u>\$ 3,440,736</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Park Terrace Assisted Living, Inc.	Evangelical Retirement Homes, Inc.	Village Assisted Living, Inc.	Community Health Foundation of Wright County	Baptist Home, Inc.
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 529,659	\$ 12,884	\$ 646,923	\$ -	\$ 1,554,596
Current Portion of Investments	35,454	-	50,474	-	25,045
Current Portion of Assets Limited as to Use	18,800	148,927	61,400	-	172,083
Accounts Receivable, Net	35,803	440,161	23,013	-	980,541
Current Portion of Due from Affiliates	43,539	80,465	500	-	446,479
Current Portion of Designated Investments	-	-	-	-	-
Inventory	-	-	-	-	-
Interest Receivable	4,100	-	4,700	-	5,393
Deferred Income Taxes	-	-	-	-	-
Prepaid Expenses	7,050	32,207	9,859	300	66,611
Total Current Assets	<u>674,405</u>	<u>714,644</u>	<u>796,869</u>	<u>300</u>	<u>3,250,748</u>
ASSETS LIMITED AS TO USE					
Resident Trust Funds	-	936	-	-	19,901
Deposits	18,800	88,347	61,400	-	-
Pledges Receivable	-	-	-	-	-
Funds Held by Trustee Under Bond Indenture	50,090	59,644	-	-	640,619
Total Assets Limited as to Use	<u>68,890</u>	<u>148,927</u>	<u>61,400</u>	<u>-</u>	<u>660,520</u>
Less: Assets Limited as to Use and That are Required for Current Liabilities	<u>18,800</u>	<u>148,927</u>	<u>61,400</u>	<u>-</u>	<u>172,083</u>
Noncurrent Assets Limited as to Use	<u>50,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,437</u>
PROPERTY AND EQUIPMENT					
Property and Equipment	6,415,253	24,621,199	6,337,882	-	26,332,895
Less: Accumulated Depreciation	2,140,803	6,632,245	1,589,193	-	4,421,749
Total Property and Equipment	<u>4,274,450</u>	<u>17,988,954</u>	<u>4,748,689</u>	<u>-</u>	<u>21,911,146</u>
OTHER ASSETS					
Deferred Development Costs	-	-	-	-	-
Investments *	757,365	-	839,292	-	978,229
Due from Affiliates *	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Gift Annuities	-	-	-	-	-
Designated Investments *	-	64,642	-	-	259,800
Investment in Subsidiaries	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Total Other Assets	<u>757,365</u>	<u>64,642</u>	<u>839,292</u>	<u>-</u>	<u>1,238,029</u>
Total Assets	<u>\$ 5,756,310</u>	<u>\$ 18,768,240</u>	<u>\$ 6,384,850</u>	<u>\$ 300</u>	<u>\$ 26,888,360</u>

* Net of Current Portion Shown Above

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Baptist Apartments, Inc.	Haven Homes, Inc.	Elim Senior Housing, Inc.	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 27,080	\$ 493,912	\$ 19,861	\$ -	\$ 14,613,332
Current Portion of Investments	379,520	-	-	-	1,122,592
Current Portion of Assets Limited as to Use	-	188,499	-	-	1,516,673
Accounts Receivable, Net	-	403,641	-	(303,306)	10,541,921
Current Portion of Due from Affiliates	-	24,378	-	(3,915,574)	-
Current Portion of Designated Investments	-	-	-	-	1,015,077
Inventory	-	-	-	-	925,419
Interest Receivable	6,098	-	-	-	102,691
Deferred Income Taxes	-	-	-	-	63,000
Prepaid Expenses	300	11,502	1,900	-	477,513
Total Current Assets	412,998	1,121,932	21,761	(4,218,880)	30,378,218
ASSETS LIMITED AS TO USE					
Resident Trust Funds	-	4,084	-	-	161,856
Deposits	-	7,500	-	-	481,601
Pledges Receivable	-	-	-	-	44,204
Funds Held by Trustee Under Bond Indenture	-	537,635	-	-	3,177,942
Total Assets Limited as to Use	-	549,219	-	-	3,865,603
Less: Assets Limited as to Use and That are Required for Current Liabilities	-	188,499	-	-	1,516,673
Noncurrent Assets Limited as to Use	-	360,720	-	-	2,348,930
PROPERTY AND EQUIPMENT					
Property and Equipment	-	2,712,264	1,786,424	-	194,757,857
Less: Accumulated Depreciation	-	447,796	-	-	85,803,908
Total Property and Equipment	-	2,264,468	1,786,424	-	108,953,949
OTHER ASSETS					
Deferred Development Costs	25,591	-	2,169,778	-	3,212,135
Investments * 1,317,420	-	-	-	-	15,017,154
Due from Affiliates *	-	-	-	(5,121,549)	-
Notes Receivable	-	-	-	(157,712)	-
Gift Annuities	-	-	-	-	20,000
Designated Investments *	-	-	-	-	2,548,371
Investment in Subsidiaries	-	-	-	(1,263,607)	785,665
Intangible Assets	-	670,000	-	-	670,000
Total Other Assets	1,343,011	670,000	2,169,778	(6,542,868)	22,253,325
Total Assets	\$ 1,756,009	\$ 4,417,120	\$ 3,977,963	\$ (10,761,748)	\$ 163,934,422

* Net of Current Portion Shown Above

ELIM CARE, INC.
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SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
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(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Princeton	Milaca	Watertown	Fargo	Pro Rehab
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 445,879	\$ 161,765	\$ 61,904	\$ 273,524	\$ -
Accounts Payable - Trade	128,002	51,486	10,167	72,238	24,658
Due to Affiliates	622,479	-	1,114,923	-	-
Resident Trust Funds Payable	11,865	19,579	2,696	21,409	-
Accrued Salaries, Wages and Payroll Taxes	238,729	207,867	91,796	325,395	403,551
Accrued Benefits	322,479	213,616	111,471	389,176	495,918
Entrance Fee and Deposits Payable	19,300	-	7,200	-	-
Accrued Interest	10,200	3,400	300	20,600	-
Accrued Expenses - Other	15,613	9,379	7,141	-	-
Total Current Liabilities	<u>1,814,546</u>	<u>667,092</u>	<u>1,407,598</u>	<u>1,102,342</u>	<u>924,127</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)					
	3,199,802	1,163,379	-	5,173,122	-
OTHER LIABILITIES					
Deferred Compensation Payable	-	-	-	-	84,072
Accounts Payable - Construction	-	-	-	-	-
Deferred Endowment Revenue	-	-	-	-	-
Deficiency in Assets of Affiliate	-	-	-	-	-
Asset Retirement Obligation	118,859	4,041	13,180	25,109	-
Total Other Liabilities	<u>118,859</u>	<u>4,041</u>	<u>13,180</u>	<u>25,109</u>	<u>84,072</u>
Total Liabilities	5,133,207	1,834,512	1,420,778	6,300,573	1,008,199
CONTINGENT LIABILITIES					
NET ASSETS					
Net Income (Loss)	(39,180)	143,465	(289,934)	425,307	418,592
Unrestricted Net Assets Balance	1,273,763	2,317,468	398,708	5,508,872	7,851,802
Unrestricted	1,587,202	2,960,882	(89,800)	6,038,251	8,735,425
Temporarily Restricted	159,644	25,573	38,955	87,668	-
Permanently Restricted	-	-	-	-	-
Retained Earnings (Deficit)	-	-	-	-	-
Common Stock - No Par Value:	-	-	-	-	-
EPS - Authorized 1,000; Issued 500 Shares					
PSS - Authorized 1,000; Issued 1,000 Shares					
Total Net Assets	<u>1,746,846</u>	<u>2,986,455</u>	<u>(50,845)</u>	<u>6,125,919</u>	<u>8,735,425</u>
Total Liabilities and Net Assets	<u>\$ 6,880,053</u>	<u>\$ 4,820,967</u>	<u>\$ 1,369,933</u>	<u>\$ 12,426,492</u>	<u>\$ 9,743,624</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
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	Elim Management Services	Elim Homes Parent	Eliminations	Elim Homes, Inc.
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ 943,072
Accounts Payable - Trade	8,100	553,289	-	847,940
Due to Affiliates	772,571	16,551,901	(19,026,507)	35,367
Resident Trust Funds Payable	-	-	-	55,549
Accrued Salaries, Wages and Payroll Taxes	178,042	-	-	1,445,380
Accrued Benefits	306,216	-	-	1,838,876
Entrance Fee and Deposits Payable	-	-	-	26,500
Accrued Interest	-	-	-	34,500
Accrued Expenses - Other	37,694	1,125,221	-	1,195,048
Total Current Liabilities	<u>1,302,623</u>	<u>18,230,411</u>	<u>(19,026,507)</u>	<u>6,422,232</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)				
	-	-	-	9,536,303
OTHER LIABILITIES				
Deferred Compensation Payable	312,396	-	-	396,468
Accounts Payable - Construction	-	-	-	-
Deferred Endowment Revenue	-	-	-	-
Deficiency in Assets of Affiliate	-	-	-	-
Asset Retirement Obligation	-	-	-	161,189
Total Other Liabilities	<u>312,396</u>	<u>-</u>	<u>-</u>	<u>557,657</u>
Total Liabilities	<u>1,615,019</u>	<u>18,230,411</u>	<u>(19,026,507)</u>	<u>16,516,192</u>
CONTINGENT LIABILITIES				
NET ASSETS				
Net Income (Loss)	-	-	-	658,250
Unrestricted Net Assets Balance	73,306	4,545	-	17,428,464
Unrestricted	73,306	4,419	-	19,309,685
Temporarily Restricted	-	-	-	311,840
Permanently Restricted	-	-	-	-
Retained Earnings (Deficit)	-	-	-	-
Common Stock - No Par Value:	-	-	-	-
EPS - Authorized 1,000; Issued 500 Shares	-	-	-	-
PSS - Authorized 1,000; Issued 1,000 Shares	-	-	-	-
Total Net Assets	<u>73,306</u>	<u>4,419</u>	<u>-</u>	<u>19,621,525</u>
Total Liabilities and Net Assets	<u>\$ 1,688,325</u>	<u>\$ 18,234,830</u>	<u>\$ (19,026,507)</u>	<u>\$ 36,137,717</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
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	Redeemer Residence, Inc.	Park View Care Center	Eliminations	Elim Homes, Inc. and Affiliates
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 262,163	\$ 195,000	\$ -	\$ 1,400,235
Accounts Payable - Trade	95,251	135,827	(73,030)	1,005,988
Due to Affiliates	363,515	47,756	(411,271)	35,367
Resident Trust Funds Payable	33,609	21,660	-	110,818
Accrued Salaries, Wages and Payroll Taxes	184,916	300,405	-	1,930,701
Accrued Benefits	268,020	278,700	-	2,385,596
Entrance Fee and Deposits Payable	-	-	-	26,500
Accrued Interest	37,200	21,900	-	93,600
Accrued Expenses - Other	23,857	12,961	-	1,231,866
Total Current Liabilities	<u>1,268,531</u>	<u>1,014,209</u>	<u>(484,301)</u>	<u>8,220,671</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)				
	2,257,118	2,158,120	-	13,951,541
OTHER LIABILITIES				
Deferred Compensation Payable	-	-	-	396,468
Accounts Payable - Construction	-	-	-	-
Deferred Endowment Revenue	-	-	-	-
Deficiency in Assets of Affiliate	-	-	-	-
Asset Retirement Obligation	20,058	11,833	-	193,080
Total Other Liabilities	<u>20,058</u>	<u>11,833</u>	<u>-</u>	<u>589,548</u>
Total Liabilities	3,545,707	3,184,162	(484,301)	22,761,760
CONTINGENT LIABILITIES				
NET ASSETS				
Net Income (Loss)	(73,644)	(11,435)	-	573,171
Unrestricted Net Assets Balance	3,013,355	2,971,272	-	23,413,091
Unrestricted	3,110,883	3,301,673	-	25,722,241
Temporarily Restricted	73,659	80,321	-	465,820
Permanently Restricted	-	-	-	-
Retained Earnings (Deficit)	-	-	-	-
Common Stock - No Par Value:	-	-	-	-
EPS - Authorized 1,000; Issued 500 Shares				
PSS - Authorized 1,000; Issued 1,000 Shares				
Total Net Assets	<u>3,184,542</u>	<u>3,381,994</u>	<u>-</u>	<u>26,188,061</u>
Total Liabilities and Net Assets	<u>\$ 6,730,249</u>	<u>\$ 6,566,156</u>	<u>\$ (484,301)</u>	<u>\$ 48,949,821</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
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	New Harmony Care Center, Inc.	Elim Care Foundation	Elim Shores, Inc.	Elim Care Ministries	Elim Preferred Services, Inc.
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 258,976	\$ 165,200	\$ 173,891	\$ -	\$ -
Accounts Payable - Trade	73,922	92	14,331	190	538,585
Due to Affiliates	96,293	3,814,310	77,279	1,602,260	94,767
Resident Trust Funds Payable	13,137	-	-	-	-
Accrued Salaries, Wages and Payroll Taxes	138,399	-	22,043	26,683	62,702
Accrued Benefits	229,204	-	21,783	24,510	79,478
Entrance Fee and Deposits Payable	-	800	92,600	-	-
Accrued Interest	9,800	900	3,300	-	-
Accrued Expenses - Other	30,384	-	-	19,939	9,110
Total Current Liabilities	850,115	3,981,302	405,227	1,673,582	784,642
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)					
	2,218,578	-	1,063,558	-	157,712
OTHER LIABILITIES					
Deferred Compensation Payable	-	-	-	-	139,608
Accounts Payable - Construction	-	-	-	-	-
Deferred Endowment Revenue	-	-	-	-	-
Deficiency in Assets of Affiliate	-	-	-	176,823	-
Asset Retirement Obligation	22,442	-	-	-	-
Total Other Liabilities	22,442	-	-	176,823	139,608
Total Liabilities	3,091,135	3,981,302	1,468,785	1,850,405	1,081,962
CONTINGENT LIABILITIES					
NET ASSETS					
Net Income (Loss)	(121,221)	(62,681)	105,812	823,682	130,357
Unrestricted Net Assets Balance	1,642,628	5,968,357	875,895	(161,369)	-
Unrestricted	1,454,962	2,479,920	1,046,261	1,170,460	123,760
Temporarily Restricted	32,159	50,588	63,742	139,898	-
Permanently Restricted	-	410,637	-	-	-
Retained Earnings (Deficit)	-	-	-	-	758,592
Common Stock - No Par Value:	-	-	-	-	381,256
EPS - Authorized 1,000; Issued 500 Shares					
PSS - Authorized 1,000; Issued 1,000 Shares					
Total Net Assets	1,487,121	2,941,145	1,110,003	1,310,358	1,263,608
Total Liabilities and Net Assets	\$ 4,578,256	\$ 6,922,447	\$ 2,578,788	\$ 3,160,763	\$ 2,345,570

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	Preferred Senior Services, Inc.	Pioneer House Assisted Living, Inc.	Elim Children's Center, Inc.	Cornerstone Assisted Living of Plymouth, Inc.
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ -	\$ 268,751	\$ -	\$ 594,543
Accounts Payable - Trade	- -	11,044	912	23,265
Due to Affiliates	177,124	42,360	3,021	-
Resident Trust Funds Payable	- -	-	-	-
Accrued Salaries, Wages and Payroll Taxes	- -	28,898	16,797	94,575
Accrued Benefits	- -	26,116	15,050	102,380
Entrance Fee and Deposits Payable	- -	30,933	5,870	62,500
Accrued Interest	- -	15,400	- -	10,300
Accrued Expenses - Other	- -	-	-	-
Total Current Liabilities	<u>177,124</u>	<u>423,502</u>	<u>41,650</u>	<u>887,563</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)				
	- -	4,492,959	- -	3,260,007
OTHER LIABILITIES				
Deferred Compensation Payable	- -	-	-	-
Accounts Payable - Construction	- -	-	-	-
Deferred Endowment Revenue	- -	-	-	-
Deficiency in Assets of Affiliate	- -	-	-	-
Asset Retirement Obligation	- -	-	-	-
Total Other Liabilities	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total Liabilities	<u>177,124</u>	<u>4,916,461</u>	<u>41,650</u>	<u>4,147,570</u>
CONTINGENT LIABILITIES				
NET ASSETS				
Net Income (Loss)	(1,743)	427,884	(7,469)	761,280
Unrestricted Net Assets Balance	- -	1,628,927	(3,128)	3,040,103
Unrestricted	(2,023)	2,240,667	(8,492)	4,772,276
Temporarily Restricted	- -	7,484	14,222	28,945
Permanently Restricted	- -	-	-	-
Retained Earnings (Deficit)	(175,801)	- -	-	-
Common Stock - No Par Value:	1,000	- -	-	-
EPS - Authorized 1,000; Issued 500 Shares				
PSS - Authorized 1,000; Issued 1,000 Shares				
Total Net Assets	<u>(176,824)</u>	<u>2,248,151</u>	<u>5,730</u>	<u>4,801,221</u>
Total Liabilities and Net Assets	<u>\$ 300</u>	<u>\$ 7,164,612</u>	<u>\$ 47,380</u>	<u>\$ 8,948,791</u>

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	Newton Village, Inc.	Park Lane Apartments, Inc.	Lake Ridge Care Center of Buffalo, Inc.	Country Meadows of Milaca, Inc.
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 523,414	\$ -	\$ 104,619	\$ 128,739
Accounts Payable - Trade	69,845	12,873	89,649	5,539
Due to Affiliates	230,551	808	117,305	17,859
Resident Trust Funds Payable	-	-	12,980	-
Accrued Salaries, Wages and Payroll Taxes	89,645	-	151,929	26,786
Accrued Benefits	93,320	-	215,656	31,012
Entrance Fee and Deposits Payable	59,500	14,051	-	12,800
Accrued Interest	70,300	-	5,900	6,200
Accrued Expenses - Other	176,804	-	5,942	-
Total Current Liabilities	1,313,379	27,732	703,980	228,935
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)				
Maturities and Deferred Financing Fees)	11,732,505	-	1,938,937	2,231,943
OTHER LIABILITIES				
Deferred Compensation Payable	-	-	-	-
Accounts Payable - Construction	-	-	-	-
Deferred Endowment Revenue	-	-	-	-
Deficiency in Assets of Affiliate	-	-	-	-
Asset Retirement Obligation	-	-	6,203	-
Total Other Liabilities	-	-	6,203	-
Total Liabilities	13,045,884	27,732	2,649,120	2,460,878
CONTINGENT LIABILITIES				
NET ASSETS				
Net Income (Loss)	293,811	19,388	(448,427)	229,331
Unrestricted Net Assets Balance	(1,581,299)	399,345	3,955,470	489,181
Unrestricted	(967,392)	407,458	3,344,059	976,111
Temporarily Restricted	12,021	-	90,672	3,747
Permanently Restricted	-	-	-	-
Retained Earnings (Deficit)	-	-	-	-
Common Stock - No Par Value:	-	-	-	-
EPS - Authorized 1,000; Issued 500 Shares	-	-	-	-
PSS - Authorized 1,000; Issued 1,000 Shares	-	-	-	-
Total Net Assets	(955,371)	407,458	3,434,731	979,858
Total Liabilities and Net Assets	\$ 12,090,513	\$ 435,190	\$ 6,083,851	\$ 3,440,736

ELIM CARE, INC.
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SUPPLEMENTARY CONSOLIDATING BALANCE SHEET (CONTINUED)
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	Park Terrace Assisted Living, Inc.	Evangelical Retirement Homes, Inc.	Village Assisted Living, Inc.	Community Health Foundation of Wright County	Baptist Home, Inc.
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 227,344	\$ 538,117	\$ 147,927	\$ -	\$ 820,830
Accounts Payable - Trade	18,876	226,772	16,898	-	124,602
Due to Affiliates	-	850,505	32,772	81,093	78,615
Resident Trust Funds Payable	-	936	-	-	19,901
Accrued Salaries, Wages and Payroll Taxes	45,271	148,479	34,786	-	381,337
Accrued Benefits	49,579	234,897	80,671	-	464,144
Entrance Fee and Deposits Payable	18,800	88,347	61,400	-	-
Accrued Interest	13,100	35,100	8,700	-	128,704
Accrued Expenses - Other	-	107,992	131,842	-	891
Total Current Liabilities	<u>372,970</u>	<u>2,231,145</u>	<u>514,996</u>	<u>81,093</u>	<u>2,019,024</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)					
	4,646,596	16,432,983	4,570,039	-	19,963,372
OTHER LIABILITIES					
Deferred Compensation Payable	-	-	-	-	-
Accounts Payable - Construction	-	59,648	-	-	-
Deferred Endowment Revenue	-	313,600	-	-	-
Deficiency in Assets of Affiliate	-	-	-	-	-
Asset Retirement Obligation	-	211,931	-	-	-
Total Other Liabilities	<u>-</u>	<u>585,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,019,566</u>	<u>19,249,307</u>	<u>5,085,035</u>	<u>81,093</u>	<u>21,982,396</u>
CONTINGENT LIABILITIES					
NET ASSETS					
Net Income (Loss)	86,963	(459,427)	81,170	(1,023)	229,890
Unrestricted Net Assets Balance	351,575	1,062,173	1,139,097	(78,912)	4,306,936
Unrestricted	715,761	(626,296)	1,289,331	(80,793)	4,503,610
Temporarily Restricted	20,983	145,229	10,484	-	142,554
Permanently Restricted	-	-	-	-	259,800
Retained Earnings (Deficit)	-	-	-	-	-
Common Stock - No Par Value:	-	-	-	-	-
EPS - Authorized 1,000; Issued 500 Shares					
PSS - Authorized 1,000; Issued 1,000 Shares					
Total Net Assets	<u>736,744</u>	<u>(481,067)</u>	<u>1,299,815</u>	<u>(80,793)</u>	<u>4,905,964</u>
Total Liabilities and Net Assets	<u>\$ 5,756,310</u>	<u>\$ 18,768,240</u>	<u>\$ 6,384,850</u>	<u>\$ 300</u>	<u>\$ 26,888,360</u>

ELIM CARE, INC.
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	Baptist Apartments, Inc.	Haven Homes, Inc.	Elim Senior Housing, Inc.	Eliminations	Consolidated
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ -	\$ 175,000	\$ -	\$ -	\$ 5,527,586
Accounts Payable - Trade	10,131	58,358	133,678	(303,306)	2,132,244
Due to Affiliates	267,014	544,455	873,365	(9,037,123)	-
Resident Trust Funds Payable	-	4,084	-	-	161,856
Accrued Salaries, Wages and Payroll Taxes	-	130,522	-	-	3,329,553
Accrued Benefits	-	146,068	-	-	4,199,464
Entrance Fee and Deposits Payable	-	7,500	-	-	481,601
Accrued Interest	-	88,500	-	-	489,804
Accrued Expenses - Other	-	-	-	-	1,714,770
Total Current Liabilities	<u>277,145</u>	<u>1,154,487</u>	<u>1,007,043</u>	<u>(9,340,429)</u>	<u>18,036,878</u>
LONG-TERM DEBT (Net of Current Maturities and Deferred Financing Fees)					
	-	2,790,000	-	(157,712)	89,293,018
OTHER LIABILITIES					
Deferred Compensation Payable	-	-	-	-	536,076
Accounts Payable - Construction	-	-	-	-	59,648
Deferred Endowment Revenue	-	-	-	-	313,600
Deficiency in Assets of Affiliate	-	-	-	(176,823)	-
Asset Retirement Obligation	-	-	-	-	433,656
Total Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,823)</u>	<u>1,342,980</u>
Total Liabilities	<u>277,145</u>	<u>3,944,487</u>	<u>1,007,043</u>	<u>(9,674,964)</u>	<u>108,672,876</u>
CONTINGENT LIABILITIES					
NET ASSETS					
Net Income (Loss)	37,734	(8,401)	(8,401)	(128,615)	2,561,466
Unrestricted Net Assets Balance	1,364,723	184,946	184,946	-	47,997,737
Unrestricted	1,478,864	461,418	2,970,920	(121,737)	53,351,346
Temporarily Restricted	-	11,215	-	-	1,239,763
Permanently Restricted	-	-	-	-	670,437
Retained Earnings (Deficit)	-	-	-	(582,791)	-
Common Stock - No Par Value:	-	-	-	(382,256)	-
EPS - Authorized 1,000; Issued 500 Shares					
PSS - Authorized 1,000; Issued 1,000 Shares					
Total Net Assets	<u>1,478,864</u>	<u>472,633</u>	<u>2,970,920</u>	<u>(1,086,784)</u>	<u>55,261,546</u>
Total Liabilities and Net Assets	<u><u>\$ 1,756,009</u></u>	<u><u>\$ 4,417,120</u></u>	<u><u>\$ 3,977,963</u></u>	<u><u>\$ (10,761,748)</u></u>	<u><u>\$ 163,934,422</u></u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Princeton	Milaca	Watertown	Fargo	Pro Rehab
REVENUE, GAINS, AND OTHER SUPPORT					
Resident Services:					
Nursing Care	\$ 9,459,793	\$ 6,906,013	\$ 3,799,896	\$ 12,638,564	\$ 11,385,218
Elderly Housing, Staff Housing and Day Care	1,322,528	-	99,751	-	-
Gain from Subsidiaries	-	-	-	-	-
Other Revenue	2,304	-	-	-	-
Prior Year's Revenue Adjustment	4,372	3,812	7,794	(4,700)	-
Net Assets Released from					
Restrictions - Operations	12,805	5,494	4,916	10,959	-
Total Revenue, Gains, and Other Support	<u>10,801,802</u>	<u>6,915,319</u>	<u>3,912,357</u>	<u>12,644,823</u>	<u>11,385,218</u>
COST OF GOODS SOLD					
OPERATING EXPENSE					
Nursing	4,558,106	2,626,968	1,883,199	5,732,703	-
Other Care Related	943,397	815,949	348,920	1,171,283	7,416,267
Dietary	942,704	473,307	309,958	1,031,441	-
Laundry	77,163	78,473	51,164	178,678	-
Housekeeping	79,282	114,830	53,158	272,855	-
Plant Operations and Maintenance	581,146	325,131	261,111	582,840	25,124
Property and Related	327,200	252,834	153,847	59,984	132,318
Administrative and General	980,265	654,666	387,827	1,165,611	1,545,409
Payroll Taxes and Employee Benefits	1,287,828	814,996	478,289	1,581,798	1,707,374
Depreciation	517,568	227,090	173,968	566,181	93,567
Interest Expense	146,658	52,633	10,938	253,839	-
Total Operating Expense	<u>10,441,317</u>	<u>6,436,877</u>	<u>4,112,379</u>	<u>12,597,213</u>	<u>10,920,059</u>
OPERATING INCOME (LOSS)					
	360,485	478,442	(200,022)	47,610	465,159
OTHER INCOME (EXPENSE)					
Interest Income	2,163	19,185	959	71,165	87,903
Gain/(Loss) on Sale of Investments	-	53,977	-	201,229	232,661
Gain/(Loss) on Sale of Fixed Assets	22	-	-	-	-
Unrealized Gain/(Loss) on					
Sale of Investments	-	(19,577)		(72,985)	(84,385)
Income Taxes	-	-	-	-	-
Contributions	-	-	-	-	-
Loss on Refinancing	-	-	-	-	-
Gain on Investment in Guardian	-				
Angels Elim Home Care, Inc.	-				
Total Other Income (Expense)	<u>2,185</u>	<u>53,585</u>	<u>959</u>	<u>199,409</u>	<u>236,179</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE					
	362,670	532,027	(199,063)	247,019	701,338
Net Assets Released from Restriction - Capital	24,735	36,155	3,505	21,586	-
Transfers to Affiliate	(34,785)	(68,233)	(3,016)	(164,533)	(236,307)
Transfers from Affiliate	-	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS					
	<u>\$ 352,620</u>	<u>\$ 499,949</u>	<u>\$ (198,574)</u>	<u>\$ 104,072</u>	<u>\$ 465,031</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Elim Management Services	Elim Homes Parent	Eliminations	Elim Homes, Inc.
REVENUE, GAINS, AND OTHER SUPPORT				
Resident Services:				
Nursing Care	\$ -	\$ -	\$ (1,848,872)	\$ 42,340,612
Elderly Housing, Staff Housing and Day Care	- -	- -	- -	1,422,279
Gain from Subsidiaries	- -	- -	- -	- -
Other Revenue	5,298,598	87,543	(1,907,815)	3,480,630
Prior Year's Revenue Adjustment	- -	- -	- -	11,278
Net Assets Released from				
Restrictions - Operations	- -	- -	- -	34,174
Total Revenue, Gains, and Other Support	<u>5,298,598</u>	<u>87,543</u>	<u>(3,756,687)</u>	<u>47,288,973</u>
COST OF GOODS SOLD	- -	- -	- -	- -
OPERATING EXPENSE				
Nursing	429,890	- -	(132,440)	15,098,426
Other Care Related	- -	- -	(1,848,872)	8,846,944
Dietary	- -	- -	(36,204)	2,721,206
Laundry	- -	- -	- -	385,478
Housekeeping	- -	- -	- -	520,125
Plant Operations and Maintenance	194,937	- -	- -	1,970,289
Property and Related	95,703	15,790	(87,543)	950,133
Administrative and General	3,543,020	- -	(1,651,628)	6,625,170
Payroll Taxes and Employee Benefits	843,701	- -	- -	6,713,986
Depreciation	222,329	71,753	- -	1,872,456
Interest Expense	- -	- -	- -	464,068
Total Operating Expense	<u>5,329,580</u>	<u>87,543</u>	<u>(3,756,687)</u>	<u>46,168,281</u>
OPERATING INCOME (LOSS)	(30,982)	- -	- -	1,120,692
OTHER INCOME (EXPENSE)				
Interest Income	9,931	- -	- -	191,306
Gain/(Loss) on Sale of Investments	- -	- -	- -	487,867
Gain/(Loss) on Sale of Fixed Assets	7,000	- -	- -	7,022
Unrealized Gain/(Loss) on				
Sale of Investments	14,051	- -	- -	(162,896)
Income Taxes	- -	- -	- -	- -
Contributions	- -	- -	- -	- -
Loss on Refinancing	- -	- -	- -	- -
Gain on Investment in Guardian				
Angels Elim Home Care, Inc.	- -	- -	- -	- -
Total Other Income (Expense)	<u>30,982</u>	<u>- -</u>	<u>- -</u>	<u>523,299</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	- -	- -	- -	1,643,991
Net Assets Released from Restriction - Capital	- -	- -	- -	85,981
Transfers to Affiliate	- -	(126)	- -	(507,000)
Transfers from Affiliate	- -	- -	- -	- -
CHANGE IN UNRESTRICTED NET ASSETS	\$ -	\$ (126)	\$ -	\$ 1,222,972

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Redeemer Residence, Inc.	Park View Care Center	Eliminations	Elim Homes, Inc. and Affiliates
REVENUE, GAINS, AND OTHER SUPPORT				
Resident Services:				
Nursing Care	\$ 9,386,133	\$ 11,856,370	\$ (781,597)	\$ 62,801,518
Elderly Housing, Staff Housing and Day Care	-	333,737	-	1,756,016
Gain from Subsidiaries	-	-	-	-
Other Revenue	10,140	321	(912,204)	2,578,887
Prior Year's Revenue Adjustment	30,348	10,827	-	52,453
Net Assets Released from				
Restrictions - Operations	8,719	15,499	-	58,392
Total Revenue, Gains, and Other Support	<u>9,435,340</u>	<u>12,216,754</u>	<u>(1,693,801)</u>	<u>67,247,266</u>
COST OF GOODS SOLD				
OPERATING EXPENSE				
Nursing	4,066,424	5,399,681	(77,538)	24,486,993
Other Care Related	675,539	1,179,214	(781,597)	9,920,100
Dietary	774,972	918,192	(33,300)	4,381,070
Laundry	149,321	164,895	-	699,694
Housekeeping	188,080	264,188	-	972,393
Plant Operations and Maintenance	477,352	687,454	-	3,135,095
Property and Related	382,524	398,136	-	1,730,793
Administrative and General	949,933	1,017,766	(801,366)	7,791,503
Payroll Taxes and Employee Benefits	1,242,173	1,464,506	-	9,420,665
Depreciation	280,792	314,222	-	2,467,470
Interest Expense	161,374	146,504	-	771,946
Total Operating Expense	<u>9,348,484</u>	<u>11,954,758</u>	<u>(1,693,801)</u>	<u>65,777,722</u>
OPERATING INCOME (LOSS)	86,856	261,996	-	1,469,544
OTHER INCOME (EXPENSE)				
Interest Income	31,291	27,152	-	249,749
Gain/(Loss) on Sale of Investments	85,319	23,524	-	596,710
Gain/(Loss) on Sale of Fixed Assets	-	-	-	7,022
Unrealized Gain/(Loss) on				
Sale of Investments	(32,294)	23,041	-	(172,149)
Income Taxes	-	-	-	-
Contributions	-	-	-	-
Loss on Refinancing	-	-	-	-
Gain on Investment in Guardian				
Angels Elim Home Care, Inc.	-	-	-	-
Total Other Income (Expense)	<u>84,316</u>	<u>73,717</u>	<u>-</u>	<u>681,332</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	171,172	335,713	-	2,150,876
Net Assets Released from Restriction - Capital	-	6,124	-	92,105
Transfers to Affiliate	-	-	-	(507,000)
Transfers from Affiliate	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS	<u>\$ 171,172</u>	<u>\$ 341,837</u>	<u>\$ -</u>	<u>\$ 1,735,981</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
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(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	New Harmony Care Center, Inc.	Elim Care Foundation	Elim Shores, Inc.	Elim Care Ministries	Elim Preferred Services, Inc.
REVENUE, GAINS, AND OTHER SUPPORT					
Resident Services:					
Nursing Care	\$ 6,564,855	\$ -	\$ -	\$ -	\$ -
Elderly Housing, Staff Housing and Day Care	-	-	1,622,471	-	-
Gain from Subsidiaries	-	-	-	121,737	-
Other Revenue	-	9,600	-	-	11,759,753
Prior Year's Revenue Adjustment	11,840	-	-	-	-
Net Assets Released from					
Restrictions - Operations	2,401	-	16,395	57,013	-
Total Revenue, Gains, and Other Support	6,579,096	9,600	1,638,866	178,750	11,759,753
COST OF GOODS SOLD					
OPERATING EXPENSE					
Nursing	2,962,469	-	326,600	-	-
Other Care Related	497,454	-	74,953	-	-
Dietary	586,651	-	167,824	-	-
Laundry	103,070	-	-	-	-
Housekeeping	183,010	-	61,678	-	-
Plant Operations and Maintenance	325,275	1,896	235,974	10,920	107,988
Property and Related	219,850	3,737	106,676	16,437	195,512
Administrative and General	696,148	138,643	247,469	436,405	1,356,844
Payroll Taxes and Employee Benefits	774,481	-	137,045	53,471	235,682
Depreciation	415,560	1,285	192,732	11,301	43,295
Interest Expense	129,449	34,357	50,083	-	17,451
Total Operating Expense	6,893,417	179,918	1,601,034	528,534	1,956,772
OPERATING INCOME (LOSS)					
	(314,321)	(170,318)	37,832	(349,784)	203,687
OTHER INCOME (EXPENSE)					
Interest Income	377	107,318	5,919	-	-
Gain/(Loss) on Sale of Investments	-	81,089	8,064	-	-
Gain/(Loss) on Sale of Fixed Assets	-	(41,077)	-	-	500
Unrealized Gain/(Loss) on					
Sale of Investments	-	(68,768)	12,739	-	-
Income Taxes	-	-	-	-	(80,427)
Contributions	-	-	-	73,852	-
Loss on Refinancing	-	-	-	-	-
Gain on Investment in Guardian					
Angels Elim Home Care, Inc.	-	-	-	377,080	-
Total Other Income (Expense)	377	78,562	26,722	450,932	(79,927)
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE					
	(313,944)	(91,756)	64,554	101,148	123,760
Net Assets Released from Restriction - Capital	32,499	-	-	-	-
Transfers to Affiliate	-	(3,810,000)	-	-	-
Transfers from Affiliate	215,000	500,000	-	407,000	-
CHANGE IN UNRESTRICTED NET ASSETS					
	\$ (66,445)	\$ (3,401,756)	\$ 64,554	\$ 508,148	\$ 123,760

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Preferred Senior Services, Inc.	Pioneer House Assisted Living, Inc.	Elim Children's Center, Inc.	Cornerstone Assisted Living of Plymouth, Inc.
REVENUE, GAINS, AND OTHER SUPPORT				
Resident Services:				
Nursing Care	\$ -	\$ -	\$ -	\$ -
Elderly Housing, Staff Housing and Day Care	-	1,960,514	399,320	3,930,003
Gain from Subsidiaries	-	-	-	-
Other Revenue	-	40,002	-	-
Prior Year's Revenue Adjustment	-	-	-	-
Net Assets Released from				
Restrictions - Operations	-	-	4,991	2,953
Total Revenue, Gains, and Other Support	-	2,000,516	404,311	3,932,956
COST OF GOODS SOLD	-	-	-	-
OPERATING EXPENSE				
Nursing	-	495,908	-	901,372
Other Care Related	-	66,115	275,774	126,184
Dietary	-	320,170	25,208	339,241
Laundry	-	1,834	-	20,601
Housekeeping	-	37,150	-	108,124
Plant Operations and Maintenance	-	151,533	9,333	297,172
Property and Related	-	49,097	-	121,808
Administrative and General	2,023	262,295	28,652	457,123
Payroll Taxes and Employee Benefits	-	149,377	52,865	312,364
Depreciation	-	187,269	8,598	263,550
Interest Expense	-	194,781	1,776	149,134
Total Operating Expense	2,023	1,915,529	402,206	3,096,673
OPERATING INCOME (LOSS)	(2,023)	84,987	2,105	836,283
OTHER INCOME (EXPENSE)				
Interest Income	-	42,363	-	53,429
Gain/(Loss) on Sale of Investments	-	14,873	-	24,338
Gain/(Loss) on Sale of Fixed Assets	-	-	-	5,250
Unrealized Gain/(Loss) on				
Sale of Investments	-	41,634	-	29,536
Income Taxes	-	-	-	-
Contributions	-	-	-	-
Loss on Refinancing	-	-	-	-
Gain on Investment in Guardian				
Angels Elim Home Care, Inc.	-	-	-	-
Total Other Income (Expense)	-	98,870	-	112,553
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(2,023)	183,857	2,105	948,836
Net Assets Released from Restriction - Capital	-	-	-	22,058
Transfers to Affiliate	-	-	-	-
Transfers from Affiliate	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS	\$ (2,023)	\$ 183,857	\$ 2,105	\$ 970,894

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
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(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Newton Village, Inc.	Park Lane Apartments, Inc.	Lake Ridge Care Center of Buffalo, Inc.	Country Meadows of Milaca, Inc.
REVENUE, GAINS, AND OTHER SUPPORT				
Resident Services:				
Nursing Care	\$ 1,889,622	\$ -	\$ 5,272,559	\$ -
Elderly Housing, Staff Housing and Day Care	3,049,609	227,488	1,107,828	1,349,270
Gain from Subsidiaries	-	-	-	-
Other Revenue	-	-	2,846	-
Prior Year's Revenue Adjustment	51,510	-	2,761	-
Net Assets Released from				
Restrictions - Operations	1,366	-	210,355	2,200
Total Revenue, Gains, and Other Support	<u>4,992,107</u>	<u>227,488</u>	<u>6,596,349</u>	<u>1,351,470</u>
COST OF GOODS SOLD				
OPERATING EXPENSE				
Nursing	1,209,837	-	2,973,514	313,532
Other Care Related	417,886	-	654,881	31,825
Dietary	563,727	-	513,786	171,039
Laundry	22,422	-	77,311	1,821
Housekeeping	39,620	-	125,834	5,788
Plant Operations and Maintenance	361,081	111,594	353,071	82,044
Property and Related	177,979	26,512	169,981	19,492
Administrative and General	590,916	51,127	725,497	163,789
Payroll Taxes and Employee Benefits	379,038	3,930	985,770	78,243
Depreciation	543,677	45,560	393,575	143,275
Interest Expense	457,216	41	78,749	75,465
Total Operating Expense	<u>4,763,399</u>	<u>238,764</u>	<u>7,051,969</u>	<u>1,086,313</u>
OPERATING INCOME (LOSS)	228,708	(11,276)	(455,620)	265,157
OTHER INCOME (EXPENSE)				
Interest Income	509	-	915	2,729
Gain/(Loss) on Sale of Investments	-	-	-	(69)
Gain/(Loss) on Sale of Fixed Assets	804	-	-	-
Unrealized Gain/(Loss) on				
Sale of Investments				(10,218)
Income Taxes	-	-	-	-
Contributions	-	-	-	-
Loss on Refinancing	-	-	-	-
Gain on Investment in Guardian				
Angels Elim Home Care, Inc.	-	-	-	-
Total Other Income (Expense)	<u>1,313</u>	<u>-</u>	<u>915</u>	<u>(7,558)</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	230,021	(11,276)	(454,705)	257,599
Net Assets Released from Restriction - Capital	90,075	-	72,721	-
Transfers to Affiliate	-	-	-	-
Transfers from Affiliate	-	-	195,000	-
CHANGE IN UNRESTRICTED NET ASSETS	\$ 320,096	\$ (11,276)	\$ (186,984)	\$ 257,599

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS (CONTINUED)
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(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Park Terrace Assisted Living, Inc.	Evangelical Retirement Homes, Inc.	Village Assisted Living, Inc.	Community Health Foundation of Wright County	Baptist Home, Inc.
REVENUE, GAINS, AND OTHER SUPPORT					
Resident Services:					
Nursing Care	\$ -	\$ 4,640,525	\$ -	\$ -	\$ 14,999,294
Elderly Housing, Staff Housing and Day Care	2,348,607	1,036,878	2,382,815	-	-
Gain from Subsidiaries	-	-	-	-	-
Other Revenue	-	11,400	-	-	1,200
Prior Year's Revenue Adjustment	-	39,506	-	-	(1,161)
Net Assets Released from					
Restrictions - Operations	-	40,725	-	-	8,749
Total Revenue, Gains, and Other Support	2,348,607	5,769,034	2,382,815	-	15,008,082
COST OF GOODS SOLD					
OPERATING EXPENSE					
Nursing	645,099	2,553,902	641,936	-	6,614,608
Other Care Related	85,753	769,300	65,990	-	1,021,618
Dietary	265,598	358,598	433,757	-	1,099,957
Laundry	4,690	122,080	4,723	-	142,930
Housekeeping	20,729	146,820	7,085	-	481,587
Plant Operations and Maintenance	165,290	716,937	209,099	-	697,691
Property and Related	60,059	83,486	121,015	-	91,881
Administrative and General	246,268	844,547	310,676	858	1,307,410
Payroll Taxes and Employee Benefits	206,937	665,839	156,363	-	1,468,748
Depreciation	249,808	567,830	255,490	-	1,327,694
Interest Expense	165,364	251,418	156,222	-	897,633
Total Operating Expense	2,115,595	7,080,757	2,362,356	858	15,151,757
OPERATING INCOME (LOSS)					
	233,012	(1,311,723)	20,459	(858)	(143,675)
OTHER INCOME (EXPENSE)					
Interest Income	16,905	79	20,830	-	33,630
Gain/(Loss) on Sale of Investments	(304)	-	4,611	-	5,376
Gain/(Loss) on Sale of Fixed Assets	-	300	-	-	-
Unrealized Gain/(Loss) on					
Sale of Investments	27,610	-	19,801	-	32,478
Income Taxes	-	-	-	-	-
Contributions	-	-	-	-	-
Loss on Refinancing	-	-	-	-	(30,000)
Gain on Investment in Guardian Angels Elim Home Care, Inc.	-	-	-	-	-
Total Other Income (Expense)	44,211	379	45,242	-	41,484
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE					
	277,223	(1,311,344)	65,701	(858)	(102,191)
Net Assets Released from Restriction - Capital	-	82,302	3,363	-	68,976
Transfers to Affiliate	-	-	-	-	-
Transfers from Affiliate	-	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS					
	\$ 277,223	\$ (1,229,042)	\$ 69,064	\$ (858)	\$ (33,215)

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
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(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Baptist Apartments, Inc.	Haven Homes, Inc.	Elim Senior Housing, Inc.	Eliminations	Consolidated
REVENUE, GAINS, AND OTHER SUPPORT					
Resident Services:					
Nursing Care	\$ -	\$ 4,932,444	\$ -	\$ (1,990,405)	\$ 99,110,412
Elderly Housing, Staff Housing and Day Care	-	731,151	-	-	21,901,970
Gain from Subsidiaries	-	-	-	(121,737)	-
Other Revenue	-	43	-	(5,313,134)	9,090,597
Prior Year's Revenue Adjustment	-	391	-	-	157,300
Net Assets Released from					
Restrictions - Operations	-	2,118	-	-	407,658
Total Revenue, Gains, and Other Support	-	5,666,147	-	(7,425,276)	130,667,937
COST OF GOODS SOLD	-	-		(2,799,749)	6,799,545
OPERATING EXPENSE					
Nursing	-	2,386,574	5,345	(324,032)	46,193,657
Other Care Related	-	447,717	-	(1,990,405)	12,465,145
Dietary	-	461,271	-	(84,660)	9,603,237
Laundry	-	10,995	-	-	1,212,171
Housekeeping	-	194,575	-	-	2,384,393
Plant Operations and Maintenance	-	276,627	81	-	7,248,701
Property and Related	-	195,721	-	-	3,390,036
Administrative and General	8,838	487,215	23,654	(2,126,563)	14,051,337
Payroll Taxes and Employee Benefits	-	589,973	-	-	15,670,791
Depreciation	-	153,455	-	-	7,271,424
Interest Expense	2,957	181,787	-	(17,451)	3,598,378
Total Operating Expense	11,795	5,385,910	29,080	(4,543,111)	123,089,270
OPERATING INCOME (LOSS)	(11,795)	280,237	(29,080)	(82,416)	779,122
OTHER INCOME (EXPENSE)					
Interest Income	69,147	3,268	-	(17,451)	589,716
Gain/(Loss) on Sale of Investments	-	-	-	-	734,688
Gain/(Loss) on Sale of Fixed Assets	-	-	-	-	(27,201)
Unrealized Gain/(Loss) on					
Sale of Investments	19,056	268	-	-	(68,013)
Income Taxes	-	-	-	-	(80,427)
Contributions	-	-	-	(21,870)	51,982
Loss on Refinancing	-	-	-	-	(30,000)
Gain on Investment in Guardian Angels Elim Home Care, Inc.	-	-	-	-	377,080
Total Other Income (Expense)	88,203	3,536	-	(39,321)	1,547,825
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	76,408	283,773	(29,080)	(121,737)	2,326,947
Net Assets Released from Restriction - Capital	-	1,100	-	-	465,199
Transfers to Affiliate	-	-	-	-	(4,317,000)
Transfers from Affiliate	-	-	3,000,000	-	4,317,000
CHANGE IN UNRESTRICTED NET ASSETS	\$ 76,408	\$ 284,873	\$ 2,970,920	\$ (121,737)	\$ 2,792,146

Summary of Financial Performance

The following summary of financial performance has been derived from Elim Care's financial statements. The financial statements as of March 31, 2017 were prepared by Elim Care's management and are unaudited. This summary of financial performance should be read in conjunction with Elim Care's audited consolidated financial statements, including the notes thereto, contained in the first part of APPENDIX C to this Official Statement.

**ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED BALANCE SHEET
MARCH 31, 2017
(UNAUDITED)**

Total Current Assets	\$ 30,824,810
Net Property and Equipment	107,643,992
Total Other Assets	<u>25,422,246</u>
Total Assets	<u>\$ 163,891,048</u>
Total Current Liabilities	\$ 18,378,827
Net Long-Term Debt	88,193,341
Total Other Liabilities	<u>1,080,904</u>
Total Liabilities	<u>107,653,072</u>
Unrestricted Net Assets	53,809,694
Temporarily Restricted Net Assets	1,757,845
Permanently Restricted Net Assets	<u>670,437</u>
Total Net Assets	<u>56,237,976</u>
Total Liabilities and Net Assets	<u>\$ 163,891,048</u>

ELIM CARE, INC.
DBA: ELIM CARE MINISTRIES AND SUPPORT CORPORATIONS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017
(UNAUDITED)

Revenue	\$ 33,175,880
Cost of Goods Sold	2,561,964
Operating Expenses	
Nursing	11,650,877
Other Care Related	3,274,222
Dietary	2,370,759
Laundry	307,765
Housekeeping	587,986
Plant Operations and Maintenance	1,897,305
Property and Related	851,649
Administration and General	3,248,652
Payroll Taxes and Employee Benefits	3,798,016
Depreciation	1,966,340
Interest Expense	903,163
Total Operating Expenses	30,856,734
Operating Loss	(242,818)
Other Income (Expense)	
Interest Income	121,961
Gain on Sale of Investments	24,110
Unrealized Gain on Investments	548,210
Restricted Contributions	635,066
Other Expenses	(83,995)
Total Other Income (Expense)	1,245,352
Excess of Revenue over Expense	\$ 1,002,534

APPENDIX D

**FORMS OF INDENTURE,
LOAN AGREEMENT,
MORTGAGE AND
LIQUIDITY SUPPORT AGREEMENT**

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TRUST INDENTURE

between

CAPITAL TRUST AGENCY,
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of August 1, 2017

Relating to:

\$ _____
CAPITAL TRUST AGENCY
SENIOR LIVING FACILITIES REVENUE BONDS
(ELIM SENIOR HOUSING, INC. PROJECT)
SERIES 2017

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EXHIBIT B – FORM OF REQUISITION FROM WORKING CAPITAL ACCOUNT

TRUST INDENTURE

THIS TRUST INDENTURE is dated as of the 1st day of August, 2017, by and between **CAPITAL TRUST AGENCY**, a legal entity and public agency under the laws of the State of Florida (together with its successors and assigns, the “Agency”) and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and validly existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (together with any successor trustee under this Indenture, the “Trustee”).

WITNESSETH:

WHEREAS, the Agency was organized as a legal entity and public agency of the State of Florida (the “State”), organized and existing under the provisions of Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council (the “City Council”) of Gulf Breeze, Florida (the “City”), on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance 2-00 duly enacted by the Town Council (the “Town Council”) of Century, Florida (the “Town”), on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted by the Town Council on May 7, 2001 and October 3, 2011, respectively; an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented, particularly as amended and supplemented by Amendment No. 71 to the Interlocal Agreement dated as of December 19, 2016 (“Amendment No. 71”), Resolution No. 34-16, duly adopted by the City Council on December 5, 2016, approving Amendment No. 71, Resolution No. 24-16 duly adopted by the Town Council on December 19, 2016, approving Amendment No. 71, Resolution No. 17-16, duly adopted by the Agency on November 10, 2016 and Resolution No. 19-16, duly adopted by the Agency on December 8, 2016, as ratified and confirmed by Resolution No. 12-17, duly adopted by the Agency on June 29, 2017, and other applicable provisions of law (collectively, the “Act”), and is empowered pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of any project (as defined in the Act); and

WHEREAS, the Agency is authorized and empowered under the Act to, among other things, issue bonds, notes or other evidences of indebtedness in connection with, and to make loans to assist in the financing and refinancing of, a “project” (as defined in the Act); and

WHEREAS, Elim Senior Housing, Inc., a nonprofit corporation organized and existing under the laws of the State of Minnesota (herein called the “Corporation”) has applied for the financial assistance of the Agency to (i) finance, refinance or reimburse the Corporation for the cost of certain capital improvements for or to the senior living facilities of the Corporation, to be situated on a 20-acre parcel located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, in the City of Wildwood, Florida, Sumter County, Florida, and expected to consist of approximately 184,516 square feet of building space and ancillary facilities, accommodating approximately 107 assisted living units, 48 memory care units, 2 guest units and a town center (the “Project”), (ii) fund required debt service reserves, (iii) pay

capitalized interest on the Series 2017 Bonds (as herein defined), and (iv) pay the costs of issuance of the Series 2017 Bonds; and

WHEREAS, the Project is to be located within the territorial limits of the City of Wildwood, Sumter County, Florida (the “Facility Jurisdiction”) and the Agency, based on representations of the Corporation, but without independent investigation, has found and determined that the financing of the Project will promote significant economic, cultural and community development opportunities, including the creation or retention of employment, the stimulation of economic activity and the promotion of improvements in the health, safety and welfare of persons in the Facility Jurisdiction; and

WHEREAS, the Agency has determined to issue its “Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017” (the “Series 2017 Bonds”), and to lend the proceeds thereof to the Corporation for the purpose of providing funds, together with other available funds, to (i) pay or reimburse the Corporation for a portion of the Project Costs (as defined herein), and (ii) pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds; and

WHEREAS, based solely upon information provided by the Corporation, the Agency has found and determined: (i) that the Project is a qualified project under the Act; (ii) that the Corporation is a qualified participant under the Act; and (iii) that the financing of the Project will serve a public purpose and will in all respects conform to the provisions and requirements of the Act; and

WHEREAS, simultaneously with the issuance of the Series 2017 Bonds, the Corporation and the Agency will enter into a Loan Agreement, dated as of August 1, 2017 (the “Agreement”), pursuant to which the Agency will lend the proceeds of the Series 2017 Bonds to the Corporation; and

WHEREAS, the proceeds of the Series 2017 Bonds, together with any other required funds, will be used for the specific authorized purpose of financing the Project, as described herein, to fund necessary debt service reserves, pay capitalized interest and pay certain issuance costs; and

WHEREAS, the Loan Agreement requires the Corporation to make payments thereunder in amounts and at times sufficient to pay the principal of, premium (if any) and interest on the Series 2017 Bonds when due; and

WHEREAS, the Corporation has agreed to execute and deliver to the Trustee a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents of even date herewith (the “Mortgage”), to secure the payment of the Series 2017 Bonds and the Corporation’s obligations under the Loan Agreement; and

WHEREAS, the execution and delivery of this Indenture and the Loan Agreement and the issuance of the Series 2017 Bonds have been in all respects duly and validly authorized by the governing body of the Agency pursuant to a resolution adopted on December 8, 2016 (the “Bond Resolution”); and

WHEREAS, the Series 2017 Bonds, the form of assignment and the Trustee's authentication certificate to be endorsed on the Series 2017 Bonds are to be in substantially the following forms (the text of which forms may be printed on the face, or on the back, or partly on the face and partly on the back), to wit:

[Remainder of page intentionally left blank]

(Form of fully registered Series 2017 Bond)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Agency or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN “ACCREDITED INVESTOR” UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT. EACH PURCHASER HEREOF AGREES TO PROVIDE ADVANCE WRITTEN NOTICE OF THE RESTRICTION ON TRANSFERS TO ANY PROPOSED TRANSFeree OF A BENEFICIAL OWNERSHIP INTEREST IN THE PURCHASED BOND.

UNLESS THE RESTRICTIONS TO TRANSFER DESCRIBED ABOVE HAVE BEEN WAIVED IN WRITING BY RESOLUTION OF THE ISSUER, DULY ADOPTED, EACH TRANSFeree OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFeree IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN “ACCREDITED INVESTOR” UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFeree WHO IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN “ACCREDITED INVESTOR” UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT.

No. R-_____ \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CAPITAL TRUST AGENCY

SENIOR LIVING FACILITIES REVENUE BONDS
(ELIM SENIOR HOUSING, INC. PROJECT)
SERIES 2017

Interest Rate	Maturity	Date of Original Issue	CUSIP
_____ %	August 1, 20____	_____, 2017	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

CAPITAL TRUST AGENCY, a legal entity and public agency under the laws of the State of Florida (together with its successors and assigns, the "Agency"), for value received, hereby promises to pay, but solely from the sources hereinafter described, to the registered owner specified above or registered assigns, the principal amount set forth above on the maturity date specified above, upon the presentation and surrender hereof, and to pay to the registered owner hereof interest on such principal amount from such sources at the interest rate specified above from the date of original issue set forth above, or the most recent interest payment date to which interest has been paid or duly provided for as specified below. Principal and the redemption price is payable in lawful money of the United States of America at the office of U.S. Bank National Association in Jacksonville, Florida, as Trustee under the Indenture hereinafter described or of its successor as Trustee. Interest shall be paid on each February 1 and August 1, commencing February 1, 2018 by check or draft mailed to the person in whose name this Bond is registered at the close of business on the fifteenth day of the preceding month (whether or not a business day) at his address set forth on the registration records maintained by the Trustee. Notwithstanding anything else set forth herein, so long as the Bonds are in Book-Entry Form (as described in the Indenture), principal, premium, if any, and interest shall be paid in accordance with the requirements of the Depository Trust Company, New York, New York, as in effect from time to time. Any such interest not punctually paid or provided for will cease to be payable on such regular record dates and such defaulted interest may be paid to the person in whose name this Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest established by the Trustee pursuant to the Indenture.

The Series 2017 Bonds are issued pursuant to the laws of the State of Florida, particularly under the provisions of Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance 2-00 duly enacted

by the Town Council (the “Town Council”) of Century, Florida (the “Town”), on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted by the Town Council on May 7, 2001 and October 3, 2011, respectively; an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented, particularly as amended and supplemented by Amendment No. 71 to the Interlocal Agreement dated as of December 19, 2016 (“Amendment No. 71”), Resolution No. 34-16, duly adopted by the City Council on December 5, 2016, approving Amendment No. 71, Resolution No. 24-16 duly adopted by the Town Council on December 19, 2016, and Resolution No. 17-16, duly adopted by the Agency on November 10, 2016 and Resolution No. 19-16, duly adopted by the Agency on December 8, 2016, as ratified and confirmed by Resolution No. 12-17, duly adopted by the Agency on June 29, 2017, and other applicable provisions of law (collectively, the “Act”), and in conformity with the provisions, restrictions and limitations thereof. This Bond does not constitute a charge against the general credit or properties or taxing powers of the Agency and does not grant to the owner of this Bond any right to have the Agency levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Bond a general obligation of the Agency or the individual officers or agents thereof.

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED AND SPECIAL REVENUE OBLIGATION OF THE ISSUER PAYABLE SOLELY OUT OF THE TRUST ESTATE. THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE AGENCY, THE STATE, THE CITY OF GULF BREEZE, FLORIDA OR THE TOWN OF CENTURY, FLORIDA (COLLECTIVELY, THE “SPONSORING POLITICAL SUBDIVISIONS”, THE CITY OF WILDWOOD, FLORIDA (THE “LOCAL AGENCY”) OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION, AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE, THE SPONSORING POLITICAL SUBDIVISIONS, THE LOCAL AGENCY OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE SPONSORING POLITICAL SUBDIVISIONS OR ANY OTHER MUNICIPALITY, PUBLIC AGENCY OR POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND. NO COVENANT OR AGREEMENT CONTAINED IN THIS BOND OR THE INDENTURE SHALL BE DEEMED TO BE A COVENANT OR AGREEMENT OF ANY MEMBER OF THE GOVERNING BODY OF THE AGENCY NOR SHALL ANY OFFICIAL EXECUTING SUCH BOND BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS. THE AGENCY HAS NO TAXING POWER.

NO RECOURSE UNDER OR UPON ANY OBLIGATION, COVENANT OR AGREEMENT CONTAINED HEREIN OR ANY AGENCY DOCUMENT OR CORPORATION DOCUMENT, OR UNDER ANY JUDGMENT OBTAINED AGAINST THE AGENCY, OR THE ENFORCEMENT OF ANY ASSESSMENT, OR ANY LEGAL OR EQUITABLE PROCEEDINGS BY VIRTUE OF ANY CONSTITUTION OR

STATUTE OR OTHERWISE, OR UNDER ANY CIRCUMSTANCES UNDER OR INDEPENDENT OF THE INDENTURE, SHALL BE HAD AGAINST ANY INCORPORATOR, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR COUNSEL AS SUCH, PAST, PRESENT OR FUTURE OF THE AGENCY, EITHER DIRECTLY OR THROUGH THE AGENCY OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE AGENCY OR ANY RECEIVER THEREOF, OR FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE, OR OTHERWISE, OF ANY SUM THAT MAY BE DUE AND UNPAID BY THE AGENCY UPON ANY SUCH BOND. ANY AND ALL PERSONAL LIABILITY OF EVERY NATURE WHETHER AT COMMON LAW OR IN EQUITY OR BY STATUTE OR BY CONSTITUTION OR OTHERWISE OF ANY SUCH INCORPORATOR, MEMBER, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR COUNSEL, AS SUCH, TO RESPOND BY REASON OF ANY ACT OR OMISSION ON HIS PART OR OTHERWISE, FOR THE PAYMENT FOR OR TO THE OWNER OF ANY BOND ISSUED UNDER THE INDENTURE OR OTHERWISE OF ANY SUM THAT MAY REMAIN DUE AND UNPAID UPON THIS BOND, BY THE ACCEPTANCE HEREOF, EXPRESSLY WAIVED AND RELEASED.

This Bond and interest hereon are payable solely from the moneys received under the Loan Agreement or Mortgage or held by the Trustee in a fund or account appropriated to the payment of the Bonds under the Indenture, hereinafter mentioned, including loan repayments to be made by Elim Senior Housing, Inc., a nonprofit corporation organized and existing under the laws of the State of Minnesota and authorized to do business under the laws of the State of Florida (hereinafter called the "Corporation").

This Bond is one of a duly authorized series of special, limited obligation Bonds of an aggregate principal amount of \$ _____, in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof each not exceeding the principal amount maturing in any year, and numbered from R-1 upwards, and of like tenor and effect except as to serial number, denomination, interest rate, maturity and right of prior redemption, all of which have been authorized by law to be issued and have been issued or are to be issued for the purpose of funding a loan from the Agency to the Corporation in order to provide financing with respect to senior-living facilities in Wildwood, Florida, all pursuant to a Loan Agreement (the "Loan Agreement") between the Agency and the Corporation, dated as of August 1, 2017, and a Trust Indenture (the "Indenture"), dated as of August 1, 2017, duly executed and delivered by the Agency to the Trustee. The Bonds are equally and ratably secured by the Loan Agreement, the Indenture, the Bond Resolution, and a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents, dated as of August 1, 2017 (the "Mortgage"), executed by the Corporation to the Trustee. Reference is hereby made to all such documents and any supplements thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Bonds, the nature and extent of the security thereby created, the conditions to the issuance of Additional Bonds, the rights of the owners of the Bonds, the rights, duties and immunities of the Trustee, and the rights, immunities and obligations of the Agency thereunder. Certified copies of the Bond Resolution and executed counterparts of the Indenture, Loan Agreement and Mortgage are on file at the office of the Trustee.

The Bonds maturing after August 1, 20__, are subject to redemption and prepayment prior to the stated maturities thereof, at the direction of the Corporation, in whole or in part, and if in part in integral multiples of \$5,000 and in inverse order of maturity and by random selection within a maturity, at the following redemption price, plus accrued interest to the date of redemption.

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 20__ through July 31, 20__	____%
August 1, 20__ and thereafter	100%

The Bonds are also subject to extraordinary redemption, at the direction of the Corporation, on any interest payment date in whole, but not in part, in certain events of damage to or destruction or condemnation of the Project Facilities, or change of law, as provided in Sections 4.06, 5.10 and 5.11 of the Loan Agreement, at a redemption price equal to par plus accrued interest.

The Bonds are subject to mandatory redemption through application of the Sinking Fund provided for in the Indenture, from Loan Repayments to be made by the Corporation, at a redemption price equal to par plus accrued interest, such Bonds to be selected by lot by the Trustee, on August 1 in the years and in the amounts, respectively, as is set forth in the Indenture.

The Bonds are also subject to mandatory redemption in the event of a Determination of Taxability, as defined in the Indenture, that interest upon the Bonds is includable in gross income for purposes of federal income taxation. In the event of a Determination of Taxability, the Corporation is obligated to cause each of the Bonds to be redeemed at a redemption price equal to par, plus accrued interest.

Notice of any such redemption shall be given to the registered owner of each such Bond by first class mail, addressed to such owner at its registered address, not earlier than sixty days nor later than thirty days prior to the date fixed for redemption. Prior to the date fixed for redemption, funds shall be deposited with the Trustee sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions, Bonds thus called shall not bear interest after the call date and, except for the purpose of payment, from the funds so deposited, shall no longer be protected by the Indenture.

This Bond is transferable, as provided in the Indenture, only upon the registration records kept at the office of the Trustee by the registered owner hereof in person or by his duly authorized attorney, upon surrender of this Bond for transfer at the office of the Trustee, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the registered owner hereof or his duly authorized attorney, and, upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, one or more fully registered Bonds of the same principal amount and interest rate will be issued to the designated transferee or transferees.

The Bonds are issuable only as fully registered bonds without coupons in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof not exceeding the principal

amount maturing in any year. As provided in the Indenture and subject to certain limitations therein set forth, the Bonds are exchangeable for a like aggregate principal amount of Bonds of a different authorized denomination, as requested by the registered owner or his duly authorized attorney upon surrender thereof to the Trustee.

In case an event of default as defined in the Indenture or Loan Agreement occurs, the principal of this Bond and all other Bonds outstanding may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture, but no owner of any Bond shall have any right to enforce the provisions of the Indenture, Loan Agreement or Mortgage, except as provided in the Indenture.

With the consent of the Agency and Trustee and to the extent permitted by and as provided in the Indenture, the terms and provisions of the Indenture, Loan Agreement and Mortgage, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the holders of at least a majority in aggregate principal amount of the Bonds then outstanding thereunder.

It is hereby certified and recited: that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; and that this Bond does not constitute a debt of the Agency within the meaning of any constitutional or statutory limitation.

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

IN WITNESS WHEREOF, the Capital Trust Agency, by its Chairman, has caused this Bond to be executed in its name by the facsimile signatures of its duly authorized officers, and sealed with a facsimile of its corporate seal, all as of the Date of Original Issue specified above.

CAPITAL TRUST AGENCY

(Seal)

By: _____
Chairman

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Indenture.

Date: _____, 2017

U.S. Bank National Association, Trustee

By: _____
Authorized Signature

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

Dated: _____

Signature(s) must be guaranteed by a
financial institution that is a member of the
Securities Transfer Agent Medallion
Program ("STAMP"), the Stock Exchange
Medallion Program ("SEMP"), the New
York Stock Exchange, Inc. Medallion
Signature Program ("MSP") or such other
"signature guarantee program" as may be
determined by the Registrar in addition to, or
in substitution for, STAMP, SEMP or MSP,
all in accordance with the Securities
Exchange Act of 1934, as amended.

The assignor's 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 any change
whatever.

The Trustee will not effect a transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account:

Insert social security or other identifying number of Transferee

_____ and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by the Agency, and all conditions, acts and things necessary and required by the Constitution and laws of the State of Florida, or otherwise, to exist, to have happened or to have been performed precedent to and in the execution and delivery of this Indenture, and in the issuance of the Series 2017 Bonds, do exist, have happened or have been performed in regular form, time and manner, and the execution and delivery of this Indenture have been in all respects duly authorized; and

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That the Agency in order to secure the payment of the principal of, premium (if any) and interest on the Bonds issued under this Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds by the respective purchaser or purchasers and registered owners thereof, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, has executed and delivered this Indenture and has granted, bargained, sold, assigned, transferred, conveyed, pledged and set over, and by these presents does hereby grant, bargain, sell, assign, transfer, convey, pledge and set over, unto the Trustee, and to its successor or successors in the trust hereby created and to its assigns forever:

I.

All of the rights and interests of the Agency in the Loan Agreement dated as of August 1, 2017 between the Agency and Elim Senior Housing, Inc., except for the Agency Unassigned Rights, as defined herein.

II.

A first lien on and pledge of all right, title and interest in (i) the moneys and investments in the Bond Fund, the Project Fund, the Sinking Fund, the Repair and Replacement Fund, the Reserve Fund and the Optional Redemption Fund covenanted to be created and maintained under this Indenture and (ii) Net Proceeds of any insurance or condemnation award held by the Trustee pursuant to the terms of the Loan Agreement, the Mortgage or this Indenture.

III.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, assigned or transferred, or in which a security interest is granted by the Agency or the Corporation or by anyone on behalf of them or with their written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same according to the terms hereof, including but not limited to the Mortgage.

TO HAVE AND TO HOLD all and singular the said property hereby conveyed and assigned, or agreed or intended so to be, to the Trustee, its successor or successors in trust and its and their assigns, FOREVER.

IN TRUST NEVERTHELESS, upon the terms and trust herein set forth, for the equal and proportionate benefit, security and protection of all Holders of the Bonds issued or to be issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any of the others;

PROVIDED, HOWEVER, that if the Agency, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and the premium (if any) and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property hereby assigned or 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 Agency has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective owners from time to time of the said Bonds or any part thereof, as follows, that is to say:

ARTICLE I

Definitions and Interpretation

Section 1.01. **Definitions.** Unless the context otherwise requires, the terms defined in this Article I and in the recitals and succeeding Articles of this Indenture shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Act” has the meaning set forth in the recitals hereto, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Bonds” means any Additional Bonds issued pursuant to Section 2.09 hereof.

“Agency” means the Capital Trust Agency, or its successors and assigns.

“Agency Documents” means the Loan Agreement, this Indenture and any other agreement, certificate, contract, or instrument to be executed by the Agency in connection with the issuance of the Bonds or the financing of a portion of the Project.

“Agency Indemnified Party” or “Agency Indemnified Parties” means each Sponsoring Political Subdivision, the Local Agency, and each of their respective past, present, and future incorporators, directors, board members or commissioners, council members, governing members, trustees, commissioners, officers, elected or appointed officials, Authorized Agency Officers, counsel, advisors, and agents and employees, together with their respective successors and assigns individually and collectively.

“Agency Unassigned Rights” means the rights of the Agency under the Loan Agreement and under this Indenture to (a) inspect books and records; (b) give or receive notices, approvals, consents, requests and other communications; (c) receive payment or reimbursement for expenses, including without limitation payments required under Sections 4.03, 7.04, 7.05 and 8.02 of the Loan Agreement and the Annual Agency’s Fee; (d) immunity from and limitation of liability; and (e) indemnification by the Corporation; and further, to enforce, in its own name and on its own behalf, those provisions hereof and of the Loan Agreement and any other document, instrument or agreement entered into with respect to the Bonds that provides generally for the foregoing enumerated rights or any similar rights of the Agency. For avoidance of doubt, the “Agency Unassigned Rights” referenced in clauses (d) and (e) above, shall be interpreted broadly to encompass (but not be limited to) the rights of the Agency Indemnified Parties to immunity from and limitation of liability and indemnification by the Corporation as provided in the Loan Agreement.

“Assignment” or “Lease Assignment” means the assignment of leases and rents included in the Mortgage.

“Authorized Corporation Representative” means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Agency and the Trustee, containing the specimen signature of such person and signed by the Chairperson, the Vice

Chairperson, the President, the Chief Executive Officer, the Secretary, the Assistant Secretary, the Treasurer or the Chief Financial Officer of the Corporation. Such Certificate may designate an alternate or alternates.

“Authorized Agency Representative” means the person at the time designated to act on behalf of the Agency by resolution or written certificate furnished to the Corporation and the Trustee, containing the specimen signature of such person and signed on behalf of the Agency by its Board Chair. Such Certificate may designate an alternate or alternates.

“Beneficial Owner” means, with respect to the Bonds while in Book-Entry Form, each person who beneficially owns such Bond(s) and on whose behalf, directly or indirectly, such Bond is held by the Depository pursuant to the Book-Entry System.

“Bond Counsel” means Independent nationally recognized bond counsel selected by the Corporation and approved by the Agency.

“Book-Entry Form” means Bonds which are held in the name of the Depository (or its nominee) with each maturity evidenced by a single Bond certificate.

“Book-Entry System” means a system of record-keeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and the Participants.

“Bond Fund” means the Bond Fund established under Section 5.01 of this Indenture.

“Bond Resolution” means the resolution of the Agency adopted by the governing board of the Agency December 8, 2016, authorizing the Series 2017 Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof and particularly as ratified and reaffirmed on June 29, 2017.

“Bonds” means Series 2017 Bonds, together with any Additional Bonds issued pursuant to Section 2.09 hereof.

“Business Day” means any day other than a Saturday, a Sunday or a day on which the principal office of the Trustee is closed.

“Capitalized Interest Account” means the Capitalized Interest Account in the Bond Fund established under Section 5.01 of this Indenture.

“Certificate” means a certification in writing required or permitted by the provisions of the Loan Agreement or this Indenture signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of Section 1.02 hereof, each Certificate shall include the statements provided for in said Section 1.02.

“Certified Resolution” means a certified copy of a resolution of the governing body of the Agency to have been duly adopted by said governing body and to be in full force and effect on the date of such certification.

“Closing Date” means the date on which the Series 2017 Bonds are delivered to or upon the order of the Underwriter thereof.

“Corporation” or “Borrower” means Elim Senior Housing, Inc., a nonprofit corporation organized and existing under the laws of the State of Minnesota and authorized to do business in the State of Florida, its successors and assigns.

“Corporation Documents” the Loan Agreement, the Mortgage, the Tax Certificate, and any other agreement, certificate, contract, or instrument to be executed by the Corporation in connection with the issuance of the Bonds or the financing of the Project.

“Default” when used in this Indenture, means default by the Agency in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture, or in the Series 2017 Bonds outstanding hereunder, exclusive of any notice or period of grace required for a default to constitute an “event of default” as hereinafter provided.

“Depository” means The Depository Trust Company in New York, New York, its successors or assigns, or any other person who shall be a Holder of all Bonds directly or indirectly for the Beneficial Owners to act as the Depository; provided that any Depository shall be registered or qualified as a “clearing agency” within the meaning of Section 17A of the Securities Exchange Act, as amended.

“Determination of Taxability” means the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision by any court of competent jurisdiction that interest on the Series 2017 Bonds is includable in the gross income of the recipient under Section 103 and related Sections of the Internal Revenue Code and regulations thereunder, provided that the period for a contest or appeal, if any, of such action, ruling or decision has expired without any such appeal or contest having been instituted, or, if instituted, such contest or appeal has been unsuccessfully concluded. Inclusion of interest on the Series 2017 Bonds in the computation of any alternative minimum tax shall not be a Determination of Taxability.

“Disbursing Agreement” means the Construction Disbursement Agreement, dated as of August 1, 2017, among the Corporation, the Trustee and KP Studio Architect, P.A.

“Draw Request” means a request for payment of funds from the Project Fund submitted to the Trustee pursuant to the Disbursing Agreement.

“Event of Default” means an Event of Default described in Section 7.01 of this Indenture which has not been cured.

“Fund” means, whenever used with reference to this Indenture, the Project Fund, the Bond Fund, the Sinking Fund, the Repair and Replacement Fund, the Reserve Fund and/or the Optional Redemption Fund.

“Holder”, “Bondholder” or “owner” whenever employed herein with respect to a Bond means the person in whose name such Bond shall be registered.

“Indenture” means this Trust Indenture between the Agency and U.S. Bank National Association, as Trustee, dated as of August 1, 2017, under which the Bonds are authorized to be issued, and including any amendments or supplements thereto.

“Independent”, when used with reference to an attorney, engineer, architect, certified public accountant, consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the transaction to which his Certificate or opinion relates (other than payment to be received for professional services rendered), and (iii) is not connected with the Agency or the Corporation as an officer, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Independent Engineer” means an Independent engineer or engineering firm or an Independent architect or architectural firm selected by the Corporation qualified to practice the profession of engineering or architecture under the laws of Florida.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Land” means the land and interests in land constituting the site of the Project Buildings, as described in Exhibit A to the Mortgage, subject to the provisions of Section 5.08 of the Loan Agreement providing for the release of real property.

“Lease Assignment” or “Assignment” means the assignment of leases and rents included in the Mortgage.

“Letter of Representations” means the Blanket Letter of Representations between the Depository and the Agency and any amendments or supplements thereto.

“Liquidity Provider” means Elim Homes, Inc.

“Liquidity Support Agreement” means the Liquidity Support Agreement dated as of August 1, 2017 among the Borrower, Trustee and the Liquidity Provider.

“Local Agency” means the City of Wildwood, Florida.

“Loan Agreement” means the Loan Agreement of even date herewith, between the Agency and the Corporation, as amended or supplemented from time to time.

“Loan Repayments” means the payments made or to be made by the Corporation pursuant to Section 4.02 of the Loan Agreement.

“Mortgage” means the Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents of even date herewith from the Corporation to the Trustee, as mortgagee, and all amendments and supplements thereto.

“Net Proceeds” means, when used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation, as owner, or the Trustee, as secured party, of the Project Facilities, less the cost of recovery (including attorneys’ fees) of such moneys from the insuring company or the condemning authority.

“Net Revenues Available for Debt Service” means the Gross Revenues for a specified period, less the total Operating Expenses of the Borrower of the same specified period (excluding extraordinary losses and expenses or non-recurring items), as determined in accordance with generally accepted accounting principles applied on a consistent basis, to which shall be added the amount of all depreciation, amortization and interest expense, all for the same specified period.

“Operating Assets” means any or all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory owned or operated by the Borrower and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

“Operating Expenses” means, in any fiscal year, direct and indirect costs and expenses (including depreciation, allowance for doubtful accounts, amortization and interest expense) incurred by the Corporation, as determined by generally accepted accounting principles and the Corporation’s audited financial statements.

“Opinion of Counsel” means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Corporation or Agency and acceptable to the Trustee or appointed by the Trustee. If and to the extent required by the provisions of Section 1.02 hereof, each Opinion of Counsel shall include the statements provided for in said Section 1.02.

“Optional Redemption Fund” means the Optional Redemption Fund established under Section 5.02 of this Indenture.

“Outstanding” when used as of any particular time with reference to Bonds means (subject to the provisions of Section 9.03 of this Indenture pertaining to Bonds held by the Agency and the Corporation) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of this Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.07 pertaining to replacement of Bonds.

“Permitted Encumbrances” means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-

of-way, mineral rights, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Buildings, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Corporation, (iv) the Mortgage, (v) any mortgage lien subordinate to the lien of the Mortgage to be granted by the Corporation after the date of issuance of the Bonds in connection with any indebtedness for borrowed money, provided, however, that the terms of any such indebtedness shall require notice of any default thereunder to be provided to the Trustee and shall provide the Trustee with an opportunity to cure any such default; and (vi) those additional encumbrances identified in Exhibit B to the Mortgage.

“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 2.07 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 described in Section 1.03 hereof.

“Project Buildings” shall have the meaning set forth in the Loan Agreement.

“Project Costs” shall have the meaning set forth in Section 4.04 hereof.

“Project Equipment” shall have the meaning set forth in the Loan Agreement.

“Project Facilities” shall have the meaning set forth in the Loan Agreement.

“Project Fund” means the Project Fund established under Section 4.02 hereof.

“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.

“Qualified Investments” means investments authorized by the Act and described in Section 5.04 of this Indenture.

“Rebate Fund” means the Rebate Fund established under Section 5.07 hereof.

“Redeem” or “redemption” means and includes “prepay” or “prepayment” as the case may be.

“Regular Record Date” for the interest payable on any interest payment date on the fully registered Bonds of any series means the date specified in the provisions of this Indenture creating such series.

“Repair and Replacement Fund” means the Repair and Replacement Fund established under Section 5.06 hereof.

“Reserve Fund” means the Reserve Fund established under Section 5.03 hereof.

“Reserve Requirement” means (a) for the Series 2017 Bonds, an amount equal to \$_____, which is the lesser of (i) 10% of the original principal amount of the Series 2017 Bonds, (ii) 125% of the average annual debt service payment on the Series 2017 Bonds (excluding the final maturity of the Series 2017 Bonds), or (iii) the maximum annual debt service payable on such Series 2017 Bonds, and (b) for any series of Additional Bonds issued on a parity with the Series 2017 Bonds, an amount, determined at the time of issuance of such Additional Bonds, equal to the lesser of (i) 10% of the original principal amount of such Additional Bonds, (ii) 125% of the average annual debt service payment on such Additional Bonds, or (iii) the maximum annual debt service payable on such Additional Bonds.

“Responsible Officer” of any Trustee hereunder means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, every corporate trust officer, and every officer and assistant officer of such trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

“Series 2017 Bonds” means the Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017, authorized by this Indenture, the Loan Agreement and the Bond Resolution and described in Section 2.01 of this Indenture.

“Sinking Fund” means the Sinking Fund established under Section 3.08 hereof, which Sinking Fund may be maintained by the Trustee as part of the Bond Fund.

“Special Record Date” for the payment of any Defaulted Interest (as defined in Section 2.05 hereof) on fully registered Bonds means a date fixed by the Trustee pursuant to Section 2.05 hereof “Total Principal and Interest Requirements” means, in any fiscal year, the total amount of principal of and interest on any indebtedness of the Corporation, including indebtedness in the form of capitalized leases and installment purchase agreements, with a term (including extensions and renewals) of more than one year, and including any indebtedness represented by Bonds then outstanding, which is to be due and payable in such fiscal year, but excluding any interest expense which has been funded from the proceeds of Bonds or other indebtedness.

“Sponsoring Political Subdivisions” means, collectively, the City of Gulf Breeze, Florida and the Town of Century, Florida.

“Tax Certificate” means the Tax Certificate and Agreement (including any exhibits and attachments thereto) by and between the Agency, the Corporation, and the Trustee, dated August __, 2017.

“Tax-Exempt Bonds” means any Bonds issued hereunder, the interest on which is excluded from gross income for federal income tax purposes.

“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.

“Trustee” means the trustee at the time serving as such under the Indenture.

“Trust Estate” means the interest of the Agency in the Loan Agreement assigned under Granting Clause I of the Indenture; the revenues, moneys, investments, contract rights, general intangibles and instruments and proceeds and products and accessions thereof as set forth in Granting Clause II of this Indenture; and additional property held by the Trustee pursuant to Granting Clause III of this Indenture, including the Mortgage.

“Underwriter” means Herbert J. Sims & Co., Inc.

Section 1.02. Characteristics of Certificate or Opinion. Any Certificate made or given by an officer of the Agency or the Corporation or by an Independent Engineer, architect, consultant or other person may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such person knows that the Opinion with respect to the matters upon which his Certificate may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous. Any such Certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Agency or the Corporation, upon a supporting Certificate of an officer or officers of the Agency or the Corporation, unless the signer knows that the supporting Certificate with respect to the matters upon which his Certificate or opinion may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.03. Description of Project. The term “Project” refers to financing, refinancing or reimbursing the Corporation for certain capital improvements for or to the Corporation for the cost of certain capital improvements for or to the senior living facilities of the Corporation, to be situated on a 20-acre parcel located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, in the City of Wildwood, Florida, Sumter County, Florida, and expected to consist of approximately 184,516 square feet of building space and ancillary facilities, accommodating approximately 107 assisted living units, 48 memory care units, 2 guest units and a town center.

Section 1.04. Additional Provisions as to Interpretation. The following shall apply to the construction of this Indenture unless the context otherwise requires:

(a) 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.

(b) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” “direction” or similar action under this Indenture by any party must be in writing and signed by a duly authorized representative of such party with a duly authorized signature.

(c) All references in this Indenture to “counsel fees,” “attorneys’ fees” or the like mean and include fees and disbursements allocable to in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and

during any proceedings of a governmental or regulatory body, judicial or administrative hearing, trial and appeal and in any bankruptcy or arbitration proceedings.

(d) Whenever the word "includes" or "including" is used, such word means "includes or including by way of example and not limitation."

(e) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the reasonable discretion of the party whose approval, consent or acceptance is required except to the extent otherwise specified herein.

(f) For purposes hereof, the Agency shall not be deemed to have knowledge of any fact or the occurrence of any event unless and until the Agency Authorized Officer has written notice thereof or actual knowledge thereof.

(g) Any headings preceding the texts of the several Articles and Sections of this Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(h) Whenever the Agency is named or referred to, it shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Agency contained in this Indenture shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, issuer, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

(i) 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. Reference herein to particular articles or sections are references to articles or sections of this Indenture unless some other reference is otherwise indicated.

(j) Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be sufficient to pay the principal amount of such Bonds and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

(k) Any terms defined in the Loan Agreement or Mortgage but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

This Indenture is governed by and shall be construed in accordance with the laws of Florida.

ARTICLE II

Form, Execution and Registration of Bonds

Section 2.01. Form, Maturities and Numeration of Series 2017 Bonds. The Series 2017 Bonds to be issued and secured under this Indenture shall be designated "Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017". The Series 2017 Bonds and Certificates of Trustee and Assignment shall be substantially in the form set forth in the recitals hereof. The Series 2017 Bonds shall be issued in fully registered form in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof not exceeding the principal amount maturing in any year, initially numbered from R-1 upwards in order of maturity, and the Series 2017 Bonds originally issued, and not in exchange for Predecessor Bonds, shall be dated the date of delivery. Series 2017 Bonds issued in exchange for Predecessor Bonds shall be dated the date to which interest has been paid on the Series 2017 Bonds being surrendered for exchange, or dated the date of delivery if issued prior to the first interest payment date, and shall be numbered in order of issuance commencing with the next number after the highest number assigned to the initial Bonds. No single Series 2017 Bond shall represent principal payable or maturing in different years. The Series 2017 Bonds shall bear interest payable semiannually on February 1 and August 1 each year, commencing February 1, 2018, from the date of delivery or the most recent interest payment date to which interest has been paid or duly provided for. Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months. The principal and redemption price of the Series 2017 Bonds shall be payable to the registered owner upon presentation at the office of the Trustee in such coin or currency of the United States of America as may be, on the respective dates of payment thereof, legal tender for the payment of public and private debts, and interest on Series 2017 Bonds shall be paid by check or draft mailed to the registered owner at his registered address. The Regular Record Date for the payment of interest on the Series 2017 Bonds payable, and punctually paid or duly provided for, on any interest payment date shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. The Series 2017 Bonds shall be in the aggregate principal amount of \$_____, and shall mature on August 1 of the years and bear interest at the rates per annum, according to years of maturity, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
	\$	%

The Bonds shall be subject to mandatory redemption through operation of the Sinking Fund as provided in Section 3.08.

Section 2.02. Execution of Bonds. The Bonds shall be signed in the name of the Agency by the manual or facsimile signature of the Chair of the governing body of the Agency, or signed by other officers of the Agency, and said signatures shall be authenticated by the Trustee, which is hereby designated as authenticating agent. The official seal of the Agency may be omitted from the Bonds as permitted by law. In the event that any of the officers whose signatures appear on any Bonds shall cease to be officers of the Agency before such Bonds shall have been authenticated or delivered by the Trustee, such Bonds may, nevertheless, be authenticated, delivered, and issued, and upon such authentication, delivery and issue, shall be binding upon the Agency as though those officers who signed and sealed the same had continued to be such officers of the Agency; and, also, any Bond may be signed and sealed on behalf of the Agency by such person who, at the actual date of execution of such Bond, shall be the proper Authorized Agency Representative, although at the date of such Bond such person shall not have been such an Authorized Agency Representative. Upon the execution and delivery of this Indenture the Agency shall execute and deliver the Series 2017 Bonds to the Trustee for authentication.

Section 2.03. Authentication of Bonds. No Bonds shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder or under the Loan Agreement or the Bond Resolution unless a Responsible Officer of the Trustee shall manually endorse and execute on such Bond a certificate of authentication substantially in the form of the Certificate of Trustee hereinabove set forth. Such Certificate of Trustee upon any Bond shall be conclusive evidence that such Bond so authenticated has been duly issued under this Indenture and that the Holder thereof is entitled to the benefits of this Indenture, the Loan Agreement, and the Bond Resolution.

No Bonds shall be authenticated by the Trustee except in accordance with this Article.

The Trustee shall not be required to authenticate any Bond unless provided with the documents referred to in Section 2.08 and, with respect to Additional Bonds, Section 2.09 hereof and such further Certified Resolutions, Certificates, instruments or Opinions of Counsel as the Trustee may reasonably require with respect to the validity of the Bonds to be issued and the right and authority of the Trustee to authenticate such Bonds.

Section 2.04. Registration, Transfers and Exchange. As long as any of the Bonds issued hereunder shall remain outstanding, the Trustee shall maintain and keep at the office of the Trustee, as paying agent, an office or agency for the payment of the principal of and interest on such Bonds, as in this Indenture provided, and for the registration and transfer of such Bonds, and shall also keep at said office of the Trustee records of such registration and transfer. The Agency does hereby appoint the Trustee, and its successors in the trust from time to time, as its agent to maintain said office and agency at the office of the Trustee.

Upon surrender for transfer of any fully registered Bond at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, and upon payment of any tax, fee or other governmental charge

required to be paid with respect to such transfer, the Agency shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more fully registered Bonds of the same series, of any authorized denominations and of a like aggregate principal amount, interest rate and maturity.

Except as the right of exchange may be limited as to Bonds of any series, fully registered Bonds, upon surrender thereof at the office of the Trustee may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of fully registered Bonds of the same series, maturity and interest rate of any authorized denominations.

In all cases in which the privilege of exchanging Bonds or transferring fully registered Bonds is exercised, the Agency shall execute and the Trustee shall deliver Bonds in accordance with the provisions of this Indenture. For every such exchange or transfer of Bonds, whether temporary or definitive, the Agency or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Agency or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation pursuant to the Loan Agreement. The Agency shall not be obligated to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of Bonds. The Agency and Trustee shall not be required to make any transfer or exchange of any Bonds called for redemption.

THIS BOND IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND UNLESS THE TRUSTEE AND THE ISSUER HAVE RECEIVED AN INVESTMENT GRADE NOTICE, AND THE ISSUER HAS GIVEN ITS WRITTEN CONSENT, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN "ACCREDITED INVESTOR" UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT. EACH PURCHASER HEREOF AGREES TO PROVIDE ADVANCE WRITTEN NOTICE OF THE RESTRICTION ON TRANSFERS TO ANY PROPOSED TRANSFeree OF A BENEFICIAL OWNERSHIP INTEREST IN THE PURCHASED BOND.

UNLESS THE RESTRICTIONS TO TRANSFER DESCRIBED ABOVE HAVE BEEN WAIVED IN WRITING BY RESOLUTION OF THE ISSUER, DULY ADOPTED, EACH TRANSFeree OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFeree IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A PROMULGATED BY THE SECURITIES ACT, OR AN "ACCREDITED INVESTOR" UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT AND WILL ONLY TRANSFER, RESELL, REOFFER, PLEDGE OR OTHERWISE TRANSFER THIS BOND TO A SUBSEQUENT TRANSFeree WHO IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED UNDER RULE 144A

PROMULGATED BY THE SECURITIES ACT, OR AN “ACCREDITED INVESTOR” UNDER REGULATION D PROMULGATED PURSUANT TO THE SECURITIES ACT.

Section 2.05. Payment of Interest on Bonds; Interest Rights Preserved. Interest on any fully registered Bond of any series which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such interest specified in the provisions of this Indenture creating such series.

Any interest on the Bonds 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 registered 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 Trustee, at the election of the Trustee in each case, as provided in Subsection A or B below:

(A) The Trustee may elect to make payment of any Defaulted Interest on the fully registered Bonds of any series 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 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 Trustee of the funds with which to make the proposed payment. The Trustee shall promptly notify the Corporation and the Agency of such Special Record Date 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 registered owner of a fully registered Bond at his address as it appears in the registration records maintained by the Trustee 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 Subsection B.

(B) The Trustee may make payment of any Defaulted Interest on the fully registered Bonds of any series in any other lawful manner, if such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this 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 that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.06. Ownership of Bonds. As to any Bond, the Agency, the Corporation and the Trustee and their respective successors, each in its discretion, may deem and treat the person in whose name the same for the time being shall be registered, according to the registration

records maintained by the Trustee hereunder, as the absolute owner thereof for all purposes and neither the Agency nor the Trustee nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.07. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds. In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond of like tenor, number and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trustee that such Bond has been destroyed, stolen or lost and upon furnishing the Agency, the Trustee and the Corporation with indemnity satisfactory to them and complying with such other reasonable regulations as the Agency, the Trustee and the Corporation may establish and payment of any expenses which the Agency, the Trustee or the Corporation may incur in connection therewith. In the event any such Bond shall have matured, instead of issuing a substitute Bond, the Agency may pay the same without surrender thereof.

Section 2.08. Conditions for Authentication of Series 2017 Bonds. The Trustee shall not authenticate and deliver the Series 2017 Bonds to be issued and delivered pursuant to the Indenture unless theretofore or simultaneously therewith there shall have been delivered to the Trustee the following (other than the items set forth in subparagraphs (e) and (g) below):

- (a) Certified copies of the Bond Resolution authorizing the issuance of the Series 2017 Bonds and the execution and delivery of the Loan Agreement and this Indenture.
- (b) Executed counterparts of the Loan Agreement, this Indenture, and the Mortgage executed by the Corporation.
- (c) The manually signed approving opinion of Squire Patton Boggs (US) LLP, as Bond Counsel, concerning the validity and legality of the Series 2017 Bonds and exclusion of interest thereon from gross income, for purposes of federal income taxation.
- (d) An order for authentication and registration of the Series 2017 Bonds, signed by an Authorized Agency Representative, specifying the aggregate principal amount of the Series 2017 Bonds to be issued, and directing the Trustee to deliver the Series 2017 Bonds described therein to or upon the order of the purchaser thereof upon payment of the purchase price set forth therein.
- (e) A policy of title insurance or commitment therefor to the effect that the Corporation has good and marketable fee simple title to the Land and the Mortgage constitutes a first mortgage lien against the Land, subject to Permitted Encumbrances.

(f) A Certificate of the Agency pursuant to Section 148 of the Internal Revenue Code as to absence of arbitrage expectation, which may be based on a certificate or certifications of the Corporation.

(g) Such further certifications, documents and Opinions of Counsel as the Agency or Bond Counsel may require.

Section 2.09. Authorization of Additional Bonds. In addition to the Series 2017 Bonds, the Agency may in its discretion, upon request of the Corporation, issue, and the Trustee shall authenticate and deliver, Additional Bonds to provide financing for improvements or additions to the Project Facilities or, subject to applicable law, to refund any Bonds then outstanding and, in case of an advance refunding, the interest thereon to maturity or a specified redemption date. Any such Additional Bonds shall be authorized by resolution of the Agency and described in a supplemental indenture executed by the Agency and the Trustee and, when so issued, authorized and described, shall be secured by this Indenture and the Trust Estate on a parity with the Bonds then outstanding under this Indenture; provided, that no such Additional Bonds shall be issued under the Indenture or secured by the Trust Estate on a parity with the outstanding Bonds unless the following conditions are met:

(a) The Loan Agreement shall be in effect and no Event of Default or Default, as such terms are defined in the Loan Agreement, shall exist thereunder which has not been or is not to be cured.

(b) The exemption of the interest on any Bonds then outstanding from federal income taxation shall not be impaired by the issuance of the Additional Bonds and the Trustee shall have been furnished an opinion of Bond Counsel to such effect.

(c) A future advance supplement to the Mortgage shall be entered into describing the Additional Bonds and the Loan Repayments for the Additional Bonds as additional indebtedness secured by the Mortgage, and subjecting to the lien of the Mortgage any additional property to be acquired or improved in connection with the issuance of the Additional Bonds.

(d) A Certificate of the Authorized Corporation Representative shall be delivered to the Trustee to the effect that the proceeds of the Additional Bonds, together with any additional funds supplied or to be supplied by the Corporation, are estimated to be sufficient to complete the improvements to be financed thereby or the cost of the refunding, as the case may be.

(e) The Corporation shall furnish to the Trustee evidence that the provisions of Section 6.11 of the Loan Agreement relating to the incurrence of additional Indebtedness have been satisfied.

The Trustee shall not authenticate any such Additional Bonds until there is also delivered to the Trustee a Certified Resolution of the Agency authorizing the Additional Bonds, executed counterparts of amendments to the Loan Agreement providing for the additional payments and related provisions to provide for the payment of the Additional Bonds, and such amendments and

further documents of the kind not described in this Section but described in Section 2.08 to the extent applicable to the Additional Bonds.

Section 2.10. Book-Entry System. Unless otherwise provided by a Supplemental Indenture to be entered into in connection with the issuance of Additional Bonds of any series, all Bonds shall be initially issued in Book-Entry Form, by using and delivering to the Depository one typed Bond for each stated maturity of the Bonds, registered to CEDE & Co. While the Bonds remain issued in Book-Entry Form, the provisions of this Indenture which conflict with the operation of the Book-Entry System shall not apply, and the provisions of the Letter of Representations and related requirements of the Depository relating to such Book-Entry System and the following provisions shall prevail.

(a) Registration, Recording and Transfer of Ownership. The Depository (or its nominees) shall be and remain recorded on the registration records maintained by the Trustee as the Holder of all Bonds that are in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from one Depository to another (or its nominee) or except to terminate the Book-Entry Form. All Bonds of each stated maturity in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of the Depository (or its nominee); provided, however, that upon termination of the Book-Entry System with respect to the Bonds, either at the direction of the Depository or as directed by written notice from the Agency to the Corporation, the Trustee and the Depository, the Agency shall, upon delivery of all Bonds of that series from the Depository, promptly execute, and the Trustee shall thereupon authenticate and deliver, Bonds of that series to all persons who were Beneficial Owners thereof immediately prior to such termination; and the Trustee shall register such Beneficial Owners as Holders of the applicable Bonds. The Trustee, as bond registrar and paying agent, shall maintain accurate books and records of the principal balance, if any, of each such Outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Trustee shall designate thereon the principal balance remaining on such Bond according to the Trustee's books and records.

(b) Notices. The Agency and the Trustee shall each give notices to the Depository of such matters and at such times as are required by the Letter of Representations and related requirements of the Depository. All notices of any nature required or permitted hereunder to be delivered to a Holder of a Bond in Book-Entry Form shall be transmitted to Beneficial Owners of such Bonds at such times and in such manner as shall be determined by the Depository and the Participants in accordance with applicable procedures of the Book-Entry System.

(c) Payments. All payments of principal of, premium, if any, and interest on Bonds while in Book-Entry Form shall be paid to the Depository in accordance with applicable procedures of the Book-Entry System in same day funds by wire transfer. All payments of principal of, premium, if any, and interest on any Bonds in Book-Entry Form due Beneficial Owners shall be made at such times and in such manner as shall be determined by the Depository and the Participants in accordance with applicable procedures of the Book-Entry System.

(d) Limitations on Liability. With respect to Bonds in Book-Entry Form, and any Beneficial Owners thereof, except as expressly provided to the contrary herein, the Agency, the Corporation and the Trustee shall have no responsibility, liability or obligation of any nature whatsoever with respect to (i) the non-payment to any Beneficial Owner or any other person, other than the Depository, of any amount due for principal or interest; (ii) the failure to give any notice or other information to the applicable Beneficial Owner; (iii) the inaccuracy of the records of the Depository or any Participant, or (iv) the failure in any manner of the Depository or any Participant to timely or properly comply with procedures or requirements of the Book-Entry System. No such payment, failure or inaccuracy shall cause an Event of Default under the Indenture or the Loan Agreement.

ARTICLE III

Redemption of Bonds

Section 3.01. Redemption of Series 2017 Bonds. The Series 2017 Bonds shall be subject to redemption prior to maturity only as follows:

(a) The Series 2017 Bonds maturing after August 1, 20__, are subject to optional prior redemption, in whole or in part, and if in part in inverse order of maturity and by random selection within a maturity, and in integral multiples of \$5,000, at the direction of the Corporation, on August 1, 20__, and any business day thereafter at the following redemption price, plus accrued interest.

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 20__ through July 31, 20__	<u> </u> %
August 1, 20__ and thereafter	100%

(b) The Series 2017 Bonds are subject to extraordinary redemption on any Business Day in whole, but not in part, at a redemption price equal to par, plus accrued interest to the redemption date, upon the happening of certain events of damage to or destruction or condemnation of the Project Facilities or change of law rendering the Loan Agreement unenforceable or impossible of performance, all as more fully provided in Sections 4.06, 5.10 and 5.11 of the Loan Agreement.

(c) The Series 2017 Bonds are subject to mandatory redemption through operation of the Sinking Fund provided for in Section 3.08 hereof, at a redemption price equal to par plus accrued interest, such Bonds of the applicable maturity to be selected by random selection by the Trustee, on December 1 of the years and in the amounts, respectively, set forth in Section 3.08.

(d) The Series 2017 Bonds are also subject to mandatory redemption in the event a Determination of Taxability shall be made. In such event, each of the outstanding Series 2017 Bonds shall be subject to mandatory redemption and shall be redeemed on a Business Day after notice to the Corporation of the Determination of Taxability, and the Corporation shall cause notice thereof to be given to the Holders of the 2017 Bonds, as

more fully provided in Section 4.07 of the Loan Agreement, at a redemption price equal to par, plus accrued interest.

Notice of any such redemption of Bonds shall be mailed in the form provided by Section 3.02 and in the manner and to the extent required by Section 3.03. On or prior to the date fixed for redemption, funds shall be deposited with the Trustee sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions, any Bonds thus called shall not bear interest after the call date, and except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Section 3.02. Written Notice to Trustee. If the Bonds are to be redeemed pursuant to Section 3.01 hereof, and written notice of an election to exercise an option to redeem Bonds under Section 4.06 of the Loan Agreement or written notice of a Determination of Taxability under Section 4.07 of the Loan Agreement shall have been given to the Trustee by the Corporation, the Trustee shall prepare a notice in the name of the Agency or in its own name describing the outstanding Bonds to be redeemed, the date of redemption, and the redemption price. If the Corporation shall fail to give notice of redemption under Section 4.07(b) of the Loan Agreement, the Trustee is authorized to give notice of redemption, as provided by Section 4.07(c) of the Loan Agreement.

Section 3.03. Mailing of Notice. Notice of redemption (including when only a portion of the Bonds is to be redeemed, the series and numbers of such Bonds or the maturities thereof) shall be mailed by the Trustee, not less than thirty days nor more than sixty days before the redemption date, by first class mail, to the registered owners of any Bonds which are to be redeemed, at their last addresses appearing upon the registration records maintained by the Trustee hereunder. No notice of redemption need be given if the Holders of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee.

Section 3.04. Deposit for Redemption. On or prior to the redemption date, there shall be deposited with the Trustee cash in an aggregate amount which shall be sufficient to pay the redemption price of the Bonds to be redeemed, and interest thereon to the redemption date; and there shall be deposited, or arrangements shall be made with the Trustee to deposit, with the Trustee a sum sufficient to pay the proper expenses and charges of the Trustee in connection with such redemption. Upon deposit with the Trustee of the aggregate amount of such redemption price and interest, such moneys shall be set aside by the Trustee and held by it for the account of the respective Holders of the Bonds being redeemed.

Section 3.05. Payment of Redeemed Bonds. After notice of redemption shall have been given as provided in Section 3.03, the Bonds specified in such notice shall become due and payable on the redemption date. Payment of the redemption price and interest shall be made to or upon order of each registered owner, upon the surrender of the Bonds. Any installment of interest maturing on or prior to the redemption date shall be payable to the registered owners of Bonds on the relevant Record Dates according to the terms of such Bonds and the provisions of Section 2.05 hereof and the notice of redemption herein provided for may so state. If redemption moneys are available for the payment of all of the Bonds called for redemption on the redemption date, the Bonds so called shall cease to draw interest after the redemption date, and

such Bonds shall not be deemed to be outstanding hereunder for any purpose, except that the Holders thereof, on presentation, as herein provided, shall be entitled to receive payment of the redemption price and interest accrued thereon to the redemption date from the moneys set aside by the Trustee as aforesaid.

Section 3.06. Cancellation of Redeemed Bonds. All Bonds so redeemed shall forthwith be cancelled and destroyed by the Trustee and, upon request, a certificate of destruction furnished to the Agency; and no further Bonds shall be executed or authenticated or issued hereunder in exchange or substitution therefor.

Section 3.07. Partial Redemption of Bonds. If less than all of the Bonds of a particular maturity at the time outstanding are to be called for prior redemption, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by random selection, except as otherwise provided herein, by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds or portions thereof shall be redeemed only in integral multiples of principal amount of \$5,000, in excess of the minimum denomination of \$25,000.

In the case of Bonds of denominations greater than \$25,000, if less than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of principal amount in excess of \$25,000 shall be treated as though it was a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such fully registered Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee (1) for payment of the redemption price (including the redemption premium, if any, and interest to the date fixed for redemption) of the \$5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such fully registered Bond shall be issued to the registered owner thereof, without charge therefor. If the owner of any such fully registered Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for the payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said \$5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of this Indenture, the Loan Agreement or the Mortgage to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption and applicable premium, if any) represented by such \$5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units. Notwithstanding the foregoing, the minimum authorized denomination for the Bonds is \$25,000 and no selection of Bonds for redemption will be made that would reduce any such Bond to a denomination less than \$25,000.

Section 3.08. Sinking Fund. There is hereby established and the Trustee shall during the term hereof, to the extent required hereby, maintain, so long as any of the Series 2017 Bonds shall be outstanding, a separate fund to be designated "Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 Sinking Fund" (herein called the "Sinking Fund"). For the retirement of the Series 2017 Bonds, the Corporation has covenanted in the Loan Agreement to deposit in the Sinking Fund, as required, an amount sufficient to redeem on August 1 of the years indicated below the following principal amounts of the Series 2017 Bonds, on the dates specified (each such date being herein called a "Sinking Fund redemption date") at the principal amount thereof plus accrued interest to the redemption date:

Series 2017 Bonds Due August 1, 20

<u>Year (August 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__	\$ _____
20__	\$ _____

* Maturity Date

Series 2017 Bonds Due August 1, 20

<u>Year (August 1)</u>	<u>Principal Amount</u>
20__	\$ _____
20__	\$ _____
20__	\$ _____

* Maturity Date

From such cash Sinking Fund payments, to the maximum extent possible, the Trustee shall redeem at 100% of the principal amount thereof plus accrued interest to the Sinking Fund redemption date, the respective series of Series 2017 Bonds. At its option, to be exercised on or before the forty-fifth day next preceding any such Sinking Fund redemption date, the Corporation may (i) deliver to the Trustee for cancellation such Series 2017 Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such Sinking Fund redemption obligation for any such Series 2017 Bonds which prior to said date have been purchased or redeemed (otherwise than at the stated maturity thereof or through the operation of such Sinking Fund) and cancelled by the Trustee and not theretofore applied as a credit against such Sinking Fund redemption obligation. Each such Series 2017 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Corporation on such Sinking Fund redemption date and any excess amount shall be credited on future Sinking Fund redemption obligations in chronological order, and the principal amount of such Series 2017 Bonds to be redeemed by operation of the Sinking Fund shall be accordingly reduced. The Corporation shall on or before

the forty-fifth day next preceding each such Sinking Fund redemption date furnish the Trustee with a Certificate of the Authorized Corporation Representative indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this Section are to be availed of with respect to such Sinking Fund payment.

Notwithstanding any other provision hereof or of the Loan Agreement, the Sinking Fund may be established and maintained by the Trustee as a separate subaccount of the Bond Fund.

ARTICLE IV

Bond Proceeds

Section 4.01. Deposit of Series 2017 Bond Proceeds. The Agency shall deposit, or shall direct the Underwriter of the Series 2017 Bonds to deposit, with the Trustee all of the net proceeds of the sale of the Series 2017 Bonds, and the Trustee out of such proceeds shall:

- (a) Deposit to the credit of the Capitalized Interest Account of the Bond Fund capitalized and funded interest in the amount of \$_____; and
- (b) Deposit to the credit of the Reserve Fund an amount equal to the Reserve Requirement; and
- (c) Deposit to the credit of the Working Capital Account of the Project Fund \$_____; and
- (d) Deposit to the credit of the Project Fund the balance of such proceeds.

Section 4.02. Establishment of Project Fund. There is hereby established a separate fund to be maintained by the Trustee hereunder, and there shall be deposited with the Trustee to the credit of such fund (herein called the "Project Fund"), the proceeds of the Series 2017 Bonds as provided herein and additional amounts paid by the Corporation pursuant to Section 3.05 of the Loan Agreement and the Disbursing Agreement. The Agency has no obligation hereunder or under the Act to deposit any moneys in the Project Fund.

The moneys in the Project Fund shall be applied as provided in Section 4.05 below.

Section 4.03. Reserved.

Section 4.04. Project Costs Defined. For the purposes of this Indenture, the Project Costs shall include, without intending thereby to limit or restrict any proper definition of such cost under any applicable laws and generally accepted accounting principles, the following:

- (a) Obligations incurred for labor (including payroll cost of Corporation employees according to time spent by such employees on the Project) and to contractors, builders and materialmen in connection with the acquisition, construction, reconstruction, renovation and installation of the Project, including site improvements, and demolition of any existing buildings on the Land or removal of any equipment (net of any salvage), including obligations for machinery, materials and equipment therefor;

(b) Costs of acquisition of land and buildings and all interests in land and buildings required specifically for the Project.

(c) The cost of any indemnity and surety bonds deemed necessary by the Corporation, the fees and expenses of the Trustee and any paying agent during the construction period, taxes and other municipal or governmental charges levied or assessed during the construction period on the Project or any property acquired therefor, and the premiums for insurance, if any, in connection with the Project during the construction period;

(d) Costs of acquisition and installation of equipment, furnishings, and other tangible personal property required for the Project;

(e) Fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the performance of all other duties of engineers and architects in relation to the Project or the issuance of the Series 2017 Bonds therefor;

(f) Expenses of administration, supervision and inspection properly chargeable to the Project, administrative fees and other expenses relating to the Project, title insurance premiums, abstracting and filing fees, legal expenses and fees, fiscal consultant fees and expenses, costs of audits and of preparing, offering, selling and issuing the Bonds, and initial fees of the Trustee; and

(g) Any other obligation or expense heretofore or hereafter incurred by the Corporation in connection with the Project defined as and constituting a proper project cost under the Act and approved by the Authorized Corporation Representative.

Provided, however, that notwithstanding the foregoing, Project Costs described in this Section shall not include any costs expended by the Corporation prior to the issuance of the Series 2017 Bonds except for: (i) Preliminary Expenditures (as defined in the Tax Certificate); (ii) Project Costs that in the aggregate are not in excess of the lesser of \$100,000 or five percent of the proceeds of the Series 2017 Bonds; or (iii) Project Costs incurred not more than 60 days prior to the date the Corporation made a written declaration of official intent as to reimbursement, pursuant to Section 1.150-2 of the Income Tax Regulations under the Internal Revenue Code of 1986, as amended.

Section 4.05. Payments from Project Fund. From the deposit of Bond proceeds made pursuant to Section 4.01 hereof to the credit of the Project Fund, together with such other moneys of the Corporation as may be furnished therefor, the Trustee shall, disburse funds from the Project Fund in accordance with the Disbursing Agreement. Upon receipt of any such Draw Request the Trustee shall release the amounts so requested and shall be fully protected in doing so. Upon the completion of the Project, the completion date shall be evidenced by delivery to the Trustee of a Certificate of the Authorized Corporation Representative.

All surplus Project Fund moneys remaining in the Project Fund after the completion of the Project and the final draw under the Disbursing Agreement shall be transferred to the Bond

Fund and shall be used to pay debt service on the Bonds next coming due in accordance with Section 5.01 hereof.

Section 4.06. Creation of Working Capital Account; Disbursements. There is hereby established a separate account within the Project Fund to be maintained by the Trustee hereunder, and there shall be deposited with the Trustee to the credit of such account (herein called the “Working Capital Account”), proceeds of the Series 2017 Bonds as provided in Section 4.01 hereof.

So long as no Event of Default exists or is imminent, the Trustee shall disburse funds from the Working Capital Account (a) upon receipt of a requisition for payment substantially in the form attached hereto as Exhibit B by an Authorized Corporation Representative, and (b) on the date moneys are transferred to the Bond Fund pursuant to the second paragraph of Section 4.05 hereof, any funds remaining in the Working Capital Account shall also be transferred to the Bond Fund unless the Corporation certifies to the Trustee that such funds should remain in the Working Capital Account and provides an expected schedule of disbursement.

ARTICLE V

Disposition of Pledged Revenues; Liquidity Support Agreement

Section 5.01. Bond Fund. There is hereby established and the Trustee shall maintain hereunder, so long as any of the Bonds are outstanding, a separate fund to be designated “Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 Bond Fund” (herein called the “Bond Fund”) into which the Agency and Trustee shall make the following deposits:

- (a) From the proceeds of issuance of the Series 2017 Bonds, capitalized and funded interest, which shall be deposited into the Capitalized Interest Account (established below) and used to pay interest due on the Series 2017 Bonds.
- (b) After the Series 2017 Bonds have been delivered and on or before the first day of each month thereafter, or as soon thereafter as received from the Corporation, all payments by the Corporation as Loan Repayments under paragraphs (a) and (b) of Section 4.02 of the Loan Agreement required to be deposited into the Bond Fund.
- (c) All other moneys received by the Trustee from the Corporation when accompanied by directions of the Corporation that such moneys are to be paid into the Bond Fund or used for purposes for which moneys in the Bond Fund may be used.
- (d) All other moneys required to be deposited in the Bond Fund pursuant to any provision of this Indenture, the Loan Agreement, the Mortgage or the Bond Resolution.

The moneys and investments in the Bond Fund are irrevocably pledged and shall be used by the Trustee, from time to time, to the extent required:

FIRST: For the payment of principal of, premium (if any) on and interest on the Bonds, due or to become due within one year, as and when such principal, premium and interest shall become due and payable; and

SECOND: To be used, upon direction by the Corporation, to purchase outstanding Bonds at purchase prices not exceeding par plus accrued interest.

There is hereby established within the Bond Fund a Capitalized Interest Account. On each Interest Payment Date commencing February 1, 2018 and ending on the earlier of _____, 20____ or the depletion of all funds in the Capitalized Interest Account, the Trustee shall use moneys in the Capitalized Interest Account to pay the interest coming due on the Series 2017 Bonds on such date. On _____, 20____ any funds remaining in the Capitalized Interest Account shall be transferred to the Project Fund.

Section 5.02. Optional Redemption Fund. There is hereby established and the Trustee shall maintain hereunder, so long as any of the Bonds are outstanding, a separate fund to be designated "Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 Optional Redemption Fund" (herein called the "Optional Redemption Fund"). There shall be deposited into the Optional Redemption Fund all amounts required to be deposited therein pursuant to any provision of the Loan Agreement or this Indenture, and all amounts designated to be deposited therein by the Corporation.

Amounts on deposit to the credit of the Optional Redemption Fund shall be used, first, to make up deficiencies in the Bond Fund and, second, for the redemption of outstanding Bonds at the request or direction of the Corporation pursuant to Article III hereof or, at the request of the Corporation, for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption.

Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Optional Redemption Fund to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code and as described in Section 4.18 ("Obligation Regarding Rebate") of the Tax Certificate, if the Corporation shall have failed to pay or provide for the payment thereof under Section 4.07(d) of the Loan Agreement or Section 4.18 of the Tax Certificate.

Section 5.03. Reserve Fund. There is hereby established and the Trustee shall maintain hereunder, so long as any of the Bonds are outstanding, a separate fund to be designated "Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 Reserve Fund" (herein called the "Reserve Fund"), into which the Agency and Trustee shall make the following deposits:

(a) An amount equal to the Reserve Requirement, to be deposited in the Reserve Fund as described in Section 4.01(b) hereof.

(b) After the Series 2017 Bonds have been delivered and the Reserve Requirement has been met, the Agency and Trustee shall deposit into the Reserve Fund all moneys and income of the Trust Estate not deposited or required to be deposited in the Bond Fund or Optional Redemption Fund, including all Loan Repayments pursuant to paragraph (d) of Section 4.02 of the Loan Agreement, in order to maintain the funds and investments on deposit in the Reserve Fund in an amount at least equal to the Reserve Requirement, subject, however, to the further provisions of this Section 5.03.

(c) All other amounts required or permitted to be deposited into the Reserve Fund under the Loan Agreement.

In computing the amount in the Reserve Fund, Qualified Investments shall be valued at face value if purchased at par or at the amortized value if purchased at other than par; provided, however, that such Qualified Investments in the Reserve Fund are required to be valued only on each July 1. For purposes of this Section, "amortized value," when used with respect to an obligation purchased at a premium above or at a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Valuation of any particular date shall include the amount of interest then earned or accrued to such date on any moneys or investments in the Reserve Fund.

Notwithstanding any other provision of this Indenture or the Loan Agreement to the contrary, in the event of a failure by the Corporation to make Loan Repayments in the amounts or at the times required under Section 4.02(a) or (b) of the Loan Agreement, the Trustee shall, subject only to the provisions of Section 5.04 hereof, on or before any interest payment date transfer from the Reserve Fund to the Bond Fund any amount required to restore the deficiency and, so long as the balance remaining to the credit of the Reserve Fund thereafter is not less than \$50,000, such transfer shall not result in an Event of Default under the Indenture or Loan Agreement; provided, however, that such amounts transferred from the Reserve Fund to the Bond Fund are restored to the Reserve Fund by the Corporation making Loan Repayments pursuant to Section 4.02(d) of the Loan Agreement in six equal monthly installments, each such installment being in an amount equal to one-sixth of the amount originally transferred, and the first such installment being due on the first day of the month following such original transfer from the Reserve Fund.

The funds and investments in the Reserve Fund are irrevocably pledged to and shall be used by the Trustee, from time to time, as may be required, for the payment of principal of, premium (if any) on and interest on the Bonds as and when such principal and interest shall become due and payable and, subject only to the provisions of Section 7.05 hereof, for that purpose only; provided, nonetheless, that (i) as provided in Section 4.08 of the Loan Agreement, if investment earnings cause the amount on deposit in the Reserve Fund to exceed the Reserve Requirement, the Trustee shall, not less frequently than semiannually, transfer the excess to the Bond Fund, and (ii) moneys and investments in the Reserve Fund shall be transferred to the

Bond Fund when the moneys and proceeds of investments in the Reserve Fund shall be sufficient (with moneys and proceeds of investments in the Bond Fund) to pay when due the principal of and interest on all outstanding Bonds.

Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Reserve Fund to pay the amount of any rebate payment due to the United States in respect of the Bonds under Section 148(f) of the Internal Revenue Code and as described in Section 4.18 of the Tax Certificate, if the Corporation shall have failed to pay or provide for the payment thereof under Section 4.07(d) of the Loan Agreement or Section 4.18 of the Tax Certificate.

Section 5.04. Investment of Funds. Moneys on deposit to the credit of any Fund established or maintained hereunder shall, upon written request by the Authorized Corporation Representative, be invested by the Trustee in (i) direct obligations of or obligations fully guaranteed by the United States of America, (ii) deposits in interest-bearing time deposits or certificates of deposit or similar arrangements, including repurchase agreements, secured by obligations described in (i) hereof which are in the possession of the Trustee or its agent and with respect to which the Trustee has a valid and perfected security interest free and clear of prior claims of third parties; (iii) obligations issued by any federal agency to the extent that such obligations are either guaranteed by or are direct obligations of the United States of America (other than as provided in (i) hereof) and bonds, debentures, participation certificates or notes issued by the Federal National Mortgage Association; (iv) deposits in interest-bearing time deposits or certificates of deposit or similar arrangements (without regard to whether such deposits or arrangements are insured by the Federal Deposit Insurance Corporation) of any lead bank of a bank holding company which has at least an “A-1” or “prime-one” rating or their equivalents from S&P Global Ratings, a division of S&P Global Inc. (“S&P”) or Moody’s Investors Services, Inc., or their successors, or certificates of deposit of any national bank if the amount thereof is fully insured by the FDIC, (v) fixed income securities issued by or on behalf of any State or agency, instrumentality or political subdivision thereof or issued by any corporation organized and existing under the laws of any state of the United States of America or the District of Columbia, which securities are rated not less than “AA-” by S&P or “Aa3” by Moody’s Investors Services, Inc., or their successors; (vi) commercial paper or finance company paper of an issuer which is rated not less than “A-1” or “prime-one” or their equivalents by S&P or Moody’s Investors Services, Inc., or their successors, and whose obligations are rated not less than “AA-” by S&P or “Aa3” by Moody’s Investors Services, Inc., or their successors; (vii) a common trust fund or similar fund maintained by the Trustee exclusively for the collective investment and reinvestment of moneys contributed thereto by the Trustee in its capacity as trustee and whose only investments are in securities described herein; (viii) shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and whose only assets consist of obligations described in (i) or (iii) above; and (ix) an investment agreement (whether or not collateralized) issued by any financial institution maintaining at least an “AA-” rating from S&P or an “Aa3” rating from Moody’s Investors Services, Inc., or their successors (“Qualified Investments”). Qualified Investments permitted under this Section may be purchased through or from the Trustee or from any of its affiliates. Investments so made shall be deemed at all times to be a part of the respective Fund, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Fund.

Except as may otherwise be provided in Section 4.08 of the Loan Agreement and Section 5.03 hereof, any interest accruing on and any profit realized from such investment shall be credited to the respective Fund. Any investments purchased with amounts on deposit in any Fund under this Indenture may be exchanged for cash or investments of equal value credited to any other Fund. The Trustee shall redeem or sell, at fair market value, any investments so made, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Fund. Neither the Trustee nor the Agency shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. The Corporation acknowledges that the investments it authorizes in its written investment directions must be authorized by the Act and are limited as to amount and yield of investment in such manner that no part of the outstanding Tax-Exempt Bonds shall be deemed "arbitrage bonds" under Section 148 of the Internal Revenue Code and regulations thereunder. The Trustee shall be fully protected in relying on the investment direction of the Authorized Corporation Representative as to the suitability and the legality of such directed investments and any such written investment direction shall be deemed a certification by the Authorized Corporation Representative that such directed investments constitute Qualified Investments. In the absence of such written investment direction the Trustee shall hold amounts uninvested in cash, without liability for interest.

The Agency and the Corporation agree that investment confirmations are hereby waived to the extent permitted by law and that trust accounts statements shall be deemed confirmation of investments and other activity unless objected to in writing within 30 days of receipt.

The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Qualified Investments in such funds and accounts, or to credit to Qualified Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Corporation and the Agency acknowledge that the legal obligation to pay the purchase price of any Qualified Investments arises immediately at the time of the purchase. Notwithstanding anything else in this Indenture, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Indenture shall constitute a waiver of any of Trustee's rights as a securities intermediary under Uniform Commercial Code §9-206.

Section 5.05. Compliance with Arbitrage Restrictions; Rebate Fund Requirements.

(a) The Agency and the Trustee hereby acknowledge and confirm that the maintenance of the tax-exempt status of interest on the Tax-Exempt Bonds is dependent, among other things, on compliance with the arbitrage requirements set forth in Section 148 of the Internal Revenue Code and regulations thereunder. In order to confirm and carry out in part such understanding, the Corporation has agreed in the Loan Agreement and in the Tax Certificate, inter alia, to make or cause to be made such periodic computations and make such rebate payments to the United States as and when required by Section 148(f) of the Code and regulations thereunder as described in Section 4.18 of the Tax Certificate.

In order to comply with the provisions of this Section 5.05 or Section 4.07(d) of the Loan Agreement or Section 4.18 of the Tax Certificate, the Trustee is hereby authorized to obtain such opinions of Bond Counsel, Opinions of Counsel, reports of accountants and Certificates of the Corporation as may be necessary for the purpose and any expenses thereof shall be borne by the Corporation. The Trustee is also authorized to apply amounts credited to the Optional Redemption Fund or Reserve Fund to the payment of any rebate amount then owing, as further provided in Sections 5.02, 5.03 and 5.04 hereof, and to establish such other fund or account hereunder as it may deem necessary or desirable in order to maintain funds for the purpose of making any payment required under this Section 5.05.

(b) A special Rebate Fund is hereby established by the Issuer. The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation the Bondholders. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Treasury Regulations promulgated pursuant thereto. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in the Tax Certificate. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Indenture. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(c) As described in Section 4.18 of the Tax Certificate, the Trustee shall, as directed in writing by the Corporation, pay to the United States of America, to the extent that funds are available in the Rebate Fund or otherwise provided by the Corporation, the Rebate Amount (as defined in the Tax Certificate).

(d) The amounts to be computed, paid, deposited or disbursed under this section shall be determined by the Corporation acting on behalf of the Issuer within thirty days after each Bond Year after the date of issuance of each issue or series of Bonds. By such date, the Corporation shall also notify, in writing, the Trustee and the Issuer of the determinations the Corporation has made and the payment to be made pursuant to the provisions of this section. Upon written request of any registered owner of Bonds, the Corporation shall furnish to such registered owner of Tax-Exempt Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this Section and other applicable provisions of Section 148 of the Code.

(e) If the Trustee shall declare the principal of the Tax-Exempt Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in this Bond Indenture, or if the Tax-Exempt Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any of the trust funds hereunder shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Rebate Amount computed by the Corporation as of the date of such acceleration or redemption, and the balance of such amount shall be used immediately by the Bond Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Tax-Exempt Bonds

when due. In furtherance of such intention, the Issuer hereby authorizes and directs its Authorized Agency Representative to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(f) Notwithstanding any of the provisions of this Section, the Trustee shall have no duty or responsibility with respect to the Rebate Fund except to follow the specific written instructions of the Corporation and in no event shall the Bond Trustee have any obligation to fund any amounts payable under this Section.

Section 5.06. Repair and Replacement Fund. There is hereby established and the Trustee shall maintain hereunder, so long as any of the Bonds are outstanding, a separate fund to be designated “Capital Trust Agency Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 Repair and Replacement Fund” (herein called the “Repair and Replacement Fund”), which shall be used solely for the purposes set forth in this Section. The Agency and Trustee shall deposit in the Repair and Replacement Fund the amounts paid by the Corporation pursuant to Section 4.02(e) of the Loan Agreement.

Moneys in the Repair and Replacement Fund may be used to pay (i) the maintenance and repair costs related to the Project Facilities for which the Corporation is obligated pursuant to Section 5.02 of the Loan Agreement which were not included in the annual budget of the Corporation, and (ii) the principal of, premium, if any, and interest on the Bonds. Moneys in the Repair and Replacement Fund shall be used to pay maintenance and repair costs related to the Project. Moneys in the Repair and Replacement Fund shall be used to pay debt service on the Bonds on a pro rata basis prior to any amounts on deposit in Reserve Fund being used for such purpose.

Moneys in the Repair and Replacement Fund for the purpose described in (i) of the preceding paragraph will be disbursed upon receipt of a requisition for payment substantially in the form attached hereto as Exhibit A by an Authorized Corporation Representative, and the Trustee is hereby authorized and directed to issue its checks or disburse funds by wire transfer for each disbursement upon receipt of such a requisition. The Trustee is hereby authorized and directed to withdraw funds from the Repair and Replacement Fund for the purpose described in (ii) of the preceding paragraph automatically without any requisition from an Authorized Corporation Representative and apply them to the payment of debt service on the Bonds. The Trustee shall be fully protected in relying on any such requisition provided to it and shall have no duty or obligation to verify that such requested disbursements are for the purposes described in (i) of the preceding paragraph.

Section 5.07. Liquidity Support Agreement. In accordance with a written direction or requisition presented to the Trustee, and approved in writing by an Authorized Corporation Representative, the Trustee shall draw funds under the Liquidity Support Agreement and deposit the proceeds of such draw into the Working Capital Account to pay Operating Expenses. Additionally, if there are insufficient funds in the Bond Fund, the Trustee shall, prior to any draw on the Debt Service Reserve Fund and without any direction or approval from the Borrower, draw funds under the Liquidity Support Agreement and deposit the proceeds of such draw in the Bond Fund for the purpose of paying interest and principal on the Bonds if there are insufficient

funds on deposit in the Bond Fund to make principal and interest payments when due with respect to the Bonds.

ARTICLE VI

Particular Covenants of the Agency

The Agency covenants and agrees, so long as any Bonds shall be outstanding and subject to the limitations on its obligations herein set forth, that:

Section 6.01. Payment of Bonds. It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and the Bond Resolution and in each and every Bond executed, authenticated and delivered hereunder; will pay, from Loan Repayments by the Corporation and other amounts received or held by the Trustee hereunder, the principal of, premium (if any) on and interest on every Bond issued hereunder on the dates, at the places and in the manner prescribed in such Bonds in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for the payment of public and private debts; and will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Bond in amounts sufficient to pay such installment or Bond to the end that the Trustee may cause to be placed in any other bank of payment specified herein and in the Bonds, on time, money required for payment of principal, premium and interest; provided, however, that the principal of and interest on any Bond is not and shall not be deemed to represent a debt or pledge the faith or credit of the Agency or grant to the Holder of any Bond any right to have the Agency levy any taxes or appropriate any funds to the payment of principal of or interest on the Bonds, such payment to be made solely and only out of the moneys received pursuant to the Loan Agreement, and the funds and accounts established and maintained with the Trustee pursuant to the requirements of this Indenture and appropriated to the payment of the Bonds by the Indenture.

Section 6.02. Authorized Agency Representative. The Agency hereby authorizes the Authorized Agency Representative to take any and all actions on behalf of the Agency in connection with the Bonds as may be necessary or desirable over the term of the Bonds.

Section 6.03. Authority of the Agency. The Agency is authorized, pursuant to the Constitution and laws of the State of Florida to issue the Bonds, to loan the proceeds thereof to the Corporation, to execute this Indenture and assign and pledge to the Trustee the Trust Estate, including the Loan Repayments, and to make the covenants as herein provided. All necessary action and proceedings on its part to be taken for the execution and delivery of this Indenture have been duly and effectively taken.

Section 6.04. Concerning the Loan Agreement. The Agency will cooperate or permit the Trustee to take such action as may be necessary or advisable to enforce the covenants, terms and conditions of the Loan Agreement if such action shall, in the Trustee's discretion, be deemed to be in the best interest of the Agency or the Bondholders.

Section 6.05. To Observe All Covenants and Terms - Limitations on Agency's Obligations. The Agency will faithfully observe and perform all the conditions, covenants and requirements hereof. Under the Act, and it is expressly agreed that, the Agency has no obligation to levy taxes for, or make any advance or payment or incur any expense or liability from its general funds in performing, any of the conditions, covenants or requirements of the Bonds or this Indenture or from any funds other than revenues and income received pursuant to the Loan Agreement or moneys in the funds and accounts provided for herein.

Section 6.06. Further Instruments and Actions. Subject to Section 13.01 hereof, at the request of the Corporation or the Trustee, the Agency shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Indenture and the Loan Agreement.

Section 6.07. Unrelated Bond Issues. The Agency has, prior to the issuance of the Bonds, issued, and subsequent to the issuance of the Bonds, the Agency expects to issue, various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Agency between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal of or premium, if any, on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

ARTICLE VII

Remedies on Default

Section 7.01. Events of Default. Each of the following events is hereby defined as, and is declared to be and to constitute, an "Event of Default":

(a) If payment of the principal of any of the Bonds, or any premium thereon, when the same shall become due and payable, whether at maturity or proceedings for redemption, declaration or otherwise, shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If there should be a default in the due and punctual performance of any of the other covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture, or in any indenture supplemental hereto, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Corporation by the Trustee, or if such notice is given to the Trustee and the Corporation by the Holders of

not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding; or

(d) If any event of default as that term is defined in the Loan Agreement shall occur and be continuing; or

(e) If any event of default as that term is defined in the Liquidity Support Agreement shall occur and be continuing.

Section 7.02. Acceleration of Maturity. Upon the occurrence of an Event of Default, the Trustee may, and upon written request of the Holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding hereunder, provided that such requesting Holders have offered indemnity to the Trustee, to its sole satisfaction, pursuant to Section 8.06 of this Indenture, and that the Trustee has received no conflicting direction from the majority of Holders pursuant to Section 7.07 of this Indenture, shall, by notice in writing delivered to the County declare the principal of all Bonds hereby secured then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of Bonds then outstanding hereunder, by written notice to the County and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding hereunder and the reasonable expenses and charges of the Trustee, its agent and attorneys, and all other indebtedness secured hereby (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

Section 7.03. Enforcement of Covenants and Conditions. In any case of Default or breach of any of the covenants and conditions of this Indenture, or to protect the Trust Estate, the Trustee, anything herein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however, to the provisions of Section 8.06 hereof), may take such action or actions for the enforcement of its rights and the rights of the Bondholders and the rights of the Agency under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of outstanding Bonds, provided that such requesting Holders have offered indemnity to the Trustee, to its sole satisfaction, pursuant to Section 8.06 of this Indenture, and that the Trustee has received no conflicting direction from the majority of Holders pursuant to Section 7.07 of this Indenture, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to such payment of the funds, revenues and income appropriated thereto by this Indenture and by the Bonds, to enforce rights of the Agency under the Loan Agreement, to foreclose the Mortgage and to enforce the Lease Assignment and any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need

not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Section 7.04. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Holders of Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, issues, payments and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 7.05. Application of Moneys. All moneys held hereunder or received by the Trustee pursuant to any right given or action taken under the provisions of this Indenture, the Loan Agreement or the Mortgage shall, for purposes of this Article VII, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, fees, liabilities and advances incurred or made by the Trustee, and the creation of a reasonable reserve for anticipated fees, costs and expenses, be deposited in the Bond Fund, and all moneys in the Bond Fund and in any other fund or account then maintained under this Indenture shall be applied, as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, 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 privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of 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 Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, 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 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 privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds 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 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 Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The 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 Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and the Agency have been paid, any balance remaining shall be paid to the persons entitled to receive the same; if no other person shall be entitled thereto, then the balance shall be paid to the Corporation as its interests may appear.

Section 7.06. Right of Trustee to Act Without Possession of Bonds. All rights of action (including the right to file proof of claim) under this Indenture, the Loan Agreement, the Mortgage, the Lease Assignment or the Bond Resolution, or under any of the Bonds, may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Holders of the Bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the Holders of the outstanding Bonds.

Section 7.07. Power of Majority of Bondholders. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds outstanding hereunder shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken under this Indenture, the Loan Agreement, the Mortgage, the Assignment and the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and that the Trustee shall be indemnified as provided in Section 8.06.

Section 7.08. Limitation on Suits by Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture, or for the execution of any trust hereof or for any other remedy hereunder, unless a Default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such Default shall have become an Event of Default and the Holders of

twenty-five per centum (25%) in aggregate principal amount of Bonds outstanding hereunder shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided hereinafter; and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for enforcement or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder, which is absolute and unconditional, to enforce and bring suit for the payment of the principal of and interest on any Bond at and after the maturity thereof or the obligations of the Agency to pay the principal of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place in said Bonds expressed, in accordance with the terms of the Bonds.

Section 7.09. Waiver by Bondholders. The Trustee, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding hereunder, shall waive any Event of Default hereunder and its consequences, except an Event of Default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that an Event of Default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Agency, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights hereunder respectively. No such waiver shall extend to any subsequent or other Default or any Event of Default or impair any right consequent thereon.

Section 7.10. Remedies Cumulative, Delay Not To Constitute Waiver. No remedy by the terms of this Indenture, the Loan Agreement, the Lease Assignment, the Mortgage or the Bond Resolution conferred upon or reserved to the Trustee (or to the Bondholders) 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 hereunder 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 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 Trustee or by the Bondholders, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.11. Restoration of Rights Upon Discontinuance of Proceedings. In case the Trustee or Bondholders shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or Bondholders, then and in every such case the Agency, the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee or Bondholders shall continue as if no such proceedings had been taken.

ARTICLE VIII

Concerning the Trustee

Section 8.01. Acceptance of Trust and Prudent Performance Thereof. The Trustee, prior to the occurrence of an Event of Default and after the curing of all such Events of Default as may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall during the existence of any such Event of Default (which has not been cured) exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be required to take notice or be deemed to have notice of any Default or Event of Default hereunder except Default in the deposits or payments specified unless the Trustee shall be specifically notified in writing of such Default or Event of Default by the Corporation, by the Agency or by the Holders of at least twenty-five per centum (25%) in aggregate principal amount of Bonds outstanding hereunder, and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Default or Event of Default except as aforesaid.

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

(a) prior to such an Event of Default hereunder, and after the curing of all such Events of Default which may have occurred:

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

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required

to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture; and

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

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

(2) the 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 not less than a majority in aggregate principal amount of all the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

None of the provisions contained in this Indenture shall require the 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 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.

Section 8.02. Trustee May Rely Upon Certain Documents and Opinions. Except as otherwise provided in Section 8.01,

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, 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, election, order, certification or demand of the Agency or the Corporation shall be sufficiently evidenced by an instrument signed by an Authorized Agency Representative or an Authorized Corporation Representative, as the case may be (unless otherwise in this Indenture specifically prescribed), and any resolution of the Agency may be evidenced to the Trustee by a Certified Resolution;

(c) the Trustee may consult with counsel (who may be counsel for the Agency or the Corporation) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

(d) whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate

of the Agency and such Certificate of the Agency shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 8.03. Trustee Not Responsible for Indenture Statements, Validity. The Trustee shall not be responsible for any recital or statement herein, or in the Bonds (except in respect of the Certificate of the Trustee endorsed on Bonds), or for the validity of the execution by the Agency of this Indenture or the validity or execution of the Loan Agreement, the Mortgage, the Assignment or the Bond Resolution or of any supplemental instrument, or for the sufficiency of the security of the Bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the Trust Estate, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Agency or the Corporation except as herein set forth, but the Trustee may require of the Agency and the Corporation full information and advice as to the performance of the covenants, conditions and agreements aforesaid and of the condition of the physical property included in the Trust Estate. The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder.

Section 8.04. Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

Section 8.05. Money Held in Trust. Money held by the Trustee hereunder is held in trust but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder.

Section 8.06. Obligation of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall have reasonable grounds for believing that repayment of all costs and expenses, outlays and counsel fees and other reasonable disbursements in connection therewith and adequate indemnity against all risk and liability is reasonably assured to it; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Corporation shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds outstanding hereunder.

Section 8.07. Notice to Bondholders, etc. The Trustee shall give to the Holders of the Bonds whose names and addresses are known to it written notice of all Events of Default known to the Trustee by virtue of actual knowledge of a Responsible Officer, within sixty (60) days after the occurrence of the Event of Default unless such Event of Default shall have been cured

before the giving of such notice; provided that, except in the case of Events of Default in the payment of principal or interest on any of the Bonds, the Trustee shall be protected in withholding such notice if and so long as its board of directors, an executive committee or trust committee of directors or chief executive officer of the Trustee in good faith determines that the withholding of such notice is in the interest of the Bondholders; and further provided that no such notice shall be given unless and until any Default becomes an Event of Default.

Section 8.08. Intervention in Judicial Proceedings. In any judicial proceeding to which the Agency or the Corporation is a party and which, in the opinion of the Trustee has a substantial bearing on the interest of owners of Bonds issued hereunder, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds outstanding hereunder. The rights and obligations of the Trustee under this Section are subject to the approval of the court having jurisdiction in the premises.

Section 8.09. Further Investigation by Trustee. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be in full warrant, protection and authority to the Trustee for its actions hereunder; but the Trustee may, in its unrestricted discretion, and shall, if requested in writing so to do by the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of Bonds outstanding hereunder, cause to be made such independent investigation as it may see fit, and in that event may decline to release any property, or pay over cash, or take other action unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Corporation, or, if paid by the Trustee, shall be repaid to it, with interest at a rate equal to 8.00% per annum by the Corporation or from the Trust Estate.

Section 8.10. Trustee to Retain Financial Records. The Trustee shall retain all financial statements furnished by the Agency or the Corporation in accordance with this Indenture or the Loan Agreement so long as any of the Bonds shall be outstanding. The Trustee has no duty or obligation to review any such financial statements and the sole responsibility of the Trustee with respect to such financial statements is to hold them as a repository on behalf of holders and if requested by a holder is authorized to provide such information to all holders.

Section 8.11. Compensation of Trustee. All advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust hereby created and reasonable compensation to the Trustee for its services in the premises shall be paid by the Corporation. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. If not paid by the Corporation, the Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued hereunder, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Section 8.12. Trustee May Hold Bonds. The Trustee and its officers and directors may acquire and own, or become the pledgee of, Bonds and otherwise deal with the Agency or the Corporation in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 8.13. Appointment of Trustee. There shall at all times be a trustee hereunder which shall be an association or a corporation organized and doing business under the laws of the United States or any State thereof, authorized under such laws to exercise corporate trust powers, having a combined capital, surplus and undivided profits of at least Ten Million Dollars (\$10,000,000), and subject to supervision or examination by Federal or State authority. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital, surplus and undivided profits of such corporation shall be deemed to be its combined capital as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.16 hereof.

Section 8.14. Merger of Trustee. Any corporation or national banking association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its municipal corporate trust business and assets as a whole or substantially as a whole, or any corporation or national banking association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.15. Resignation or Removal of Trustee. The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Corporation and the Agency notice in writing, and to the Bondholders notice by certified or registered mail at its or his address as set forth on the registration books, of such resignation, such resignation to take effect upon the appointment of a successor trustee, as hereinafter provided.

Any Trustee hereunder may be removed at any time upon 30 days prior notice by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by the Holders of a majority in principal amount of the Bonds hereby secured and then outstanding.

Section 8.16. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and a successor may be appointed by the Holders of a majority in principal amount of the said Bonds hereby secured and then outstanding by an instrument or instruments in writing filed with the

Trustee and executed by such Bondholders, notification thereof being given to the Agency, but until a new Trustee shall be appointed by the Bondholders as herein authorized, the Agency shall, at the written direction of the Corporation and subject to the provisions hereof, appoint a Trustee to fill such vacancy. After any such appointment by the Agency, the successor Trustee shall cause notice of such appointment to be mailed within 30 days of such appointment to the registered Holders of the Bonds, but any new Trustee so appointed by the Agency shall immediately and without further act be superseded by a Trustee appointed in the manner above provided by the Holders of a majority in principal amount of said Bonds whenever such appointment by said Bondholders shall be made.

If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within six months after a vacancy shall have occurred in the office of Trustee, or after the notice of resignation given pursuant to Section 8.15, the Holder of any Bond hereby secured or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 8.17. Transfer of Rights and Property to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Agency an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Agency or of its successor execute and deliver an instrument transferring to such successor all the estate, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any assignment, conveyance or instrument in writing from the Agency be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Agency. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all assignments, conveyances and other instruments provided for in this Article shall, at the expense of the Agency, be forthwith filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

Section 8.18. Co-Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Agency and the Trustee shall have power to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such title to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Agency and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Upon the request of the Trustee or of the Holders of at least twenty-five per cent (25%) in aggregate principal amount of Bonds outstanding hereunder, the Agency shall for such purpose

join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint the co-trustee. If the Agency shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Agency shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

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 Bonds shall be authenticated and delivered and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the 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 Trustee, or by the Trustee and such 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 Trustee shall be incompetent or unqualified to perform such act or acts, in which even 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 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 delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Agency, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Agency. Upon the request of the Trustee, the Agency shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the 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 Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such title to the Trust Estate or any part thereof, and with such rights, powers, duties and obligations, as shall be specified in the instrument of appointment jointly with the 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 of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his attorney-in-fact and agent, with full power and authority to do 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, the title to the Trust Estate, and 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 Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 8.19. Appointment of Successor or Alternate Paying Agents. In the event the initial Trustee shall also have been appointed paying agent for the Series 2017 Bonds or for any Additional Bonds, a successor Trustee shall become successor paying agent with respect to such Bonds unless otherwise provided in the instrument appointing such successor Trustee. If any paying agent other than the initial Trustee shall resign or become incapable of acting, or shall be removed under a supplemental indenture entered into pursuant to the terms hereof, the Trustee may appoint a successor paying agent which is a bank or association qualified to act as paying agent under the Act and which is willing to accept the office on reasonable and customary terms approved by an Authorized Corporation Representative. The Trustee may appoint successor paying agents. "Paying agent" as used in this Section refers to the bank or association named in the form of Bond provided for the Series 2017 Bonds in the recitals hereof where principal of and interest on Bonds may be paid.

ARTICLE IX

Concerning the Bondholders

Section 9.01. Execution of Instruments by Bondholders. Any request, direction, consent or other instrument in writing required by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent duly appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be

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

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

(b) The ownership of Bonds shall be proved by the registration records kept under the provisions of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to the proof above specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient.

Section 9.02. Waiver of Notice. Any notice or other communication required by this Indenture to be given by delivery, publication or otherwise to the Bondholders or any one or more thereof may be waived, at any time before or after such notice or communication is so required to be given, by a writing mailed or delivered to the Trustee by the Holder or Holders of all of the Bonds entitled to such notice or communication.

Section 9.03. Determination of Bondholder Concurrence. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Agency or the Corporation shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Agency or the Corporation. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 9.04. Bondholders' Meeting. A meeting of the Bondholders may be called at any time and from time to time for any of the following purposes:

(1) to give any notice to the Agency or to the Trustee, or to give any direction to the Trustee, or to make any request of the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Bondholders pursuant to any of the provisions of Article VII hereof;

(2) to remove the Trustee or appoint a successor Trustee pursuant to the provisions of Article VIII hereof;

(3) subject to Article XI hereof, to consent to the execution of an indenture or indentures supplemental hereto;

(4) subject to Article XII hereof, to consent to any amendment of the Loan Agreement, the Mortgage or to any instrument supplemental thereto; or

(5) to take any other action authorized to be taken by or on behalf of the Holders of any percentage of the outstanding Bonds under any other provisions of this Indenture or under applicable law.

Any Bondholders' meeting may be called and held as follows:

(a) A meeting of Bondholders may be held at such place within the City of Wildwood, Florida or in the county where the Trustee has its designated office as the Trustee or, in case of its failure to act, the Agency or Bondholders calling the meeting shall prescribe.

(b) Notice of every meeting of Bondholders, setting forth the time and place of such meeting and in general terms the action proposed to be taken at such meeting, shall be provided in the same manner as the Corporations continuing disclosure reports are provided pursuant to the Continuing Disclosure Agreement. Any defect in such notice shall not, however, in any way impair or affect the validity of any such meeting.

(c) In case at any time the Agency, pursuant a Certified Resolution, or the Holders of at least ten percent (10%) in aggregate principal amount of the Bonds then outstanding, shall have requested the Trustee to call a meeting of the Bondholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, then the Agency or the Holders of Bonds in the amount above specified may call such meeting to take any action authorized in this Section by giving notice thereof as provided in paragraph (b) of this Section.

(d) Only a Holder of one or more Bonds or a person appointed as proxy by an instrument in writing of such Holder shall be entitled to vote at or to participate with their counsel and the representatives of the Trustee or the Agency in such meeting. Each Holder shall be entitled to one vote for each \$1,000 in principal amount of outstanding Bonds held.

(e) The Trustee or, in case of its failure to act, the Agency or Bondholders calling or requesting the meeting, may make such reasonable regulations as it may deem advisable for any meeting of Bondholders in regard to proof of the holding of Bonds and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate.

(f) At any meeting of Bondholders, the presence of persons holding or representing Bonds in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which

such meeting was called shall constitute a quorum. Any meeting of Bondholders duly called pursuant to this Section may be adjourned from time to time by vote of the Holders (or proxies for the Holders) of a majority of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

(g) The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the Holders of Bonds or of their representatives by proxy and the serial number or numbers of the Bonds held or represented by them. The chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken there at and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in paragraph (b) hereof. Each copy shall be signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Corporation and the Agency and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 9.05. Revocation by Bondholders. At any time prior to (but not after) the evidencing to the Trustee of the taking of any action by the Holders of the percentage in aggregate principal amount of the Bonds specified in this Indenture in connection with such action, any Holder of any such Bond may, by filing written notice with the Trustee at its principal office revoke any consent given by such Holder or the predecessor Holder of such Bond. Except as aforesaid, any such consent given by the Holder of any Bond shall be conclusive and binding upon such Holder and upon all future Holders of such Bond and of any Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Bond. Any action taken by the Holders of the percentage in aggregate principal amount of the specified in this Indenture in connection with such action shall be conclusively binding upon the Agency, the Trustee and the Holders of all the Bonds.

ARTICLE X

Payment, Defeasance and Release

Section 10.01. Payment and Discharge of Indenture. If the Corporation or the Agency, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and herein, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing with the Trustee at or at any time before maturity amounts sufficient either in cash or in direct obligations of or obligations fully guaranteed as to principal and interest by the United States of America, the principal and interest on which when due and payable (or redeemable at the option of the holder thereof but not at the option of the issuer thereof) and without consideration of any reinvestment thereof shall be sufficient as verified in a report furnished by an independent certified public accountant, to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the outstanding callable Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in Article III hereof, or that arrangements satisfactory to the Trustee have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Agency under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Agency, or (3) file with the Trustee a waiver of such notice of redemption signed by the holders of all of such outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in said Article III, the entire amount of the redemption price, including accrued interest and premium, if any, either in cash or direct obligations of or obligations fully guaranteed as to principal and interest by the United States of America (which do not permit the redemption thereof at the option of the issuer) in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient as verified in a report furnished by an independent certified public accountant to provide for the payment of such redemption price on the date such Bonds are to be redeemed, and on such prior dates when principal of and interest on the outstanding Bonds is due and payable, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay all other sums due and payable hereunder by the Agency or the Corporation, provided that if Bonds are to be defeased under either paragraph (b) or (c) above, an opinion of Bond counsel shall be rendered to the Trustee to the effect that the tax-exempt status of interest on the Bonds shall not be impaired thereby, then and in that case, all the Trust Estate shall revert to the Agency and the Corporation as their interests may appear, and the entire estate, right, title and interest of the Trustee and of the registered owners of the Bonds in respect thereof shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or securities shall not have been deposited in accordance with the provisions of this Indenture, shall, upon receipt of a written request of the Agency and of a Certificate of the Agency and an Opinion of Counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Agency, or its order, proper instruments acknowledging satisfaction of this Indenture and surrender to the Agency and the Corporation, as their interests appear, all cash and deposited securities, if any (other than cash or securities for the payment of the Bonds and interest thereon), which shall then be held hereunder as a part of the Trust Estate.

Nothing contained in this Section 10.01 shall be construed to prohibit the defeasance of one or more, but not all, series of Bonds by any of the methods set forth in clauses (a), (b), (c) or (d) above, as the same would apply to the particular series of Bonds being discharged.

Section 10.02. Bonds Deemed Not Outstanding After Deposits. When there shall have been deposited at any time with the Trustee in trust for the purpose, cash or direct obligations of or obligations fully guaranteed by the United States of America the principal and interest on which shall be sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due dates for such interest or to the date fixed for redemption, for the use and benefit of the holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of this Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding hereunder; and it shall be the duty of the Trustee to hold the cash and securities so deposited for the benefit of the Holders of such Bonds and from and after such date, redemption date or maturity, interest on such Bonds thereof called for redemption shall cease to accrue.

Section 10.03. Unclaimed Money To Be Returned. Any moneys deposited with the Trustee pursuant to the terms of this Indenture, for the payment or redemption of Bonds and remaining unclaimed by the Holders of such Bonds on the date fixed for redemption of the same, as the case may be, for a period of three (3) years after the due date, shall, if the Agency or any successor to the obligations of the Agency under the Indenture and the Bonds shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in the Indenture or in such Bonds, be paid to the Corporation, and such Holders of the Bonds shall thereafter look only to the Corporation for payment and then only to the extent of the amounts so received without interest thereon; provided, however, that within thirty days prior to the expiration of the three (3) year period mentioned above, the Trustee, before being required to make any such repayment, may, at the expense of the Corporation cause to be published in a financial journal, a notice that after a date named therein said moneys will be returned to the Corporation.

ARTICLE XI

Supplemental Indentures

Section 11.01. Purposes for Which Supplemental Indentures may be Executed. The Agency, upon resolution, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable without the consent of any Bondholder for any one or more of the following purposes:

- (a) To correct the description of any property hereby pledged or intended so to be, or to assign, convey, pledge or transfer and set over unto the Trustee, subject to such liens or other encumbrances as shall be therein specifically described, additional property or properties of the Agency or the Corporation for the equal and proportional benefit and security of the Holders and owners of all Bonds at any time issued and

outstanding under this Indenture, subject, however, to the provisions hereinabove set forth with respect to extended Bonds;

(b) To add to the covenants and agreements of the Agency in this Indenture contained other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Agency or to or upon any successor;

(c) To evidence the succession or successive successions of any other department, agency, body or corporation to the Agency and the assumption by such successor of the covenants, agreements and obligations of the Agency in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained or the succession, removal or appointment of any trustee or paying agent hereunder;

(d) To cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indentures which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture as the Agency may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture or any supplemental indenture and which shall not impair the security of the same;

(e) To modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding, however, the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939; and

(f) To provide for the issuance of Additional Bonds pursuant to Section 2.09 hereof.

Section 11.02. Execution of Supplemental Indenture. The Trustee is authorized to join with the Agency in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture.

Section 11.03. Discretion of Trustee. In each and every case provided for in this Article (other than a supplemental indenture approved by the Holders of a majority in aggregate principal amount of the Bonds pursuant to Section 11.04 hereof), the Trustee shall be entitled to exercise its unrestricted discretion in determining whether or not any proposed supplemental indenture or any term or provisions therein contained is necessary or desirable, having in view the needs of the Agency and the respective rights and interests of the Holders of Bonds theretofore issued hereunder; and the Trustee shall be under no responsibility or liability to the Agency or to the Corporation or to any Holder of any such Bond, or to anyone whatever, for any

act or thing which it may do or decline to do in good faith subject to the provisions of this Article, in the exercise of such discretion. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel approved by it as conclusive evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Indenture and does or does not materially impact the rights and interests of the Holders.

Section 11.04. Modification of Indenture with Consent of Bondholders. Subject to the terms and provisions contained in this Section, 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, to consent to and approve the execution by the Agency and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing herein contained shall permit or be construed as permitting, without the consent of the Holders of all outstanding Bonds, (a) an extension of the maturity of any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by this Indenture and the Mortgage, or (d) a preference or priority of any Bond or Bonds over any others, or (e) a reduction in the aggregate principal amount of the Bonds required to consent to supplemental indentures, amendments to the Loan Agreement, the Mortgage or (f) a reduction in the aggregate principal amount of the Bonds required to waive an Event of Default.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a) and (d) above may be made with respect to an Outstanding Bond, with the consent of the Holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Bonds; provided, however, any such amendment shall not result in a change in preference or priority of Bonds over any other Bonds and no such amendment described in clauses (a) and (d) above shall result in a disproportionate change, reduction or modification with respect to any Bonds.

Whenever the Agency shall deliver to the Trustee a resolution of Bondholders adopted at a Bondholders' meeting approved by, or an instrument or instruments purporting to be executed by, the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding, which resolution or instrument or instruments shall refer to the proposed supplemental indenture and shall specifically consent to and approve the execution thereof, thereupon, the Agency and the Trustee may execute such supplemental indenture without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the execution of such supplemental 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 Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.05. Supplemental Indentures to be Part of Indenture. Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provisions authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties and obligations under this Indenture of the Agency, the Trustee and all Holders of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary or desirable by the Trustee, reference to any such supplemental indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Bonds or in a legend stamped on the Bonds.

Section 11.06. Rights of Corporation Unaffected. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XI which adversely affects the rights of the Corporation under the Loan Agreement, the Mortgage, or this Indenture, so long as the Loan Agreement and the Mortgage are in effect, shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such supplemental indenture. The Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture to the execution and delivery of which the Corporation has not already consented, together with a copy of the proposed supplemental indenture, to be mailed to the Corporation at least thirty (30) days prior to the proposed date of execution and delivery of any such supplemental indenture.

Section 11.07. Opinion of Counsel. In executing any Supplemental Indenture, the Trustee shall be provided with and be protected in relying upon an opinion of Bond Counsel that all conditions precedent to the execution of such Supplemental Indenture hereunder have been complied with.

ARTICLE XII

Amendments to the Loan Agreement and the Mortgage

Section 12.01. Amendments to the Loan Agreement and the Mortgage Not Requiring Consent of Bondholders. The Agency, the Corporation and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Loan Agreement or the Mortgage as may be required (i) by the provisions of the Loan Agreement, the Mortgage or this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which is not to the prejudice of the Holders of the Bonds, or in the judgment of the Trustee, is not to the prejudice of the Trustee.

Section 12.02. Amendments to the Loan Agreement and the Mortgage Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 12.01 hereof, neither the Agency nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the Mortgage without the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding given and procured as in this Section provided; provided, however, that no such amendment, change or modification shall ever affect the unconditional obligation of the

Corporation to make Loan Repayments as they become due and payable. If the Holders of not less than a majority in aggregate principal amount of the Bonds outstanding hereunder at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the Agency or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Section 12.03. No Amendment May Reduce Loan Repayments. Under no circumstances shall any amendment to the Loan Agreement or the Mortgage reduce the Loan Repayments without the consent of the Holders of all the Bonds outstanding.

Section 12.04. Rights of Agency. Neither the Agency nor the Trustee has any duty or obligation to consent to any proposed amendment to the Loan Agreement or the Mortgage and may, at the expense of the Corporation, request and receive an opinion of such counsel as the Agency or the Trustee may select in connection with any matter relating to a proposed amendment.

ARTICLE XIII

Miscellaneous

Section 13.01. Non-Liability of Agency. (a) The Agency shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Loan Repayments and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof, nor the faith and credit of the Agency is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Agency shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or this Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

The Trustee hereby acknowledges that the Agency's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under this Indenture, and hereby agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Trustee shall give notice to the Corporation in accordance with Article VII of this Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the Agency or any third party, subject to any right of reimbursement from the Trustee, the Agency or any such third party, as the case may be, therefor.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AGENCY PAYABLE SOLELY FROM THE REVENUES, INCOME AND RECEIPTS OF THE AGENCY PLEDGED TO THE PAYMENT THEREOF. THE BONDS HAVE BEEN ISSUED PURSUANT TO THE ACT, AND DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE AGENCY, THE LOCAL AGENCY, THE SPONSORING POLITICAL SUBDIVISIONS OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION, PUBLIC AGENCY OR SUBDIVISION OF THE STATE. THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE AGENCY, THE LOCAL AGENCY, THE SPONSORING POLITICAL SUBDIVISIONS OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION, PUBLIC AGENCY OR SUBDIVISION OF THE STATE, AND NONE OF SUCH ENTITIES IS OBLIGATED TO MAKE ANY PAYMENTS WITH RESPECT TO THE BONDS EXCEPT FROM THE TRUST ESTATE DESCRIBED HEREIN. THE AGENCY HAS NO TAXING POWER.

(b) No recourse under or upon any obligation, covenant or agreement contained in the Agency Documents or the Corporation Documents, or under any judgment obtained against the Agency, or the enforcement of any assessment, or any legal or equitable proceedings by virtue of any constitution or statute or otherwise, or under any circumstances under or independent of this Indenture, shall be had against any Agency Indemnified Party, either directly or through the Agency or otherwise, for the payment for or to the Agency or any receiver thereof, or for or to the Holder of any Bond issued hereunder, or otherwise, of any sum that may be due and unpaid by the Agency 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 Agency Indemnified Party, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Holder of any Bond issued hereunder or otherwise of any sum that may remain due and unpaid upon the Bond hereby secured or any of them is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

(c) Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Loan Agreement, Agency Documents, the Corporation Documents or in any other instrument or document executed by or on behalf of the Agency in connection herewith, (i) the Agency shall have no obligation to take action under the Loan Agreement, this Indenture, the Bonds or such other instruments or documents, unless the Agency is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any indemnity to persons identified by the Agency, and expenses (including attorneys' fees) in such action, (ii) neither the Agency nor any Agency Indemnified Party shall be personally liable to the Corporation, the Trustee, the holders of the Bonds or any other person for any action taken by the Agency or by Agency Indemnified Parties or for any failure to take action under this Indenture, the Loan Agreement, the Bonds or such other instruments or documents, except that the Agency agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance, and (iii) any judgment rendered against the Agency for breach of its obligations under this Indenture, the Loan Agreement, the Bonds or such other

instruments or documents, shall be payable solely from the revenues derived by the Agency under the and this Indenture, and no personal liability or charge payable directly or indirectly from the general funds of the Agency shall arise therefrom.

(d) No agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Agency contained in any document executed by the Agency in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Agency or a charge against its general credit, or shall obligate the Agency financially in any way except with respect to the application of revenues therefrom and the proceeds of the Bonds. No failure of the Agency to comply with any term, condition, covenant or agreement herein shall subject the Agency and the Agency Indemnified Parties to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Agency for any failure to comply with any term, condition, covenant or agreement herein; provided, that (i) prior to the official filing of any petition or complaint against the Agency, provision shall have been made in an manner satisfactory to the Agency, for payment of its costs and expenses relating to any such petition or complaint and (ii) no costs, expenses, damages or other monetary relief shall be recoverable from the Agency or the Agency Indemnified Parties except as may be payable from the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

(e) The Agency shall be under no obligation to institute any suit or to take any remedial proceeding in the Event of a Default under this Indenture 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, including, without limitation, its acceptance or possession of the Project or any component thereof, until it shall be indemnified to its satisfaction against any and all reasonable costs, expenses, outlays and reasonable counsel fees and other reasonable disbursements, and against all liability. The Agency nevertheless may, in its sole discretion, but is not required to, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Agency, without indemnity, and in such case the Agency shall be entitled to reimbursement from any money under this Indenture and, subject to the prior rights of the Trustee, shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

(f) The Agency shall be entitled to advice of counsel concerning all matters under this Indenture and its duties under this Indenture, the other Agency Documents and the Corporation Documents. The Agency may in all cases pay such reasonable compensation to such attorneys, agents and receivers and shall be entitled to reimbursement from the Corporation for all such compensation paid. The Agency may act upon the opinion or advice of counsel, accountants, or such other professionals as the Agency deems necessary and selected by it in the exercise of reasonable care. The Agency shall not be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

(g) The permissive right of the Agency to do things enumerated in this Indenture or in the other Agency Documents or Corporation Documents to which the Agency is a party shall not be construed as duties until specifically undertaken by the Agency. The Agency shall only be responsible for the performance of the duties expressly set forth in this Indenture and in the other Agency Documents and Corporation Documents to which it is a party and shall not be answerable for other than its willful misconduct in the performance of those express duties.

(h) The Agency shall be protected in acting upon any Opinion of Counsel, notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons and which is not contrary to the express terms of this Indenture, the other Agency Documents or the Corporation Documents. Any action taken by the Agency pursuant thereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond as shown on the Bond Register will be conclusive and binding upon all future owners or Holders of the same Bonds and upon Bonds issued in exchange therefor or in place of such Bonds.

(i) None of the provisions of this Indenture shall require the Agency to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues and funds assigned to the Trustee or otherwise pledged for payment of the Bonds, or unless the Agency shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Agency shall not be under any obligation hereunder or under the Loan Agreement to perform any administrative service with respect to the Bonds or the Project (including, without limitation, any record keeping or legal services), it being understood that such services shall be performed or provided by the Trustee or the Corporation. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Indenture, the Loan Agreement, and in any and every Bond executed, authenticated, and delivered under this Indenture; provided, however, that the Agency shall not be obligated to take any action or execute any instrument pursuant to any provision hereof unless and until it shall have (i) been requested in writing to do so by the Corporation or the Trustee, (ii) been assured of payment of, and reimbursement for, any reasonable expenses incurred in taking such action or executing such instrument, and (iii) if applicable, received in a timely manner the instrument to be executed, in form and substance satisfactory to the Agency. In complying with any provision herein or in the Loan Agreement requiring the Agency to "cause" another Person to take or omit any action, the Agency shall be entitled to rely conclusively (and without independent investigation or verification) on the faithful performance by the Trustee or the Corporation, as the case may be, of their respective obligations hereunder and under the Loan Agreement. In acting, or in refraining from acting, under this Indenture, the Agency may conclusively rely on the advice of its counsel.

Section 13.02. Covenants of Agency Bind Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Agency, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 13.03. Immunity of Officers. No recourse for the payment of any part of the principal or interest on any Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issue, purchase or ownership of the Bonds shall be had against any officer, member or agent of the governing body of the Agency, the Agency or the State of Florida, as such, all such liability being hereby expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bonds.

Section 13.04. No Benefits to Outside Parties. Nothing in this Indenture, express or implied, is intended or shall be construed to confer upon or to give to any person or corporation, other than the Corporation, the parties hereto and the Holders of the Bonds issued hereunder, any right, remedy or claim under or by reason of this Indenture or covenant, condition or stipulation thereof; and the covenants, stipulations and agreements in this Indenture contained are and shall be for sole and exclusive benefit of the Corporation, the parties hereto, their successors and assigns, and the Holders of the Bonds.

Section 13.05. Separability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 13.06. Execution of Indenture in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 13.07. Headings Not Controlling. The headings of the several Articles and Sections hereof are inserted for the convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

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Section 13.08. Notices, etc. to Trustee, Agency and Corporation. Any request, demand, authorization, direction, notice, consent of Bondholders or other document provided or permitted by this Indenture shall be sufficient for any purpose under this Indenture, the Loan Agreement or the Mortgage, when hand delivered or mailed registered mail, return receipt requested, postage prepaid (except as otherwise provided in this Indenture) (with a copy to the other parties) at the following addresses (or such other address as may be provided by any party by written notice) and shall be deemed to be effective upon receipt:

To the Agency	Capital Trust Agency 315 Fairpoint Drive Gulf Breeze, Florida 32561 Attention: Executive Director
To the Corporation	Elim Senior Housing, Inc. c/o Elim Homes, Inc. 7485 Office Ridge Circle Eden Prairie, Minnesota 55344 Attention: Chief Financial Officer
To the Trustee	U.S. Bank National Association 225 Water Street, Suite 700 Jacksonville, Florida 32202 Attention: Global Corporate Trust Services
To the Underwriter	Herbert J. Sims & Co., Inc. 2150 Post Road, Suite 301 Fairfield, Connecticut 06824 Attention: General Counsel Office Executive Vice President

[Signatures on following page]

IN WITNESS WHEREOF, Capital Trust Agency, by the Chairman of its governing body, has caused this Indenture to be signed in its name by its duly authorized officers and U.S. Bank National Association, as Trustee, to evidence its acceptance of the trust hereby created, has caused this Indenture to be signed in its name by an authorized signatory of the Trustee, all as of the day and year first above written.

CAPITAL TRUST AGENCY

By: _____
Chairman

Attested this ____ day of August, 2017.

By: _____
Executive Director

**U.S. BANK NATIONAL ASSOCIATION,
TRUSTEE**

By: _____
Its Vice President

EXHIBIT A

FORM OF REPAIR AND REPLACEMENT FUND DRAW REQUEST

To: U.S. Bank National Association, as trustee

1. The undersigned Authorized Corporation Representative (the "Authorized Corporation Representative") of Elim Senior Housing, Inc. (the "Corporation") hereby authorizes and requests the above-referenced trustee (the "Trustee") to disburse \$_____ from the Repair and Replacement Fund (the "Repair and Replacement Fund") held by the Trustee, pursuant to the Trust Indenture, dated as of August 1, 2017 (the "Indenture"), from Capital Trust Agency (the "Agency") to the Trustee, in order to pay maintenance and repair costs related to the Project Facilities for which the Corporation is obligated pursuant to Section 5.02 of the Loan Agreement which were not included in the annual budget of the Corporation,
2. The Authorized Corporation Representative further certifies, pursuant to Section 4.04 of the Indenture, that each item for which payment is sought is or was necessary in connection with the Project Facilities and is a proper use of moneys in the Repair and Replacement Fund
3. The undersigned further certifies that this statement and all exhibits and attachments hereto, and documents furnished in connection herewith, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto, and that this statement constitutes the approval of the Corporation of each disbursement hereby requested and authorized.

Dated: _____

Authorized Corporation Representative

EXHIBIT B

FORM OF REQUISITION FROM WORKING CAPITAL ACCOUNT

To: U.S. Bank National Association, as trustee

1. The undersigned Authorized Corporation Representative (the "Authorized Corporation Representative") of Elim Senior Housing, Inc. (the "Corporation") hereby authorizes and requests the above-referenced trustee (the "Trustee") to disburse \$ _____ from the Working Capital Account (the "Working Capital Account") within the Project Fund held by the Trustee, pursuant to the Trust Indenture, dated as of August 1, 2017 (the "Indenture"), from Capital Trust Agency (the "Agency") to the Trustee, in order to pay Project-related marketing expenses and other Working Capital Expenditures (as defined in the Tax Certificate). As described in Section 4.14(E) of the Tax Certificate, all Working Capital Expenditures financed with proceeds of the Series 2017 Bonds directly relate to Capital Expenditures (as defined in the Tax Certificate) financed by the Series 2017 Bonds (e.g., initial operating expenses for the Project) and, in the aggregate, no more than 5 percent of the sale proceeds of the Series 2017 Bonds will be used to finance Working Capital Expenditures.
2. The Authorized Corporation Representative further certifies that each item for which payment is sought is or was necessary in connection therewith and is a proper use of moneys in the Working Capital Account.
3. The undersigned further certifies that this statement and all exhibits and attachments hereto, and documents furnished in connection herewith, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto, and that this statement constitutes the approval of the Corporation of each disbursement hereby requested and authorized.

Dated: _____

Authorized Corporation Representative

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LOAN AGREEMENT

between

CAPITAL TRUST AGENCY

and

ELIM SENIOR HOUSING, INC.

Dated as of August 1, 2017

Relating to:

\$ _____
CAPITAL TRUST AGENCY
SENIOR LIVING FACILITIES REVENUE BONDS
(ELIM SENIOR HOUSING, INC. PROJECT)
SERIES 2017

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LOAN AGREEMENT

THIS LOAN AGREEMENT, made as of the 1st day of August, 2017, between CAPITAL TRUST AGENCY, a legal entity and public agency under the laws of the State of Florida (together with its successors and assigns, the "Agency" or "CTA"), and ELIM SENIOR HOUSING, INC., a nonprofit corporation organized and existing under the laws of the State of Minnesota (herein sometimes called the "Corporation"),

WITNESSETH:

WHEREAS, the Corporation has determined to undertake the acquisition of land and land improvements, and construction, furnishing and equipping of the senior living facilities of the Corporation, to be situated on a 20-acre parcel located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, in the City of Wildwood, Florida, Sumter County, Florida, and expected to consist of approximately 184,516 square feet of building space and ancillary facilities, accommodating approximately 107 assisted living units, 48 memory care units, 2 guest units and a town center (the "Project"); and

WHEREAS, the Corporation has applied to the Agency and requested the Agency to issue its revenue bonds for the purpose of obtaining funds to (i) finance, refinance or reimburse the Corporation for the cost of the Project, (ii) fund required debt service reserves, (iii) pay capitalized interest on the Series 2017 Bonds (as herein defined), and (iv) pay the costs of issuance of the Series 2017 Bonds all pursuant to the Act (as defined herein); and

WHEREAS, the Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Agency proposes to issue its \$_____ Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 (the "Series 2017 Bonds"), pursuant to a Trust Indenture of even date herewith, between the Agency and U.S. Bank National Association, as Trustee (the "Trustee"), to provide the funds to be loaned to the Corporation hereunder, and to assign its interests in this Loan Agreement (other than certain rights to indemnity, payment of fees and repayment of expenses and advances) to the Trustee as security for the Series 2017 Bonds; and

WHEREAS, the Corporation proposes to execute and deliver to the Trustee a Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents (as more fully described hereinafter, the "Mortgage") of even date herewith, providing a mortgage lien on the Project Facilities, as hereinafter defined, and an assignment of its interests in, among other items, all leases and rents to be derived with respect to the Project Facilities, to provide security for the payment of the Series 2017 Bonds and for the performance of the Corporation's obligations under this Loan Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in the Indenture or in this Article I and in the recitals and succeeding Articles of this Loan Agreement shall, for all purposes of this Loan Agreement and of any agreement supplemental hereto, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Act” has the meaning set forth in the recitals to the Indenture, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Bonds” means any Additional Bonds issued pursuant to Section 2.09 of the Indenture.

“Affiliate” means any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation. For purposes of this definition, “Control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agency” means the Capital Trust Agency, a legal entity and public agency of the State of Florida in accordance with the Act, as amended, and its successors and assigns.

“Agency Documents” means this Loan Agreement, the Indenture and any other agreement, certificate, contract, or instrument to be executed by the Agency in connection with the issuance of the Bonds or the financing of a portion of the Project.

“Agency’s Fees and Expenses” means the Annual Agency’s Fee and expenses, if any, payable to or incurred by the Agency under or in connection with the issuance of the Bonds or the execution and delivery of any of the other Agency Documents, and including but not limited to any fees and expenses of counsel to the Agency.

“Annual Agency’s Fee” means an annual fee, payable to the Agency in installments, monthly in advance of the first Business Day of each month in an amount equal to one-twelfth of 0.045% of the aggregate principal amount of the Series 2017 Bonds Outstanding on such date (the “Monthly Agency’s Fee”); provided, however, that the fee due on January 1 shall be the greater of the (i) Monthly Agency’s Fee, or (ii) the amount necessary to make the sum of the Monthly Agency’s Fees paid during the preceding twelve months equal \$15,000. In the final year of retirement or prepayment of all remaining principal on the Series 2017 Bonds, the final Monthly Agency’s Fee shall be prorated to achieve the greater of the Monthly Agency’s Fees or the amount necessary to make the sum of the Monthly Agency’s Fees paid during such year equal the prorated portion of \$15,000 for the number of months in which the Series 2017 Bonds are outstanding during such year.

“Assignment” or “Lease Assignment” means the assignment of leases and rents included in the Mortgage.

“Authorized Corporation Representative” means any person at the time designated to act on behalf of the Corporation by written certificate furnished to the Agency and the Trustee, containing the specimen signature of such person and signed by the Chairperson, the President, the Chief Executive Officer, the Vice Chairperson, the Secretary, the Assistant Secretary, the Treasurer or the Chief Financial Officer of the Corporation. Such Certificate may designate an alternate or alternates.

“Authorized Agency Representative” means the person at the time designated to act on behalf of the Agency by written certificate furnished to the Corporation and Trustee containing the specimen signature of such person and signed on behalf of the Agency by its Board Chair. Such certificate may designate an alternate or alternates.

“Balloon Long-Term Indebtedness” means Long-Term Indebtedness 25% or more of the original principal amount of which (A) is due in any 12-month period or (B) may, at the option of the holder thereof, be required to be redeemed, prepaid, or purchased directly or indirectly by the Corporation or otherwise paid in any 12-month period; provided, that, in calculating the principal amount of such Balloon Long-Term Indebtedness due or required to be redeemed, prepaid, purchased or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be amortized prior to such 12-month period. Balloon Long-Term Indebtedness shall not include Long-Term Indebtedness with substantially equal annual installments of principal or substantially equal annual installments of principal and interest.

“Bond Counsel” means Independent nationally recognized bond counsel selected by the Corporation and approved by the Agency.

“Bond Documents” means this Loan Agreement, the Indenture, the Bond Resolution, the Disbursing Agreement and the Mortgage.

“Bond Fund” means the Bond Fund established under Section 5.01 of the Indenture.

“Bond Resolution” means the resolution adopted by the governing body of the Agency on December 8, 2016, authorizing the issuance and sale of the Series 2017 Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof and particularly as ratified and reaffirmed on June 29, 2017.

“Bonds” means the Series 2017 Bonds, together with any Additional Bonds issued pursuant to Section 2.09 of the Indenture.

“Cash and Liquid Investments” means the fair market value of all unrestricted and liquid cash and investments of the Corporation determined as set forth in certificate of an Authorized Corporation Representative, but excluding the amounts on deposit in any bond payment, debt service or similar fund pledged for the payment of principal or interest due on any Series 2017 Bonds, but in any event excluding amounts in a debt service reserve fund.

“Certificate” means a certification in writing required or permitted by the provisions of this Loan Agreement or the Indenture, signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of Section 1.02 hereof, each Certificate shall include the statements provided for in said Section 1.02.

“Completion Indebtedness” means any Long-Term Indebtedness incurred by the Corporation for the purpose of financing the completion of the Project, including Additional Bonds, to the extent necessary to provide a completed and equipped facility, in accordance with the general plans and specifications for the Project as originally prepared with only such changes as have been made in conformance with Article III hereof.

“Consultant” means a firm or firms selected by the Corporation which is a professional management consultant of national repute for having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears and that is Independent.

“Continuing Disclosure Agreement” means the certain Disclosure Dissemination Agent Agreement, dated as of August 1, 2017, by and between the Company and the Dissemination Agent.

“Corporation” means Elim Senior Housing, Inc., a Minnesota nonprofit corporation, or its successors and assigns.

“Corporation Documents” this Loan Agreement, the Mortgage, the Tax Certificate, and any other agreement, certificate, contract, or instrument to be executed by the Corporation in connection with the issuance of the Bonds or the financing of the Project.

“Days Cash on Hand” means, for any Fiscal Year end, the sum determined by dividing (i) Cash and Liquid Investments, by (ii) the quotient of total Operating Expenses (calculated on an accrual basis), but excluding depreciation and amortization of debt issuance costs and bond discount/premium recorded as interest expense, divided by the number of days in such Fiscal Year.

“Days Cash on Hand Requirement” means Days Cash on Hand equal to not less than 90 days measured annually as of the end of each Fiscal Year.

“Debt Service Coverage Ratio” means, for any period of determination, the ratio determined by dividing the Net Revenues Available for Debt Service by the Total Principal and Interest Requirements for such Fiscal Year.

“Default” means default by the Corporation in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Loan Agreement, exclusive of any notice or period of grace required for a default to constitute an “Event of Default” as described in Section 7.01 of this Loan Agreement.

“Determination of Taxability” means the issuance of a statutory notice of deficiency by the Internal Revenue Service, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision by any court of competent jurisdiction that interest

on the Series 2017 Bonds is includable in the gross income of the recipient under Section 103 and related Sections of the Internal Revenue Code and regulations thereunder, provided that the period for a contest or appeal, if any, of such action, ruling or decision has expired without any such appeal or contest having been instituted, or, if instituted, such contest or appeal has been unsuccessfully concluded. Inclusion of interest on the Series 2017 Bonds in the computation of any alternative minimum tax shall not be a Determination of Taxability.

“Disbursing Agreement” means the Construction Disbursement Agreement, dated as of August 1, 2017, among the Corporation, the Trustee and KP Studio Architect, P.A.

“Dissemination Agent” means Digital Assurance Certification LLC, and its successors and assigns.

“Event of Default” means an Event of Default described in Section 7.01 of this Loan Agreement which has not been cured.

“Fiscal Year” means the period commencing on the first day of January of any year and ending on the last day of December of the same year or any other 12 month period specified in a certificate of the Corporation as its fiscal year.

“Gross Revenues” means for any period of calculation, the aggregate, calculated in accordance with generally accepted accounting principles, of all operating and non-operating revenues of the Corporation, including, but without limiting the generality of the foregoing, (a) resident service revenues, (b) other operating revenues, (c) contributions (other than contributions which are restricted in such a manner to prohibit use to pay Total Principal and Interest Requirements or Operating Expenses), (d) unrestricted investment income, (e) unrestricted endowment income, (f) net proceeds from business interruption insurance, and (g) any unrestricted transfers from any entity affiliated with the Corporation, including but not limited to additional cash contributions, payment of expenses, or indebtedness expressly subordinated to the payment of the Bonds; provided, that any calculation of the Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with generally accepted accounting principles (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business).

“Guaranty” means any obligation of the Corporation guaranteeing in any manner, directly or indirectly, any obligation of any Person which obligation of such other Person would, if such obligation were the obligation of the Corporation, constitute Indebtedness hereunder. For the purposes of this Loan Agreement, the aggregate annual principal and interest payments on any indebtedness in respect of which the Corporation shall have executed and delivered its Guaranty shall, so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles, be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued or be in place during the Fiscal Year for which any computation is being made (calculated in the same manner as the Debt Service Coverage Ratio), provided that if there shall have occurred a payment by the Corporation on such Guaranty, then, during the period commencing on the date of such payment and ending on

the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account.

“Holder” or “Bondholder” or “Owner” means the person in whose name a Bond shall be registered in the registration records maintained by the Trustee.

“Indebtedness” means (i) all indebtedness of the Corporation for borrowed money or the deferred purchase price for property or services, (ii) all installment sales, conditional sales and capital lease obligations, incurred or assumed by the Corporation, (iii) all Guarantees, and (iv) all other items or obligations which would be included in determining total liabilities on the balance sheet of any Person.

“Independent” means that no member, director, officer, trustee, employee or major stockholder of the entity to which such term is applied herein and such entity itself is not an officer, director, trustee, member or employee of the Corporation. For the purpose of this definition, major stockholder means the holder or owner of more than ten percent of the outstanding shares of stock of a company.

“Independent Accountant” means an Independent certified public accountant selected by the Corporation.

“Indenture” means the Trust Indenture between the Agency and U.S. Bank National Association, as Trustee, of even date herewith, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

“Independent”, when used with reference to an attorney, engineer, architect, certified public accountant, or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the transaction to which his Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Agency or the Corporation as a commissioner or an officer, director or employee.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Independent Engineer” means an Independent engineer or engineering firm or an Independent architect or architectural firm selected by the Corporation qualified to practice the profession of engineering or architecture under the laws of Florida.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Land” means the land and interests in land constituting the site of the Project Buildings, as described in Exhibit A to the Mortgage, subject to the provisions of Section 5.08 hereof providing for the release of real property.

“Lawful Rate” means the highest lawful rate of interest applicable to the Bonds pursuant to State law.

“Lease Assignment” or “Assignment” means the assignment of leases and rents included in the Mortgage.

“Liquidity Provider” means Elim Homes, Inc.

“Liquidity Support Agreement” means the Liquidity Support Agreement dated as of August 1, 2017 among the Borrower, Trustee and the Liquidity Provider.

“Loan” means the loan from the Agency to the Corporation of the gross proceeds of issuance of the Series 2017 Bonds, made pursuant to this Loan Agreement.

“Loan Agreement” means this Loan Agreement between the Agency and the Corporation, dated as of August 1, 2017, as from time to time amended or supplemented.

“Loan Repayments” means the payments made or to be made by the Corporation pursuant to Section 4.02 of this Loan Agreement.

“Local Agency” means the City of Wildwood, Florida.

“Long-Term Indebtedness” means all Indebtedness having a maturity longer than one year incurred or assumed by the Corporation, including:

(i) money borrowed for an original term, or renewable at the option of the Corporation 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;

(iii) installment sale or conditional sale contracts having an original term in excess of one year;

(iv) Short-Term Indebtedness if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness, such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Long-Term Indebtedness and the Corporation shall have caused the Short-Term Indebtedness to be retired, paid, defeased or through a borrowing under such commitment; and

(v) the current portion of Long-Term Indebtedness.

“Mortgage” means the Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents of even date herewith, from the Corporation to the Trustee, as mortgagee, and any amendments and supplements thereto.

“Net Proceeds” means, when used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation, as owner, or the Trustee, as secured party, of the Project Facilities, less the cost of recovery (including attorneys’ fees) of such moneys from the insuring company or the condemning authority.

“Net Revenues Available for Debt Service” means the Gross Revenues for a specified period, less the total Operating Expenses of the Corporation of the same specified period (excluding extraordinary losses and expenses or non-recurring items), as determined in accordance with generally accepted accounting principles applied on a consistent basis, to which shall be added the amount of all depreciation, amortization and interest expense, all for the same specified period.

“Operating Assets” means any or all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory owned or operated by the Corporation and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

“Operating Expenses” means, in any fiscal year, direct and indirect costs and expenses (including depreciation, allowance for doubtful accounts, amortization and interest expense) incurred by the Corporation, as determined by generally accepted accounting principles and the Corporation’s audited financial statements.

“Opinion of Counsel” means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Corporation or Agency and acceptable to the Trustee or appointed by the Trustee. If and to the extent required by the provisions of Section 1.02 hereof, each Opinion of Counsel shall include the statements provided for in said Section 1.02.

“Optional Redemption Fund” means the Optional Redemption Fund established under Section 5.02 of the Indenture.

“Outstanding” when used as of any particular time with reference to Bonds means (subject to the provisions of Section 9.03 of the Indenture pertaining to Bonds held by the Agency and the Corporation) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.07 of the Indenture pertaining to replacement of Bonds.

“Permitted Encumbrances” means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-

of-way, mineral rights, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Buildings, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Corporation, (iv) the Mortgage, (v) any mortgage lien subordinate to the lien of the Mortgage to be granted by the Corporation after the date of issuance of the Bonds in connection with any indebtedness for borrowed money, provided, however, that the terms of any such indebtedness shall require notice of any default thereunder to be provided to the Trustee and shall provide the Trustee with an opportunity to cure any such default, and (vi) those additional encumbrances identified in Exhibit B to the Mortgage.

“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.

“Project” means the Project described in Section 1.03 hereof.

“Project Buildings” means each of the buildings currently located on the Land, and all other improvements or buildings now or hereafter located on the Land, as the same may be improved or expanded from time to time, and including all building service equipment and other fixtures incorporated therein or attached thereto.

“Project Equipment” means all those items of furnishings, furniture, equipment, and other tangible personal property located in the Project Buildings or otherwise on the Land, subject to the provisions of Section 5.07 providing for the removal of Project Equipment.

“Project Facilities” means the Land, the Project Buildings and the Project Equipment, all as the same may at any time exist, subject to the provisions of Sections 5.07 and 5.08 hereof providing for the release of property.

“Project Fund” means the Project Fund established under Section 4.02 of the Indenture.

“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.

“Qualified Investments” means investments authorized by the Act and described in Section 5.04 of the Indenture.

“Redeem” or “redemption” means “prepay” or “prepayment” as the case may be.

“Repair and Replacement Fund” means the Repair and Replacement Fund established under Section 5.06 of the Indenture.

“Reserve Fund” means the Reserve Fund established under Section 5.03 of the Indenture.

“Reserve Requirement” means (a) for the Series 2017 Bonds, an amount equal to \$_____, which is the lesser of (i) 10% of the original principal amount of the Series 2017 Bonds, (ii) 125% of the average annual debt service payment on the Series 2017 Bonds (excluding the final maturity of the Series 2017 Bonds), or (iii) the maximum annual debt service payable on such Series 2017 Bonds, and (b) for any series of Additional Bonds issued on a parity with the Series 2017 Bonds, an amount, determined at the time of issuance of such Additional Bonds, equal to the lesser of (i) 10% of the original principal amount of such Additional Bonds, (ii) 125% of the average annual debt service payment on such Additional Bonds, or (iii) the maximum annual debt service payable on such Additional Bonds.

“Responsible Officer” of any Trustee means and includes the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, every corporate trust officer, and every officer and assistant officer of such trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

“Series 2017 Bonds” means the Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017, authorized by the Indenture, this Loan Agreement and the Bond Resolution and described in Section 2.01 of the Indenture.

“Short-Term Indebtedness” means all Indebtedness having a maturity of one year or less, other than the current portion of Long-Term Indebtedness, incurred or assumed by the Corporation, including:

(i) 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) 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) installment purchase or conditional sale contracts having an original term of one year or less.

“Sinking Fund” means the Sinking Fund established under Section 3.08 of the Indenture.

“Sponsoring Political Subdivisions” means, collectively, the City of Gulf Breeze, Florida and the Town of Century, Florida.

“State” means the State of Florida.

“Tax Certificate” means the Tax Certificate and Agreement (including any exhibits and attachments thereto) by and between the Agency, the Corporation, and the Trustee, dated August __, 2017.

“Tax-Exempt Bonds” means any Bonds issued hereunder, the interest on which is excluded from gross income for federal income tax purposes.

“Total Principal and Interest Requirements” means, in any Fiscal Year, the total amount of principal of and interest on any Indebtedness (other than the Subordinated Note), and including any indebtedness represented by Bonds then Outstanding, which is to be due and payable in such Fiscal Year, but excluding any interest expense which has been funded from the proceeds of the Bonds or other Indebtedness. For purposes of calculating total Principal and Interest Requirements, the following rules shall apply:

- (a) with respect to Balloon Long-Term Indebtedness such Balloon Long-Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an amortization period equal to the actual term thereof, at the interest rate specified therein (including for future periods after any mandatory rate adjustment, the capped rate), provided that Balloon Long-Term Indebtedness in an outstanding amount of not more than \$5,000,000 may be assumed to be amortized over the amortization period on which it is based, notwithstanding any requirement to redeem, prepay, purchase or otherwise pay principal in an increased amount prior to the end of such amortization period; and
- (b) in determining the amount of debt service payable on Variable Rate Indebtedness for any future period, interest on such Indebtedness for any period of calculation (the “Determination Period”) shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the average annual rate of interest on similar securities (calculated in the manner in which the rate of interest for the Determination Period is to be calculated) which was in effect for the twenty-four month period prior to a date selected by the Corporation plus 2%, which selected date is within 45 days immediately preceding the beginning of the Determination Period, as certified by a banking or investment banking institution knowledgeable in matters of variable rate financing or, if it is not possible to calculate such average annual rate of interest, by assuming that the rate of interest applicable to the Determination Period is equal to the rate of interest then in effect on such Variable Rate Indebtedness; and
- (c) Total Principal and Interest Requirements shall include any continuing credit enhancement, liquidity and/or remarketing fees for the relevant period.

“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.

“Trustee” means the trustee at the time serving as such under the Indenture.

“Trust Estate” means the interest of the Agency in this Loan Agreement assigned under Granting Clause I of the Indenture; the revenues, moneys, investments, contract rights, general intangibles and instruments and proceeds and products and accessions thereof as set forth in Granting Clause II of the Indenture; and additional property held by the Trustee pursuant to Granting Clause III of the Indenture, including the Mortgage.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

Section 1.02. Characteristics of Certificate or Opinion. Any Certificate made or given by an officer of the Agency or the Corporation may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such officer knows that the Opinion of Counsel with respect to the matters upon which his Certificate may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous. Any such Opinion of Counsel may be based (insofar as it relates to factual matters with respect to which is in the possession of the Agency or the Corporation), upon the Certificate of an officer or officers of the Agency or the Corporation, unless such counsel knows that the Certificate with respect to the matters upon which his opinion may be based as aforesaid is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.03. Description of Project. The term "Project" refers to financing, refinancing or reimbursing the Corporation for certain capital improvements for or to the Corporation for the cost of certain capital improvements for or to the senior living facilities of the Corporation, to be situated on a 20-acre parcel located at the northwest corner of the intersection of County Road 103 and Woodridge Drive, in the City of Wildwood, Florida, Sumter County, Florida, and expected to consist of approximately 184,516 square feet of building space and ancillary facilities, accommodating approximately 107 assisted living units, 48 memory care units, 2 guest units and a town center.

Section 1.04. Additional Provisions as to Interpretation. The following shall apply to the construction of this Loan Agreement unless the context otherwise requires:

(a) 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.

(b) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," "direction" or similar action under this Loan Agreement by any party must be in writing and signed by a duly authorized representative of such party with a duly authorized signature.

(c) All references in this Loan Agreement to "counsel fees," "attorneys' fees" or the like mean and include fees and disbursements allocable to in-house or outside counsel, whether or not suit is instituted, and including fees and disbursements preparatory to and during any proceedings of a governmental or regulatory body, judicial or administrative hearing, trial and appeal and in any bankruptcy or arbitration proceedings.

(d) Whenever the word "includes" or "including" is used, such word means "includes or including by way of example and not limitation."

(e) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the reasonable discretion of the party whose approval, consent or acceptance is required except to the extent otherwise specified herein.

(f) For purposes hereof, the Agency shall not be deemed to have knowledge of any fact or the occurrence of any event unless and until the Agency Authorized Officer has written notice thereof or actual knowledge thereof.

(g) Any headings preceding the texts of the several Articles and Sections of this Loan Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Loan Agreement, nor shall they affect its meaning, construction or effect.

(h) Whenever the Agency is named or referred to, it shall be deemed to include its successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations, and agreements by or on behalf of, and other provisions for the benefit of, the Agency contained in this Loan Agreement shall bind and inure to the benefit of such successors and assigns and shall bind and inure to the benefit of any officer, board, commission, issuer, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency, or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions hereof.

(i) 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. Reference herein to particular articles or sections are references to articles or sections of this Loan Agreement unless some other reference is otherwise indicated.

(j) Whenever in this Loan Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be sufficient to pay the principal amount of such Bonds and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to maturity and in respect of which there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

(k) Any terms defined in the Indenture or Mortgage but not defined herein shall have the same meaning herein unless the context hereof clearly requires otherwise.

This Loan Agreement is governed by and shall be construed in accordance with the laws of the State of Florida.

ARTICLE II

REPRESENTATIONS, ETC.

Section 2.01. Representations by the Agency. The Agency makes the following representations as the basis for its undertakings herein:

(a) The Agency is a legal entity and a public agency duly organized and existing under the laws of the State of Florida and is duly authorized to issue the Series 2017 Bonds and to perform its obligations under this Loan Agreement.

(b) The issuance and sale of the Series 2017 Bonds, the execution and delivery of this Loan Agreement and the Indenture, the performance of all covenants and agreements of the Agency contained in this Loan Agreement and the Indenture, and the Loan hereunder have been duly authorized by resolutions of the Agency's governing body, including the Bond Resolution, which was duly adopted at a meeting of the Agency's governing body duly called and held, by the requisite vote of a majority of its members, in accordance with all requirements of law.

(c) The Series 2017 Bonds have been duly authorized, executed and delivered by the Agency. Nothing in this Loan Agreement shall be construed as requiring the Agency to provide any financing for the Project other than the proceeds of the Series 2017 Bonds or to provide sufficient moneys for all of the costs of financing or refinancing the Project.

(d) To provide financing with respect to the Project Facilities, the Agency proposes to issue the Series 2017 Bonds, as provided in the Act, the Indenture and the Bond Resolution, and lend the proceeds thereof to the Corporation pursuant to this Loan Agreement. The Agency will issue Series 2017 Bonds, and the Series 2017 Bonds shall be in the form and shall be subject to the terms and provisions set forth in the Indenture.

(e) There is no litigation pending or, to the best of its knowledge threatened, against the Agency relating to the Project Facilities or to the Series 2017 Bonds or to this Loan Agreement or the Indenture or questioning the powers or authority of the Agency under the Act, or questioning the corporate existence of the Agency or the title of any of the present officers of the Agency to their respective offices.

(f) The execution, delivery and performance of this Loan Agreement and the Indenture do not violate any agreement or instrument of the Agency or any court order or judgment in any litigation to which the Agency is a party or by which it is bound.

(g) To the best of the Agency's knowledge and belief, no member of the governing board of the Agency and no other elected or appointed official who is authorized to take part in the making of this Loan Agreement or the Indenture or the issuance of the Series 2017 Bonds, is directly or indirectly interested in this Loan Agreement, the Series 2017 Bonds, the Project Facilities, or any contract, agreement or job hereby contemplated to be entered into or undertaken.

Section 2.02. Representations, Warranties and Covenants by the Corporation. The Corporation makes the following representations, warranties and covenants:

(a) The Corporation is a nonprofit corporation duly organized and existing under the laws of the State of Minnesota and is authorized to do business in the State of Florida.

(b) Except to the extent otherwise provided in Section 5.02 hereof, the Corporation intends to own and operate the Project Facilities from the date hereof to the

expiration or sooner termination of this Loan Agreement, as provided herein, except to the extent such operation may be interrupted by strikes, riots, fire, casualty or condemnation, acts of God or public enemy or other circumstances beyond the control of the Corporation.

(c) The execution and delivery of this Loan Agreement, the Disbursing Agreement and the Mortgage and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under the articles of incorporation or bylaws of the Corporation, or any bond, debenture, note or other evidence of indebtedness or any contract, loan agreement or lease to which the Corporation is a party or by which it is bound, or violate any law, regulation or order of the United States, the State of Minnesota or the State of Florida or agency or political subdivision thereof, or any court order or judgment in any proceeding to which the Corporation is or was a party or by which it is bound.

(d) The proceeds of the Series 2017 Bonds to be deposited in the Project Fund, together with the other funds to be contributed by the Corporation, will be sufficient to discharge in full and pay the cost of the Project, as further described herein and in the Indenture, and to pay all other costs of the Project, as further described herein and in the Indenture.

(e) There is no litigation pending, or to the best of its knowledge threatened, against the Corporation affecting its ability to carry out the terms of this Loan Agreement or the Mortgage.

(f) There are no liens or encumbrances on the Land except Permitted Encumbrances.

(g) The Land is currently zoned properly for the Project Facilities.

(h) The Corporation shall operate the Project Facilities as a "project" within the meaning of the Act.

(i) The Corporation shall take no action nor omit to take any action the effect of which would be to jeopardize the tax-exempt status of the Series 2017 Bonds.

(j) All property to be financed with proceeds of the Series 2017 Bonds shall be owned either by an organization described in Section 501(c)(3) of the Internal Revenue Code or a unit of state or local government, all within the meaning of Section 145(a) of the Internal Revenue Code.

(k) The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from the payment of federal income taxes under Section 501(a) of the Code, and no revenues derived from any portion of the Project Facilities do or shall constitute revenues from an "unrelated trade or business" within the meaning of Section 513(a) of the Code, except as may be specifically permitted in the Tax Certificate.

(l) The Official Statement relating to the issuance and sale of the Series 2017 Bonds, including all Appendices thereto, does not contain any untrue statement of a material fact, and does not omit to state a material fact, required to be stated therein or necessary in order to make the statements contained therein not misleading.

(m) No member of the governing body or officer or employee of the Agency is directly or indirectly interested in this Loan Agreement, the Series 2017 Bonds, the Project Facilities or any contract, agreement or job hereby contemplated to be entered into or undertaken.

(n) The Corporation has approved the terms and conditions of the Indenture and the Bonds.

ARTICLE III

ISSUANCE OF THE SERIES 2017 BONDS

Section 3.01. Project. The Corporation shall promptly undertake to construct the Project promptly upon the issuance of the Series 2017 Bonds. The Corporation may make changes in the Project Buildings or items of Project Equipment at any time; provided that no changes will be made which would delete from the Project Facilities any essential characteristics of the Project Facilities as specified in Section 1.03 nor which materially and adversely affect the total operating unity and efficiency or capacity of the Project Facilities and that, after such changes, the Project Facilities shall remain in compliance with all applicable requirements of law, including the applicable provisions of the Act and of Section 145 of the Internal Revenue Code. The Project Facilities, to the best knowledge of the Corporation, are and will be in compliance with all applicable zoning, planning and building regulations of governmental authorities having jurisdiction of the Project Facilities.

Section 3.02. Agreement to Issue Series 2017 Bonds; Application of Series 2017 Bond Proceeds. In order to provide funds to loan to the Corporation to finance the Project, the Agency has, or will have, upon or promptly after the execution of this Loan Agreement, issued and delivered the Series 2017 Bonds to, or upon the order of, the Underwriter and the Agency has or will have deposited the proceeds of said Series 2017 Bonds as follows: (i) in the Bond Fund capitalized or funded interest in the amount of \$_____; (ii) in the Reserve Fund an amount equal to the Reserve Requirement; and (iii) in the Project Fund the balance of the proceeds received from said sale.

Section 3.03. Disbursements from the Project Fund. The Agency has, in the Indenture, authorized and directed the Trustee to use the moneys in the Project Fund to provide for financing the Project, as further provided therein.

Section 3.04. Obligation of the Corporation to Cooperate in Furnishing Documents to the Trustee. The Corporation agrees to cooperate in furnishing to the Trustee (i) any documents or directions required by the Trustee to effect payments out of the Project Fund, and (ii) the documents referred to in the Indenture required for the authentication and delivery of the Series 2017 Bonds. Such obligations are subject to any provision of this Loan Agreement or the Indenture requiring additional documentation.

Section 3.05. Corporation Required to Provide for Payment in Full of the Project and Deposit of Proceeds. The Agency does not make any warranty, either express or implied, that the moneys which will be deposited into the Project Fund, and which under the related

provisions of this Loan Agreement and the Indenture will be available for payment of the Project, will be sufficient to pay such costs. The Corporation agrees that it shall pay or cause to be paid all costs of such Project and that to the full extent such costs exceed the available proceeds of the Series 2017 Bonds it shall not be entitled to any reimbursement therefor from the Agency, the Trustee, or the Holders of any of the Series 2017 Bonds, nor shall it be entitled to any diminution in or postponement of payments to be made under Sections 4.02 or 4.04 hereof. Specifically, the Corporation covenants that it will pay or cause to be paid from funds other than proceeds of the Series 2017 Bonds the amount of all issuance costs of the Series 2017 Bonds (including underwriting discount) in excess of an amount equal to 2.00% of the proceeds of the Series 2017 Bonds).

Section 3.06. Title to the Project Facilities. The Agency acknowledges and agrees that as between the Agency and the Corporation, the Corporation shall be the sole owner of the Land, the Project Buildings, the Project Equipment and other Project Facilities and shall be entitled to sole and exclusive possession thereof and neither the Agency, the Trustee nor any Holder of the Series 2017 Bonds shall be entitled to or have any lien on or security interest in the Land, the Project Buildings, Project Equipment, or other Project Facilities or in the Corporation's title thereto or interest therein, except as provided by the Mortgage.

ARTICLE IV

LOAN PAYMENTS AND DEPOSITS

Section 4.01. The Loan. The Agency agrees, upon the terms and conditions in this Loan Agreement, to lend to the Corporation the proceeds of issuance of the Series 2017 Bonds (\$_____) (the "Loan") and further agrees to deposit the net proceeds of sale thereof into the Bond Fund, the Reserve Fund and the Project Fund established with the Trustee as provided herein and in the Indenture. Such proceeds shall thereafter be invested and disbursed by the Trustee in accordance with the provisions of this Loan Agreement and the Indenture.

Section 4.02. Repayment of Loan. The Corporation covenants and agrees to repay the Loan, together with interest and premium, if any, in Loan Repayments which in the aggregate shall be in an amount sufficient to pay, in full and when due, all the Bonds. To provide for the repayment of the Loan (until the principal of, premium (if any) on and interest on the Bonds shall have been fully paid or provision for payment thereof shall have been made in accordance with the Indenture), the Corporation agrees to pay for the account of the Agency in immediately available funds the following amounts:

(a) into the Bond Fund or Sinking Fund, as the case may be, on _____, 2017, and on the twenty-fifth day of each month thereafter, a sum equal to (i) one-twelfth of the amount, if any, payable as principal of the Bonds on the next principal payment date (with such monthly payments commencing _____), plus (ii) one-sixth of the amount payable as interest on the Bonds on the next interest payment date; and

(b) into the Bond Fund or Sinking Fund, as the case may be, forthwith, the amount of the deficiency in the event the funds on deposit in the Bond Fund or Sinking Fund, as the case may be, on any semi-annual principal or interest payment date are for any reason

insufficient to pay principal, premium (if any) and interest on the Bonds then due or to become due on any Bond principal or interest payment date (whether at maturity or upon redemption or acceleration of maturity in event of default); and

(c) into the Optional Redemption Fund such amount, if any, as may be necessary and sufficient to provide for the redemption of Bonds subject to redemption from the Optional Redemption Fund in accordance with the provisions of Section 3.01 of the Indenture; and

(d) into the Reserve Fund any amount required at any time to be deposited therein under Section 5.03 of the Indenture; and

(e) into the Repair and Replacement Fund any amount required at any time to be deposited therein under Section 4.09 of this Loan Agreement; and

(f) into any fund designated by the Trustee for the purpose moneys in the amount determined by the Trustee to be necessary to comply with the provisions of 4.07(d) hereof or Section 5.05 of the Indenture;

subject, however, to the amounts of any credits allowable under Section 4.08 hereof. Each payment by the Corporation under this Section shall be made directly to the Trustee at its corporate trust office for the account of the Agency for deposit as provided in the Indenture. The Corporation shall furnish to the Agency, if the Agency so requests, advice of the transmittal of such payments at the time of transmittal of payment.

Section 4.03. Additional Payments. The Corporation also agrees:

(a) to pay to the Trustee, for itself or remittance to the paying agents, promptly after being billed, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) an amount equal to the annual fee of the Trustee, as trustee, for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, (ii) the reasonable fees and charges of paying agents on the Bonds for acting as paying agent as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Corporation may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses; and

(b) to annually pay to the Agency the Annual Agency's Fee (without the need of any invoice) and, upon invoice therefor, all reasonable expenses of the Agency incurred in connection with the issuance, payment, or redemption of Bonds or otherwise in connection with the transactions contemplated by this Loan Agreement and the Indenture.

Section 4.04. No Set-Off; Corporation's Obligations Unconditional. The obligation of the Corporation to make the payments required hereby shall be absolute and unconditional. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been

fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Corporation (i) will perform and observe all of its agreements contained in this Loan Agreement and (ii) will pay without abatement, diminution or deduction (whether for taxes or otherwise) all amounts required to be paid hereunder, regardless of any cause or circumstance whatsoever including, without limiting the generality of the foregoing: any defense, set-off, recoupment or counterclaim which the Corporation may have or assert against the Agency, the Trustee, any Holder of a Bond or any other person; any failure of the Agency to perform any covenant or agreement contained herein or in any other agreement between the Agency and the Corporation; any indebtedness or liability at any time owing to the Corporation by the Agency, the Trustee, any Holder of a Bond or any other person; any acts or circumstances that may constitute failure of consideration; damage to or condemnation of the Project Facilities; eviction by paramount title; commercial frustration of purpose; bankruptcy or insolvency of the Agency or the Trustee; any change in the tax or other laws of the United States of America or of the State of Florida or any political subdivision of either; foreclosure of the Mortgage; or any failure of the Agency or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Loan Agreement, the Mortgage or the Indenture.

The Corporation hereby waives, to the extent permitted by law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate or cancel, or to limit its liability under, this Loan Agreement or the Mortgage except in accordance with the express terms hereof.

Section 4.05. Interest on Loan Repayments and Other Overdue Payments. In the event the Corporation shall fail to make Loan Repayments required by Section 4.02(a) or 4.02(b) hereof, the installment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and if such failure shall result in a failure to pay any principal of, premium, if any, or interest on the Bonds, the Corporation agrees to pay interest on such sum from such date at the rate or rates of interest specified in the Bonds. In the event the Corporation shall fail to make any payment required under Section 4.03 hereof or if advances are made pursuant to Section 7.05 hereof, the item so in default shall continue as an obligation of the Corporation until the amount shall have been fully paid and the Corporation agrees to pay interest on such payment in default at the rate or rates of interest specified in Section 7.05 hereof.

Section 4.06. Options to Prepay Loan. The Series 2017 Bonds will be subject to prior redemption at the option of the Corporation, and the Corporation shall have and is hereby granted the option to prepay the Loan and require the Series 2017 Bonds to be redeemed, on such dates and at such redemption prices as are set forth in Section 3.01 of the Indenture. In addition, the Corporation shall have the right to prepay the Loan and cause Bonds to be redeemed in connection with any defeasance of Bonds pursuant to Article X of the Indenture.

The option of the Corporation to prepay the Loan includes the option to do so on any Business Day, in whole but not in part, and without prepayment premium or penalty, if:

- (i) any material part of the Project Facilities shall be damaged or destroyed or taken in condemnation proceedings, all as further provided in Sections 5.10 and 5.11 hereof; or

(ii) as a result of any changes in the Constitution of the State of Florida or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of a final decree, judgment or order of any court or administrative body (whether state or federal) this Loan Agreement shall have become void or unenforceable or impossible of performance in any material respect in accordance with the intent and purposes of the parties as expressed herein.

To exercise the options granted in this Section, the Corporation shall, at least forty-five (45) days prior to the date upon which such prepayment is to be made, give written notice of such prepayment to the Trustee. Such notice shall request the redemption pursuant to Article III of the Indenture of a specified principal amount of Bonds if less than all outstanding Bonds are to be redeemed and shall otherwise comply with the provisions hereof and of Article III of the Indenture. On or before the date specified for the redemption of the Bonds, the Corporation shall pay the Trustee for deposit in the Optional Redemption Fund an amount which, together with other funds held by the Trustee and available for the purpose, is equal to the redemption price of the Bonds to be redeemed and accrued interest thereon to the redemption date, and in any case, such further amounts, if any, as may be required to redeem the Bonds called for redemption by the Trustee on the redemption date.

The Agency, at the request at any time of the Corporation and if the Bonds are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Corporation, on the earliest redemption date on which such redemption may be made under such applicable provisions, provided that the Corporation shall have made available funds in adequate amount therefor or shall have made arrangements satisfactory to the Agency therefor. Except as herein otherwise provided, Bonds shall be called for redemption only upon the direction of the Corporation.

Section 4.07. Tax-Exempt Status of Series 2017 Bonds. It is the intention of the parties hereto that the interest paid on the Series 2017 Bonds will not be included in the gross income of the recipients of said interest by reason of Section 103 and related Sections of the Internal Revenue Code. In order to confirm and carry out such intention:

(a) The Corporation shall (i) provide such Certificates of the Authorized Corporation Representative, opinions of Bond Counsel, and other evidence as may be necessary or requested by the Agency or the Trustee to establish the tax-exempt status of interest on the Series 2017 Bonds under Section 103 and related Sections of the Internal Revenue Code, and (ii) the Agency shall comply with its obligations described in the Tax Certificate.

(b) If there shall occur a Determination of Taxability, the Corporation shall have the obligation to, and hereby covenants and agrees that it shall forthwith repay the Loan and cause the Series 2017 Bonds to be redeemed on the next Business Day occurring at least 45 days following notice to the Corporation of the Determination of Taxability and the Agency agrees to call the Series 2017 Bonds for redemption on such date. Any redemption required under this Section shall be effected upon the following terms and conditions:

(i) Within ten days after notice to the Corporation of the Determination of Taxability the Corporation shall give written notice of the Determination of Taxability and of its intention to redeem the outstanding Series 2017 Bonds to the Trustee, stating the date of redemption and the Corporation shall make arrangements satisfactory to the Trustee for the giving of notice required for redemption of all of the outstanding Series 2017 Bonds and for the transmittal of funds needed for such redemption in advance of that date.

(ii) The aggregate redemption price payable by the Corporation shall be an amount which, when added to all amounts then held under the Indenture and available for the purpose, will be equal to the principal amount of all then outstanding Series 2017 Bonds, plus accrued interest thereon to the redemption date.

(iii) The Corporation shall also pay an amount equal to the Trustee's and any paying agent's fees under the Indenture, accrued and to accrue until final payment and redemption of the Series 2017 Bonds and all other advances, fees, costs and expenses incurred by the Trustee under the Indenture.

(c) If there shall be a Determination of Taxability with respect to the Series 2017 Bonds and the Corporation shall fail to give notice thereof and of its intention to redeem the Bonds as above described, the Trustee shall nevertheless be authorized to give notice of redemption of the outstanding Series 2017 Bonds on the next Business Day occurring at least thirty-five (35) days thereafter whenever it shall have determined, in good faith, that a Determination of Taxability has been made; and the Trustee shall give such notice of redemption if the Agency or any Bondholder shall furnish to the Trustee a copy of the Determination of Taxability duly certified or authenticated to the satisfaction of the Trustee. The Trustee shall furnish to the Corporation and the Agency a copy of the notice given or to be given by it pursuant to this paragraph, and the Corporation shall thereupon become obligated to pay the aggregate redemption price to the Trustee as a Loan Repayment prior to the redemption date and to pay all fees, expenses, costs and advances of the Trustee and any paying agent under the Indenture.

(d) The Corporation hereby acknowledges and confirms its obligations under Section 148 of the Internal Revenue Code and regulations thereunder. Specifically, the Corporation agrees to comply with the rebate requirements imposed under said Section 148(f) and pertinent regulations and as described in Section 4.18 ("Obligations Regarding Rebate") of the Tax Certificate. Rebate payments required to be made by the Corporation shall constitute additional Loan Repayments under Section 4.02 hereof.

Section 4.08. Investment of Funds; Credits. Moneys on deposit to the credit of any Fund maintained under the Indenture shall be invested by the Trustee, upon written request by the Authorized Corporation Representative to the Trustee, in Qualified Investments. The Corporation acknowledges that the investments it authorizes in its written investment directions must be authorized by the Act. Investments permitted under this Section may be purchased through or from the Trustee or any of its affiliates. Investments so purchased shall be deemed at all times to be a part of the respective Fund, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be

credited to the respective Fund. Except as hereinafter provided in this Section 4.08, any interest or profit shall be credited to the respective Fund. The Trustee shall redeem or sell any investments so purchased, whenever it shall be necessary to do so in order to provide moneys to meet any payment from any Fund. Neither the Trustee nor the Agency shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. The Corporation acknowledges that the investments it authorizes in its written investment directions are required to be limited as to amount and yield of investment in such manner that no part of the outstanding Bonds shall be deemed “arbitrage bonds” under Section 148 of the Internal Revenue Code and regulations thereunder.

Notwithstanding any other provision hereof or of the Indenture, earnings credited to the Reserve Fund shall be transferred to the Bond Fund and shall serve as a credit against the obligation of the Corporation to make Loan Repayments under Section 4.02(a) hereof, no less frequently than semiannually on January 1 and July 1 of each year, commencing July 1, 2018; provided, however, that no such transfer shall be made if the effect thereof would be to cause the amount on hand in the Reserve Fund to be less than the Reserve Requirement, as computed in accordance with Section 5.03 of the Indenture.

The Trustee will furnish the Corporation with periodic account statements as provided herein that include detail for all investment transactions made by the Trustee hereunder. The Corporation acknowledges that regulations of the Comptroller of the Currency grant the Corporation the right to receive brokerage confirmations of the securities transactions as they occur. The Corporation specifically waives such notification to the extent permitted by law and the Corporation acknowledges that it will receive periodic cash transaction statements that will detail all investment transactions.

Section 4.09. Deposits to Repair and Replacement Fund. Commencing July 25, 2022 and on the 25th day of each month thereafter, the Corporation agrees to deposit with the Trustee in immediately available funds an amount equal to \$3,229 until the amount on deposit in the Repair and Replacement Fund shall equal or exceed \$300,000. Upon any withdrawal from the Repair and Replacement Fund, such monthly deposits shall resume until the balance in such fund is restored to a minimum of \$300,000.

ARTICLE V

PROJECT FACILITIES

Section 5.01. Use of Project Facilities. The Corporation will use the Project Facilities only in furtherance of its lawful purposes and will cause the Project Facilities to be used and operated as required by the Act or other applicable law.

The Corporation will not use or permit any person to use the Project Facilities for any use or purpose in violation of the laws of the United States, the State of Florida, or any ordinance of the Agency, and agrees to comply with all the orders, rules, regulations and requirements of the City, Agency or State or other governmental authority having jurisdiction over the Project Facilities. The Corporation shall have the right to contest by appropriate legal proceedings,

without cost or expense to the Agency, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to.

Section 5.02. Ownership, Maintenance and Possession of Project Facilities by Corporation. The Corporation agrees that so long as the Bonds are Outstanding, the Corporation will own the Project Facilities and keep or cause to be kept the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary in the judgment of the Corporation. The Corporation represents that it has no present intention to sell, lease or otherwise dispose of the Project Facilities, other than to lease units to residents in the ordinary course of business. If the Corporation sells or otherwise disposes of any part of the Project Facilities, the Corporation will review the Tax Certificate (including the exhibits and attachments thereto) and consult with Bond Counsel prior to such disposition.

Section 5.03. Liens. The Corporation will pay or cause to be paid all utility charges and other charges arising from the operations at the Project Facilities which, if unpaid, would become a lien on the Project Facilities and will not permit any lien or encumbrance except Permitted Encumbrances to be established or to remain unsatisfied against the Project Facilities, including any mechanics' liens; provided, that the Corporation may in good faith contest any mechanics' or other liens filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom if the Corporation furnishes the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of Independent Counsel stating that by nonpayment of any such items the Project Facilities or any part thereof will not be subject to loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the liens if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit shall be returned to the Corporation if the lien is successfully contested. If the Corporation is unable or otherwise fails to obtain such a bond or provide such a cash deposit or such an opinion of Independent Counsel, the Corporation shall cause such unpaid items to be paid promptly.

Section 5.04. Taxes and Other Governmental Charges. The Corporation will pay or cause to be paid, as the same respectively become due, any taxes, special assessments, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the operations at the Project Facilities, or any improvements, equipment or related property installed or brought by the Corporation therein or thereon, or the Loan Agreement, the Indenture, the Mortgage or the interest of the Agency, the Trustee, or the Bondholders therein. The Corporation may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom if the Corporation furnishes the Trustee with a bond or cash deposit equal to at least the amount so contested or with an opinion of Independent Counsel stating that by nonpayment of any such items the Project Facilities or any part thereof will not be subject to loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Trustee to satisfy the liens if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit shall be returned to the Corporation if the lien is successfully contested. If the Corporation is unable or otherwise fails to obtain such a

bond or provide such a cash deposit or such an opinion of Independent Counsel, the Corporation shall cause such taxes, assessments, license fees or charges to be paid promptly.

Section 5.05. Alterations to Project Buildings. The Corporation shall have the privilege from time to time at its cost and expense, of remodeling and of making additions, modifications, alterations, improvements and changes (hereinafter collectively referred to as "alterations") in or to the Project Buildings as it, in its discretion, may deem to be desirable for its uses and purposes, subject, however, to the following:

(a) All alterations to the Project Buildings shall be located within the boundary lines of the Land and shall become a part of the Project Facilities, subject to the Mortgage;

(b) The alterations shall not substantially impair the structural strength, utility or market value thereof or significantly alter the character or purpose or detract from the value or operating efficiency of the Project Facilities, and, in the event that the costs of such alterations shall exceed \$1,500,000, the Corporation shall have delivered to the Trustee a Certificate of the Authorized Corporation Representative to such effect; and

(c) The alterations shall not significantly impair the revenue producing capacity of the Project Facilities, and the Corporation shall have delivered to the Trustee a Certificate of the Authorized Corporation Representative to such effect.

The Trustee shall require the Corporation to furnish an opinion of an Independent Engineer, at the expense of the Corporation, as to the effect of paragraph (b) if the alterations shall exceed \$1,500,000 in the aggregate.

All work in connection with any alterations shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the Agency and other governmental subdivisions wherein the Project Facilities are situated, and with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Project Facilities; and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted.

Section 5.06. Installation of Equipment. The Corporation may, from time to time in its discretion and at its own cost and expense, install or place other equipment and tangible personal property in the Project Buildings and on the Land, subject to the lien of the Mortgage. In the event that a lessor, vendor or purchase money lender is entitled to and does remove any equipment or other property, any damage resulting to the Project Facilities therefrom shall be repaired and the Project Facilities restored to their previous condition at the sole expense of the party effecting such removal or at the sole expense of the Corporation. Nothing in this Section 5.06 shall prevent the Corporation from entering into installment sale contracts or leases subsequent to the date hereof for the purchase or installation of personal property to be added to the Project Facilities.

Section 5.07. Removal of Project Equipment. If no Default exists, subject to the requirements described in the Tax Certificate and Section 6.14 hereof, the Corporation shall have

the right to have Project Equipment removed from the Project Facilities released from the lien of the Mortgage, as follows:

(a) The Corporation shall have the privilege from time to time of substituting equipment and related property for any Project Equipment, provided that the effect of such substitution shall not be to impair the character or revenue producing significance of the Project Facilities. Any such substituted property shall become Project Equipment subject to the lien of the Mortgage in place of the replaced equipment.

(b) The Corporation shall also have the privilege of removing any Project Equipment without substitution therefor provided that the Corporation pay a sum equal to the then value of said Project Equipment as determined by an Independent Engineer or Independent appraiser selected by the Corporation if and so long as any of the Bonds remain outstanding. The Corporation shall pay such amounts to the Trustee for deposit in the Optional Redemption Fund (in addition to any other amounts required therein) or the Reserve Fund, as directed by the Authorized Corporation Representative, and shall deliver to the Trustee a Certificate signed by said Independent Engineer or Independent appraiser selected by the Corporation setting forth the value of said Project Equipment and a Certificate signed by the Authorized Corporation Representative stating that the removal of such equipment will not impair the character or revenue producing significance of the Project Facilities, provided that if the then current value of any item of equipment so removed is less than \$75,000 (as determined and based on a certification of the Corporation), such removal without substitution and such deposit may be effected without such deposit and without such determination of value and Certificate by an Independent Engineer or Independent appraiser.

In the event any removal of equipment under this Section causes damage to buildings, the Corporation shall restore or repair such damage at its expense. The Trustee shall execute and deliver as provided in the Indenture such releases or other documents (if any) as the Corporation may properly request in connection with any action taken by the Corporation in conformity with this Section. The removal from the Project Facilities of any portion of equipment pursuant to the provisions of this Section shall not entitle the Corporation to any abatement or diminution of Loan Repayments subsequently due.

Section 5.08. Release of Real Property. If no Default exists, subject to the requirements described in the Tax Certificate and Section 6.14 hereof, the Corporation shall have the right, at any time and from time to time, to a release of Land from the Mortgage, as follows:

(i) Land not containing any permanent structure necessary for the total operating unity and efficiency of the Project Facilities may be released for the purpose of selling the same to a third person or to facilitate the construction or financing of additions to the Project Buildings or additional structures not related to the Project on the Land, and the Trustee shall, from time to time, release from the Mortgage such real property so sold, pledged or disposed of, but only upon receipt by the Trustee of the following:

(1) A Certificate of an Authorized Corporation Representative setting forth in substance as follows:

(A) The number of acres or square feet of the property to be released;

(B) The property to be released is not needed for the operation of the Project Facilities and is not necessary for the total operating unity and efficiency of the Project Facilities;

(C) The release will not impair the structural integrity of the Project Facilities or the usefulness of the Project Facilities for these purposes and will not inhibit adequate means of ingress to or egress from the Project Facilities;

(D) No Default exists under this Loan Agreement, and

(E) All conditions precedent herein provided for relating to such release have been complied with;

(2) A survey prepared by a registered land surveyor describing and showing the Land, after giving effect to such release;

(3) A Certificate of an Independent Engineer that the Land to be released does not contain any permanent structure and is not necessary for the total operating unity and efficiency of the Project Facilities; and

(4) An Opinion of Counsel stating that the certificates, opinions and other instruments which have been or are therewith delivered to and deposited with the Trustee conform to the requirements of this Loan Agreement and that, upon the basis of such application, the property may be released from the lien of the Mortgage, and that all conditions precedent herein provided for relating to such release have been complied with.

(ii) The Corporation may at any time or times grant to itself or others easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Land, free from the lien of the Mortgage, or the Corporation may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the Trustee will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or privilege; provided, however, that prior to any such grant or release, there shall have been supplied to the Trustee a Certificate of the Authorized Corporation Representative and of an Independent Engineer to the effect (i) that such grant or release is not detrimental to the proper operation of the Project Facilities and (ii) such grant or release will not impair the operating unity or the efficiency of the Project Facilities on such Land or materially and adversely affect the character thereof.

Section 5.09. Insurance. The Corporation shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities under a policy or policies covering such risks as are ordinarily insured against by similar businesses,

including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than 90% of the full insurable replacement value of the Project Facilities, less an amount equal to the fair market value of the Land, but any such policy may have a deductible amount of not more than \$75,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise. The term "full insurable replacement value" shall mean the actual replacement cost of the Project Facilities (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, and shall be determined on the fifth anniversary hereof and every fifth anniversary thereafter, by an insurance consultant or insurer, selected and paid for by the Corporation. All policies evidencing insurance required by this subparagraph (a) with respect to the Project Facilities shall be carried in the names of the Corporation and the Trustee as their respective interests may appear and shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to the Project Facilities which are less than \$1,500,000 for loss or damage covered thereby to be made payable directly to the Corporation, and Net Proceeds from such claims which are equal to or in excess of \$1,500,000 to be made payable directly to the Trustee. The Net Proceeds of such insurance required by this subparagraph (a) with respect to the Project Facilities shall be applied as provided in Sections 5.10 and 5.11 hereof. The Net Proceeds of such insurance required by this subparagraph (a) with respect to the facilities of the Corporation other than Project Facilities shall be payable to the Corporation.

(b) Comprehensive general public liability insurance, including personal injury liability, and, if the Corporation owns or leases any automobiles, automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles), and in the minimum amount of \$500,000 for each occurrence and for each year for liability arising out of ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Trustee and Agency as an additional insured.

(c) Such other insurance, including business interruption insurance for a minimum of 12 months, workers' compensation insurance respecting all employees of the Corporation, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Corporation may be self-insured with respect to all or any part of its liability for workers' compensation.

All insurance required in this Section shall be taken out and maintained in responsible insurance companies selected by the Corporation which are authorized under the laws of the State of Florida to assume the risks covered thereby. Not more frequently than once every three years, the Corporation's insurance requirements (including deductible amounts) may be modified in accordance with recommendations of an Independent insurance consultant selected by the Corporation (which may be the Corporation's licensed agent), a copy of which shall be furnished to the Trustee. Each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to the Corporation and the Trustee at least seven (7) days before the cancellation or modification becomes effective. In lieu of separate policies, the Corporation may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the

coverage required herein. The Corporation shall provide the Trustee annually on June 1, with a Corporation certificate as to compliance with the provisions of Section 5.09. The Trustee shall be entitled to rely upon said Corporation certificate as to the Corporation's compliance with the insurance requirements. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Section 5.10. Damage or Destruction. The Corporation agrees to notify the Trustee as soon as practicable in the case of damage exceeding \$1,500,000 in amount to, or destruction of, the Project Facilities or any portion thereof resulting from fire or other casualty. In the event that any such damage or destruction does not exceed \$1,500,000, the Corporation shall forthwith repair, reconstruct and restore the Project Facilities to substantially the same or an improved condition or value as existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Corporation will apply the Net Proceeds of any insurance relating to such damage received by the Corporation to the payment or reimbursement of the costs thereof. Net Proceeds of any insurance relating to such damage up to \$1,500,000 shall be paid directly to the Corporation.

In the event the Project Facilities or any portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$1,500,000, then the Corporation shall within 90 days after such damage or destruction elect one of the following two options by written notice of such election to the Trustee:

(a) **Option A - Repair and Restoration.** The Corporation may elect to repair, reconstruct and restore the damaged Project Facilities. In such event, the Corporation shall proceed forthwith to repair, reconstruct and restore the damaged or destroyed Project Facilities to substantially the same condition or value as existed prior to the event causing such damage or destruction and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Corporation will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Corporation from the Trustee to the payment or reimbursement of the costs thereof. So long as no Default exists, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Corporation upon the receipt of:

(1) A Certificate of the Authorized Corporation Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and

(2) The written approval of such Certificate by an Independent Engineer.

In the event the Corporation shall elect this Option A, the Corporation shall complete the repair, reconstruction and restoration of the Project Facilities, whether or not the Net Proceeds of insurance received by the Corporation for such purposes are sufficient to pay for the same. Net Proceeds not required for the repair, reconstruction and restoration of the Project Facilities shall

be applied to the prepayment of the Bonds or for such other purpose as the Corporation instructs the Trustee if the Corporation provides the Trustee with an opinion of Bond Counsel to the effect that use for such other purpose will not adversely affect the tax exempt status of interest on the Bonds.

(b) Option B - Redemption of the Bonds. In the event that the Corporation shall determine that it is not practical or desirable to rebuild, repair or restore the Project Facilities, or, in case the Corporation is unable to deliver the certificates or reports necessary under Option A of this Section, the Bonds shall be redeemed in whole on the next Business Day occurring at least 45 days after the date of the notice given as to exercise of this Option B, and the Net Proceeds shall be deposited in the Optional Redemption Fund and shall be applied for that purpose. In such event, the Bonds shall be redeemed at par plus accrued interest, and redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in the Indenture. If the Net Proceeds of insurance, together with all amounts then held by the Trustee under the Indenture available to redeem or retire the Bonds, shall be insufficient to so redeem the Bonds (including any expenses of redemption), the Corporation shall pay such deficiency to the Trustee as a Loan Repayment; and the Net Proceeds of insurance, together with such Loan Repayment and amounts held by the Trustee under the Indenture, shall to the extent necessary be applied to such redemption of the Bonds at the earliest possible date in accordance with Article III of the Indenture. If the Bonds have been fully paid and all obligations of the Corporation hereunder have been paid or provided for, all remaining Net Proceeds shall be paid to the Corporation.

Section 5.11. Condemnation. If the Project Facilities or any material portion thereof is condemned or taken for any public or quasi-public use and title thereto vests in the party condemning or taking the same, the Corporation hereby irrevocably assigns to the Trustee all its right, title and interest in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking. The Trustee shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project Facilities or any material part thereof.

In the event of any such condemnation or taking, the Corporation shall, within 90 days after the date on which the Net Proceeds are finally determined, elect one of the two following options by written notice of such election to the Trustee.

(a) Option A - Repairs and Improvements. The Corporation may elect to use the Net Proceeds of the award made in connection with such condemnation or taking for additions, repairs and improvements to the Project Facilities. In such event, so long as no Default exists, the Corporation shall have the right to receive such Net Proceeds from the Trustee from time to time upon receipt by the Trustee of:

(1) A Certificate of an Authorized Corporation Representative specifying the expenditures made or to be made in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the

moneys legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(2) If such Net Proceeds equal or exceed \$1,500,000 in amount, the written approval of such Certificate by an Independent Engineer.

The Corporation agrees to apply any such Net Proceeds so received solely to the purposes specified in such Certificate. Net Proceeds not required for the repairs and improvements shall be applied to the prepayment of the Bonds or for such other purpose as the Corporation instructs the Trustee if the Corporation provides the Trustee with an opinion of Bond Counsel to the effect that use in such other manner will not adversely affect the tax-exempt status of interest on the Bonds.

(b) Option B - Redemption of the Bonds. In the event that any material part of the Project Facilities is condemned, or such use or control thereof is taken by eminent domain, to such extent as to render the same unsatisfactory to the Corporation for continued operation, as determined by the Corporation, or, in case the Corporation is unable to deliver the certificates or reports necessary under Option A of this Section, the Bonds shall be redeemed in whole and the Net Proceeds shall be applied for that purpose. In such event, the Bonds shall be redeemed at par plus accrued interest on the next Business Day occurring at least 45 days after the date of the notice given as to exercise of this Option B, and redemption shall be effected pursuant to the provisions of, in the manner and with the effect provided in the Indenture. If the Net Proceeds of condemnation, together with the amount then held by the Trustee under the Indenture available to redeem the Bonds shall be insufficient to redeem the Bonds (including principal, accrued interest, and expenses of redemption), the Corporation shall pay such deficiency to the Trustee as a Loan Repayment, and the Net Proceeds of condemnation, together with such Loan Repayment and amounts held by the Trustee under the Indenture shall to the extent necessary be applied to such redemption of the Bonds at the earliest possible date in accordance with Article III of the Indenture. If the Bonds have been duly paid and all other obligations of the Corporation hereunder have been paid or provided for, any remaining Net Proceeds shall be paid to the Corporation.

ARTICLE VI

SPECIAL COVENANTS

Section 6.01. No Warranty of Condition or Suitability. The Agency does not make any warranty, either express or implied, as to the design or capacity of the Project Facilities, as to the suitability for operation of the Project Facilities, or that they will be suitable for the Corporation's purposes or needs. The Corporation releases the Agency from, agrees that the Agency shall not be liable for, and agrees to hold the Agency, its governing body and its respective officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof.

Section 6.02. Financial Statements and Other Information. The Corporation agrees to furnish to the Trustee (i) no later than 150 days after the close of each fiscal year of the Corporation during the term hereof, a copy of annual audited financial statements of the Corporation for the preceding fiscal year, including a balance sheet and statements of changes in net assets and of unrestricted activities, audited by an Independent certified public accountant, (ii) quarterly unaudited statements no later than 45 days after the close of each fiscal quarter, (iii) the annual Debt Service Coverage Ratio and Days Cash on Hand reports no later than 150 days after the close of each Fiscal Year, and (iv) if requested, the adopted annual budget of the Corporation at least 30 days prior to the close of each Fiscal Year.

Section 6.03. Annual Certificate; Reports. The Corporation agrees to furnish to the Trustee, within 150 days after the end of each fiscal year, a certificate of the Authorized Corporation Representative that there is no Default under this Loan Agreement or the Mortgage, or, if there be any such Default, explaining the nature thereof and specifying the steps being taken to remedy the same. In addition, the Corporation shall render to the Agency, the Underwriter, and the Trustee such additional reports concerning the Corporation, the Bonds or the Project Facilities as the Agency and the Trustee may from time to time reasonably request, or as may be required by any law, regulation or ordinance of the State of Florida or of the Agency.

Section 6.04. [RESERVED].

Section 6.05. Records and Inspection. The Corporation shall maintain documents and records required by any provision of this Loan Agreement or the Indenture or by law relating to the Project or the affairs of the Corporation (i) including copies of federal, state, municipal and other licenses and permits obtained by the Corporation relating to the operation of the Project Facilities, (ii) including financial books and records reflecting the condition of the Corporation, and (iii) including all other documents, instruments, reports and records subject to such requirements. The Agency and the Trustee shall have the right to inspect all such materials, except any materials made private or confidential by federal or state law or regulation, and the Project Facilities at all reasonable times and to make such copies and extracts as they may desire. At the request of the Agency or the Trustee, the Corporation shall furnish to the Agency or the Trustee, at the Corporation's expense, a copy of any such materials which are required by the Agency or the Trustee in the performance of their duties under the Loan Agreement, the Indenture, the Mortgage or the Act.

Section 6.06. Further Assurances, Financing Statements, Maintenance of Lien. At the request of the Agency or the Trustee, the Corporation shall execute any financing statement, supplement to the Mortgage or other instrument which, according to an Opinion of Counsel, is or may be required to carry out the intent of the parties as expressed in this Loan Agreement, the Indenture and the Mortgage. The Corporation shall, at its sole expense, file or cause to be filed any financing statements under the Uniform Commercial Code or similar instruments necessary or requested by the Trustee to perfect and continue the security interest of the Trustee in this Loan Agreement and the payments to be made hereunder, and the security interests granted under the Mortgage, including any financing statements which the Agency may be required to file under the Indenture. The Corporation shall also, at its sole expense, cause the Mortgage and any supplement to the Mortgage to be filed for record in the Official Records of Sumter County, Florida, and in any other office which the Trustee shall deem necessary or desirable to perfect or

maintain the lien of the Mortgage and shall pay any mortgage registration tax or filing fee or other payment for the effective filing thereof. As soon as practical after the Closing Date the Corporation shall provide the Trustee with copies of all filed financing statements under the Uniform Commercial Code or similar instruments necessary to perfect the security interest of the Trustee in this Loan Agreement and the payments to be made hereunder, and the security interests granted under the Mortgage, including any financing statements which are required to be filed under the Indenture.

Section 6.07. Assignments. The Corporation consents to the pledge and assignment of the Loan Repayments and other interests of the Agency in this Loan Agreement by the Agency to the Trustee as provided in the Indenture. Except as otherwise provided herein, the interests and obligations of the Corporation under this Loan Agreement are nonassignable and shall not be assigned except to a trustee in bankruptcy or similar officer pursuant to the Bankruptcy Code or similar law. Without limiting the foregoing, funds and investments in the Bond Fund, Sinking Fund, Optional Redemption Fund, Reserve Fund, and Project Fund and other funds comprising the Trust Estate are trust funds not subject to assignment by the Corporation or execution, attachment, or garnishment by any creditor of the Corporation.

Section 6.08. Observance of Indenture Covenants and Terms. The Corporation will not do, in any manner, anything which will cause or permit to occur any default under the Indenture, but will faithfully observe and perform, and will do all things reasonably necessary so that the Agency may observe and perform, all the conditions, covenants and requirements of the Indenture. The Agency agrees that it will observe and perform all obligations imposed upon it by the Indenture and the Bonds.

Section 6.09. Debt Service Coverage Ratio.

(a) The Corporation shall set rates and collect rent and charges for its facilities, services and products, such that the Debt Service Coverage Ratio will be at least 1.20:1 for each Fiscal Year, commencing with the Fiscal Year ending December 31, 2022.

(b) If the Debt Service Coverage Ratio is less than the required level, but greater than 1:1, the Corporation shall immediately retain a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Project Facilities and with respect to improvements or changes in the operations and scope of the services delivered by the Corporation so as to permit the Corporation to comply with the Debt Service Coverage Ratio covenant in (a) above, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Corporation. A copy of such report shall be sent by the Corporation to the Trustee as soon as practicable. The Corporation shall revise or cause to be revised such rents, fees, rates and other charges in conformity with any recommendation of the Consultant and shall otherwise follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the governing body of the Corporation) and to the extent permitted by law and other legal requirements, including without limitation federal and state laws and regulations with respect to Medicare and Medicaid. At least quarterly, following the submission of its initial report, the Consultant shall submit to the Trustee progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. The Trustee has no

duty or obligation to review any such recommendations or to monitor the Corporation's compliance with any recommendations. If the Corporation continuously complies with the recommendations of the Consultant, failure to comply with the Debt Service Coverage Ratio covenant in (a) above will not constitute an Event of Default hereunder, except as provided in Section 7.01(b) hereof. However, a Debt Service Coverage Ratio below 1:1 as of the end of any Fiscal Year (beginning with the Fiscal Year ending December 31, 2022) shall constitute an Event of Default hereunder.

Section 6.10. Days Cash on Hand Requirement.

(a) The Corporation covenants that it shall meet the Days Cash on Hand Requirement measured annually at the end of each Fiscal Year, commencing with Fiscal Year ending December 31, 2022. The Corporation may spend amounts held under the Days Cash on Hand Requirement without any substantial restriction other than that such amounts must be replenished by the next testing date.

(b) The Corporation covenants that it will calculate the Days Cash on Hand at the end of each Fiscal Year, and shall deliver Days Cash on Hand reports as required under Section 6.02 hereof, together with any other documentation reasonably necessary to confirm such calculation.

(c) If the Corporation fails to meet the Days Cash on Hand Requirement as of the end of any Fiscal Year as described in paragraph (a), the Corporation shall, immediately retain a Consultant to make recommendations with respect to the rates, fees and charges of the Corporation and the Corporation's methods of operation and other factors affecting its financial condition in order to increase the Days Cash on Hand to comply with the Days Cash on Hand Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed by the Corporation with the Trustee and the Underwriter within sixty (60) days after the date such Consultant is retained. The Trustee has no duty or obligation to review any such recommendations or to monitor the Corporation's compliance with any recommendations. The Corporation shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing body of the Corporation) and permitted by applicable legal requirements, and laws and regulations with respect to Medicare and Medicaid. If the Corporation continuously complies with the recommendations of the Consultant, failure to comply with the Days Cash on Hand Requirement as of the end of any Fiscal Year will not constitute an Event of Default hereunder. If requested, the Corporation shall provide the Trustee with a written certification that the Corporation has taken all action necessary to comply with the recommendations of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing body of the Corporation) and permitted by applicable legal requirements, and federal and state laws and regulations with respect to Medicare and Medicaid and the Trustee shall be fully protected in relying on such written certification.

Section 6.11. Limitation on Indebtedness. (a) *Limitation on Long-Term Indebtedness.* The Corporation may incur additional *Long-Term* Indebtedness for purposes of financing additional improvements to the Project Facilities, construction of additional facilities on the Land

or contiguous land, or refunding of outstanding *Long-Term* Indebtedness, provided that the Corporation shall furnish the Trustee either:

(i) a written report or opinion of an Independent Accountant selected by the Corporation certifying that the Net Revenues Available for Debt Service of the Corporation for each of the last two consecutive Fiscal Years preceding the date on which the proposed Long-Term Indebtedness is to be incurred were more than 120% of the maximum Total Principal and Interest Requirements (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness to be refinanced by the proposed Long-Term Indebtedness) for any Fiscal Year beginning after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred but before the final stated maturity of all then outstanding Long-Term Indebtedness; or

(ii) a financial forecast prepared by an Independent Accountant selected by the Corporation stating that the estimated Net Revenues Available for Debt Service of the Corporation for each of the 3 consecutive Fiscal Years beginning after the Fiscal Year in which any improvements being financed by such Long-Term Indebtedness are to be placed in service or after funded interest relating to such Long-Term Indebtedness has been expended, or, if no improvements are to be financed thereby, after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, will be not less than 130% of the maximum Total Principal and Interest Requirements (including such requirements for the proposed Long-Term Indebtedness but excluding such requirements for any then outstanding Long-Term Indebtedness to be refinanced by the proposed Long-Term Indebtedness) for any Fiscal Year beginning after the Fiscal Year in which any improvements being financed by such Long-Term Indebtedness are to be placed in service or after funded interest relating to such Long-Term Indebtedness has been expended, or, if no improvements are to be financed thereby, after the Fiscal Year in which the proposed Long-Term Indebtedness is to be incurred, but before the final stated maturity of all then outstanding Long-Term Indebtedness.

No such Long-Term Indebtedness shall be secured by a lien on the Project Facilities superior to the lien of the Mortgage, but may be secured by a lien on the Project Facilities on parity with the lien of the Mortgage, provided that if such debt is incurred to finance improvements on contiguous land, the Mortgage has been amended to include a lien on such contiguous land. If an intercreditor agreement is necessary to preserve and protect the rights of the Trustee and Bondholders the Corporation shall provide the Trustee with a form of intercreditor agreement and an Opinion of Counsel to the effect that if such agreement is entered into in the form provided such will be in a form sufficient to preserve and protect the rights of the Trustee and Bondholders.

(b) *Subordinate Indebtedness.* The Corporation may incur additional, unsecured Long-Term Indebtedness for any purpose if payment of debt service on such additional Long-Term Indebtedness is expressly made subordinate to payment of debt service on the Bonds.

(c) *Short-Term Indebtedness.* The Corporation may incur Short-Term Indebtedness, if such proposed additional Short-Term Indebtedness (i) does not exceed 10% of the Gross Revenues for the most recent fiscal year for which audited financial statements of the Corporation have been prepared, and (ii) such short-term indebtedness is (A) unsecured or (B) secured only by the Corporation's accounts receivable. Draws under the Liquidity Support Agreement shall not be subject to any restriction under this provision.

(d) *Completion Indebtedness.* The Corporation may incur Completion Indebtedness up to a principal amount of \$5,000,000 without having to satisfy the provisions of 6.11(a) above.

(e) *Refunding Indebtedness.* The Corporation may incur Indebtedness for the purpose of refunding or refinancing Outstanding Indebtedness; provided that the highest Total Principal and Interest Requirement in any future Fiscal Year (excluding the Fiscal Year in which such Indebtedness will be incurred) will not be increased by more than ten percent (10%).

Section 6.12. Occupancy Milestones. The Corporation covenants that the Project Facilities shall achieve the following occupancy milestones:

(a) 22% occupancy within six (6) months of obtaining the Certificate of Occupancy for the Project Facilities.

(b) 42% occupancy within twelve (12) months of obtaining the Certificate of Occupancy for the Project Facilities.

(c) 60% occupancy within eighteen (18) months of obtaining the Certificate of Occupancy for the Project Facilities.

(d) 72% occupancy within twenty-four (24) months of obtaining the Certificate of Occupancy for the Project Facilities.

(e) 80% occupancy within thirty (30) months of obtaining the Certificate of Occupancy for the Project Facilities.

If the Corporation fails to meet a occupancy milestone, the Corporation shall immediately retain a Consultant to make recommendations with respect to the Corporation's methods of operation and other factors affecting occupancy in order to increase the occupancy to achieve the next milestone in a timely manner. A copy of the Consultant's report and recommendations, if any, shall be filed by the Corporation with the Trustee within sixty (60) days after the date such Consultant is retained. The Trustee has no duty or obligation to review any such recommendations or to monitor the Corporation's compliance with any recommendations. The Corporation shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing body of the Corporation) and permitted by applicable legal requirements, laws and regulations. If the Corporation continuously complies with the recommendations of the Consultant, failure to comply with the occupancy milestone as of the next milestone date will not constitute an Event of Default hereunder. If requested, the Corporation shall provide the Trustee with a written certification that the Corporation has taken all action necessary to comply with the recommendations of the

Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the governing body of the Corporation) and permitted by applicable legal requirements, and laws and regulations with respect to Medicare and Medicaid and the Trustee shall be fully protected in relying on such written certification.

Section 6.13. Maintenance of Corporate Existence, Licenses and Insurance and Qualification. The Corporation shall maintain, in good standing, its corporate existence under the laws of the State of Minnesota, its authority to do business in the State of Florida, and its status as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Corporation shall maintain the required licensures and insurance for the operation of the Project Facilities. The Corporation will not dispose of all or substantially all of its assets by sale, lease, or otherwise, or consolidate with or merge into another corporation or permit any other corporation to consolidate with or merge into it unless:

(a) The surviving, resulting or transferee corporation, as the case may be, if other than the Corporation, is organized under the laws of the United States or one of the states thereof, shall be duly qualified to do business in the State of Florida, and shall evidence compliance with Section 2.09(e) of the Indenture assuming the issuance of \$1.00 of Additional Bonds;

(b) At least thirty (30) days before any merger, consolidation or transfer of assets becomes effective, the Corporation shall give the Agency written notice of the proposed transaction;

(c) Prior to any merger, consolidation or transfer of assets, an opinion of Bond Counsel shall be delivered to the Agency stating that such merger, consolidation or transfer of assets will not cause interest on the Bonds to become includable in the gross income of the holders thereof for federal income tax purposes; and

(d) Prior to any merger, consolidation or transfer of assets, the surviving, resulting or transferee corporation, as the case may be, if other than the Corporation, shall deliver to the Agency a written instrument assuming all of the obligations of the Corporation under this Loan Agreement and the Mortgage and an opinion of counsel for such successor corporation stating that such instrument is (subject to customary qualifications) a valid, binding and enforceable obligation of such successor and that all of the conditions of this Section have been satisfied, and thereafter the Corporation may merge, consolidate or dispose of all or substantially all of its assets and thereafter dissolve.

Section 6.14. Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Sale of Accounts. (a) The Corporation agrees that it will not transfer Operating Assets (including Collateral) except for Transfers of Operating Assets:

(i) To any Person if prior to the Transfer there is delivered to the Trustee a Certificate of the Corporation stating that such Operating Asset has or will within the next 24 months become inadequate, obsolete, worn out, unsuitable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Operating Assets, provided,

however, that a Certificate of the Corporation shall not be required to be delivered to the Trustee with respect to the Transfer of any such inadequate, obsolete, worn out, unsuitable or unnecessary Operating Asset in any one Fiscal Year having an aggregate Book Value of less than 2% of the unrestricted net assets of the Corporation per the most recent audited financial statements.

(ii) To any Person provided that the Corporation shall receive, as consideration for such Transfer, cash, services or Property, the value of such consideration to be determined by the Corporation, equal to the fair market value of the asset so transferred. The Corporation covenants to maintain records adequate to enable the Trustee to ascertain that the provisions of this subsection have been complied with and to make such records available to the Trustee upon written request; provided, however, that the Trustee shall have no obligation to monitor compliance with this subsection.

(iii) To any Person any Operating Assets received subsequent to the date hereof and restricted by donor to a particular use which ceases to be consistent with the business and obligations of the Corporation.

(b) In addition to other Transfers permitted hereunder, the Corporation may Transfer cash or cash equivalents to an Affiliate, if prior to such Transfer, a Certificate of the Corporation is delivered to the Trustee stating that as of the date of such Transfer, taking such Transfer into account, the Corporation meets the Days Cash on Hand Requirement and no Event of Default has occurred and is continuing or circumstances exist which with the passing of time or the giving of notice would constitute an Event of Default.

The foregoing provisions notwithstanding, the Corporation agrees that it will not sell, lease, donate or otherwise dispose of Property (a) which could reasonably be expected at the time of such sale, lease, donation or disposition to result in a reduction of the Debt Service Coverage Ratio such that the Corporation would be required to retain a Consultant pursuant to the provisions of Section 6.09 of this Loan Agreement or (b) if a Consultant has been retained, such action, in the opinion of such Consultant, will have an adverse effect on the Net Revenues Available for Debt Service.

Section 6.15. Post-Issuance Compliance Procedures. The Corporation hereby covenants and agrees that it will comply with and carry out all of the provisions of the Post-Issuance Compliance Policies & Procedures of Capital Trust Agency as attached hereto as Exhibit "A".

Section 6.16. Continuing Disclosure. The Company hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and that the Agency shall have no obligations thereunder. The Company agrees to execute and deliver the Continuing Disclosure Agreement for the benefit of the Holders of the Series 2017 Bonds and to assist the Underwriter of the Series 2017 Bonds in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under Securities Exchange Act of 1934, as amended, and in complying with all other statutes, regulations, judicial decisions or laws relating to disclosure then in effect.

Section 6.17. Subordination of Payment of Management Fees. Any agreement for the management of the Project Facilities shall provide that the payment of all management fees under such agreement shall be subordinate to the payment of the Series 2017 Bonds; provided that during the pendency of an Event of Default but prior to the foreclosure of the Mortgage, 50% of such fees may be paid if the Project Facilities are still in operation and the manager is performing under such agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following shall be “Events of Default” under this Loan Agreement and the term “Event of Default” shall mean, whenever used in this Loan Agreement, any one or more of the following events:

(a) If the Corporation fails to pay the amount of any Loan Repayment required to be paid under Section 4.02 hereof and if, as a result thereof, moneys sufficient to pay the principal of, premium, if any, or interest on any Bond then due shall not be available in the Bond Fund (but only after any transfers permitted to be made thereto from the Repair and Replacement Fund and the Reserve Fund have been made) or if the Corporation fails to make a monthly payment in replenishing of the Reserve Fund, as and to the extent required by Section 5.03 of the Indenture; or

(b) If the Corporation shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in this Loan Agreement on the part of the Corporation to be performed, and such Default shall have continued for a period of thirty days after written notice, specifying such Default and requiring the same to be remedied, shall have been given to the Corporation by the Agency or Trustee; or

(c) If any representation or warranty of the Corporation made herein or in any report, certificate or financial statement provided by the Corporation in connection with this Loan Agreement shall prove to be false or misleading in any material respect; or

(d) If any event of default shall exist under the Mortgage; or

(e) If the Corporation files a petition in voluntary bankruptcy, for the composition of its affairs or for its reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of its property; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Corporation an insolvent, or adjudging the Corporation bankrupt, or appointing a trustee or receiver of the Corporation or of the whole or any substantial part of the property of the Corporation under any applicable law or statute of the United States of America or any State thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control; or

(h) A Debt Service Coverage Ratio below 1:1 for any Fiscal Year beginning with the Fiscal Year ending December 31, 2022, as provided in Section 6.09(b) hereof.

The provisions of paragraph (b) of this Section are subject to the following limitations: (1) If by reason of force majeure the Corporation is unable in whole or in part to carry out its agreements contained herein, the Corporation shall not be deemed in default during the continuance of such disability. The term "force majeure" as used herein includes but is not limited to the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Florida or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation. (2) If the Default can be remedied but not within a period of thirty days after notice and if the Corporation has taken all action reasonably possible to remedy such Default within such thirty day period, the Default shall not become an Event of Default for so long as the Corporation shall diligently proceed to remedy such Default and in accordance with any directions or limitations of time made by the Trustee. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Corporation from carrying out its agreements.

Section 7.02. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting, any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amounts of Loan Repayments thereafter to become due and payable under Section 4.02 hereof or otherwise for the remainder of the term of this Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee may foreclose the Mortgage or take whatever action in law or in equity which appears necessary or desirable to enforce this Loan Agreement, the Mortgage, the Lease Assignment, or the Indenture in accordance with the provisions thereof.

Any amounts collected by the Trustee pursuant to action taken under the foregoing paragraphs shall be applied as provided in Section 7.05 of the Indenture.

Whenever any Default shall occur, the Trustee (or the Agency directly and without the necessity of consent of or joinder by the Trustee, with respect to Sections 4.03(b), 6.01, 7.04 and 7.05 hereof) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due or to enforce

performance and observance of any obligation, agreement or covenant of the Corporation under this Loan Agreement, the Mortgage or the Lease Assignment.

Section 7.03. Remedies Cumulative. Delay Not to Constitute Waiver. No remedy conferred upon or reserved to the Agency, the Trustee, or a receiver by this Loan Agreement, the Lease Assignment, or the Mortgage 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 Loan Agreement, the Lease Assignment, or the Mortgage 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 any Default shall impair any such right or power, and any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency, the Trustee, or a receiver to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to a particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the Corporation should default under any of the provisions of this Loan Agreement, the Lease Assignment or the Mortgage and the Agency, the Trustee, or a receiver should employ attorneys or incur other expenses for the collection of payments due or to become due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation contained in this Loan Agreement, the Lease Assignment or the Mortgage, the Corporation agrees that it will on demand therefor reimburse the reasonable fee of such attorneys and such other expenses so incurred.

Section 7.05. Advances. In the event the Corporation shall fail to pay any Loan Repayments under Section 4.02 hereof, or to do any other thing or make any other payment required to be done or made by any other provision of this Loan Agreement, the Lease Assignment or the Mortgage, the Agency or the Trustee, each in its own discretion, may do or cause to be done any such thing or make or cause to be made any such payment at the expense or as an advance for the account of the Corporation, and the Corporation shall pay to the Agency or the Trustee, as the case may be, upon demand, all costs and expenses so incurred and advances so made, with interest at the rate of eight percent (8%) per annum. Any such advance shall be entitled to priority of payment from any funds thereafter received from the Corporation or under Section 7.02.

ARTICLE VIII

INDEMNIFICATION AND NON-LIABILITY OF THE AGENCY AND THE TRUSTEE

Section 8.01. General. To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend (i) the Trustee, as well the officers, directors, officials, employees and agents thereof (the "Trustee Indemnified Parties") and (ii) the Agency and the Agency Indemnified Parties (as defined in the Indenture) (together with the Trustee Indemnified Parties, the "Indemnified Parties"), against any and all fees, costs, charges, losses, damages,

claims, actions, liabilities and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) (collectively, "Losses") to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) the Bonds, the Indenture, this Loan Agreement, or the Tax Certificate or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(b) the performance and observance by or on behalf of the Agency of those things on the part of the Agency agreed to be performed or observed hereunder or under the Indenture and the Tax Certificate;

(c) any act or omission of the Corporation or any of its agents, contractors, employees, tenants or licensees in connection with the Project Facilities, the operation of the Project Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project Facilities or any part thereof;

(d) any lien or charge upon payments by the Corporation to the Agency and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Agency or the Trustee in respect of any portion of the Project Facilities;

(e) any violation of any environmental regulations with respect any contamination of any property which secures the Bonds or for any diminution in value of any such property as a result of any contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant;

(f) the defeasance and/or redemption, in whole or in part, of the Bonds;

(g) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (excepting only any statements, omissions or alleged omissions specifically identified in any such offering or disclosure document as having been provided by the applicable Indemnified Party(ies));

(h) any Determination of Taxability on the Series 2017 Bonds, or allegations that interest on the Series 2017 Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Series 2017 Bonds is taxable;

(i) the Trustee's acceptance or administration of the trust of the Indenture or the Mortgage or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

(j) any injury to or death of any person or damage to property in or upon the Project or growing out of or connected with the use, nonuse, condition or occupancy of the Project Facilities;

except (A) in the case of the foregoing indemnification of the Trustee Indemnified Parties, to the extent such damages are caused by the negligence or willful misconduct of such Trustee Indemnified Party; or (B) in the case of the foregoing indemnification of the Agency and the Agency Indemnified Parties, to the extent such damages are caused by the willful misconduct of the person seeking indemnification.

THE CORPORATION EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE AGENCY AND THE AGENCY INDEMNIFIED PARTIES SHALL BE INDEMNIFIED HEREUNDER (WITHOUT REGARD TO OR THE NECESSITY FOR ANY BREACH OR FAULT, ACTION OR OMISSION OF THE CORPORATION) WITH RESPECT TO LOSSES ARISING FROM THE AGENCY'S OR ANY AGENCY INDEMNIFIED PARTY'S RESPECTIVE OWN NEGLIGENCE OF ANY KIND OR DEGREE OR BREACH OF CONTRACTUAL DUTY.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel or an Indemnified Party believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Corporation and which such Indemnified Party believes in good faith cannot be effectively asserted by common counsel.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall remain valid and in effect notwithstanding repayment of the loan hereunder or payment, redemption or defeasance of the Bonds or termination of this Loan Agreement or the Indenture.

Section 8.02. Payment of Costs. The Corporation shall pay, and shall indemnify the Agency and the Trustee against, all costs and charges, including reasonable counsel fees,

lawfully and reasonably incurred in enforcing any covenant or agreement of the Corporation contained in this Loan Agreement.

Section 8.03. Agency Indemnity.

(a) In addition to the indemnity provided in Section 8.01 hereof, the Corporation shall pay and shall protect, indemnify and hold harmless, the Agency and Agency Indemnified Parties from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees), causes of action, suits, claims, demands and judgments of any nature (collectively referred to herein as the "Liabilities") in any manner relating to and/or arising from or in connection with the Bonds (including the approval, issuance or non-issuance, and, if issued, the administration thereof) or: (i) any injury to or death of any person or damage to the Project Facilities in or upon the Project Facilities or growing out of or connected with the use, nonuse, condition or occupancy of the Project Facilities; (ii) violation or breach of any agreement or condition of this Loan Agreement or any of the Agency Documents or the Corporation Documents; (iii) a violation by the Corporation of any contract, agreement or restriction relating to the Project Facilities; (iv) any act, or failure to act, by the Corporation or negligence of the Corporation or any of its agents, contractors, servants, employees or licensees; (v) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project Facilities during the period in which the Corporation is in possession or control of the Project Facilities; (vi) a violation by the Corporation of any law, ordinance or regulation affecting the Project Facilities or the ownership, occupancy or use thereof; (vii) any statement or information contained in the Indenture, this Loan Agreement, the Tax Certificate, any other Agency Documents or Corporation Documents or any other documents or agreements relating to the Bonds and the proceedings relating to their issuance and sale, which is misleading, untrue or incorrect in any material respect, other than information furnished by the Agency; (viii) the financing, refinancing, construction, acquisition, equipping and installation of the Project Facilities or the failure to construct, acquire, equip or install the Project; (ix) any proceeding concerning the validity or enforceability of the Bonds or the tax-exemption of the Bonds or the interest thereon; (x) to the extent not previously mentioned, any claims whatsoever asserting any of the foregoing, regardless of the lack of merit thereof; and (xi) the costs incurred in connection with any claims, investigations, governmental or regulatory actions, proceedings or inquiries relating in any way to the Bonds or the transactions contemplated hereby or by the Indenture.

The Corporation also agrees to indemnify, protect, defend, and hold harmless the Agency and the Agency Indemnified Parties from and against the Liabilities (i) in any manner whatsoever arising from or relating to the Bonds (including the approval, issuance or non-issuance, and, if issued, the administration thereof), or any errors or omissions in information provided to the Agency in connection with any legal proceedings or other official actions of the Agency pertaining to the Bonds, (ii) in any manner whatsoever arising from or relating to any fraud or misrepresentations or omissions contained in information provided to the Agency or the Trustee in connection with the proceedings of the Agency relating to the issuance of the Bonds, (iii) in any way arising from or relating to the execution or performance of this Loan Agreement or other Agency Documents or Corporation Documents by the Corporation, the issuance or sale of the Bonds, actions taken under the Indenture, or any other cause whatsoever pertaining to the financing of the Project with the proceeds of the Bonds and the Agency's approval under the Act, specifically including, but not limited to, the defense of the validity of the Bonds,

compliance of securities laws, or tax exemption of the interest on the Bonds; or (iv) any statement or information relating to the Corporation, its business or properties contained in any final official statement or prospectus furnished to purchasers of any Bonds that is untrue or incorrect in any material respect and any omission relating to the Corporation, its business or properties from any official statement or prospectus of any statement or information which should be contained in it for the purpose for which it is to be used or which is necessary to make the statements in it not misleading in any material respect, if the final official statement of prospectus is approved in writing by the Corporation.

It is the intention of the parties hereto that the Agency and the Agency Indemnified Parties shall not incur pecuniary liability or expense (specifically including, but not limited to, expenses incurred in defending any claim, action, lawsuit, or administrative or other legal proceeding) by reason of, arising out of, or relating to the Bonds (including the approval, issuance or non-issuance, and, if issued, the administration thereof) or (i) the terms of this Loan Agreement or other Agency Documents or Corporation Documents, or (ii) by reason of, arising out of, or relating to the undertakings required of the Agency or the Agency Indemnified Parties hereunder in connection with the issuance of the Bonds, the execution of the Indenture, the performance of any act required of the Agency or Agency Indemnified Parties by this Loan Agreement or other Agency Document or Corporation Document, as applicable, or the performance of any act requested of the Agency or Agency Indemnified Parties by the Corporation or in any way arising from the transaction of which this Loan Agreement or any other Agency Document or Corporation Document, as applicable, is a part or arising in any manner in connection with the Project Facilities; nevertheless, if the Agency or Agency Indemnified Parties should incur any such pecuniary liability, then in such event the Corporation shall indemnify and hold harmless the Agency and Agency Indemnified Parties against all claims by or on behalf of any Person, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Agency or Agency Indemnified Parties, the Corporation shall defend such party, its officials, officers, directors, commissioners, agents or employees in any such action or proceeding.

Promptly after receipt by an indemnified party under this Section 8.03 of notice of the existence of a claim in respect of which indemnity hereunder may be sought or of the commencement of any action against the indemnified party in respect of which indemnity hereunder may be sought, the indemnified party shall notify the Corporation in writing of the existence of such claim or commencement of such action (provided that a failure to so notify the Corporation will not excuse the Corporation from its obligations hereunder). In case any such action shall be brought against an indemnified party under this Section 8.03, the indemnified party shall notify the Corporation of the commencement thereof and the Corporation shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to the indemnified party, with full power to litigate, compromise or settle the same; provided that the indemnified party shall have the right to review and approve or disapprove any such compromise or settlement; provided, however, that if the indemnified party shall have been advised by independent counsel selected by the indemnified party that there may be legal defenses available to it which are adverse to or in conflict with those available to the Corporation or other indemnified parties which, in the opinion of such counsel, should be handled by separate counsel, the Corporation shall not have the right to assume the defense of such action on behalf

of the indemnified party, but shall be responsible for the reasonable fees and expenses of the indemnified party in conducting its defense; and provided, further, that if the Corporation shall have failed to assume the defense of such action and shall have failed to employ counsel therefor reasonably satisfactory to the indemnified party within a reasonable time after notice of commencement of such action, such reasonable fees and expenses incurred by the indemnified party in conducting its own defense shall be borne by the Corporation.

The duty of the Corporation to defend each indemnified party under this Section 8.03 shall commence from the time the claim is known of, and such duty shall exist and continue regardless of the merits of the claim, and shall survive the payment or defeasance of the Bonds and the termination of any other provisions of the Indenture and this Loan Agreement.

In addition, the Corporation agrees that if either party initiates any action, suit or other proceeding with respect to any claim, demand or request for relief, whether judicial, administrative, or other legal proceeding, in which the Agency or Agency Indemnified Parties is named or joined as a party, the Corporation will pay to and reimburse to the Agency the full amount of all reasonable fees and expenses incurred by the Agency with respect to the Agency's defense of or participation in such action, suit or other proceeding. All indemnified parties shall be deemed third party beneficiaries hereof, with full right to enforce the provisions hereof in respect of such indemnified party.

The provisions contained in this Section 8.03 pertaining to indemnification of the Agency and Agency Indemnified Parties shall be in addition to any other indemnification provided to such indemnified parties in any other agreement by the Corporation in connection with the issuance and sale of the Bonds and all matters relating thereto.

Notwithstanding any other provision of this Section 8.03 to the contrary, the Corporation's indemnification obligations under this Section 8.03 shall not extend to the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents to the extent of any liabilities arising from the negligence or willful misconduct of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents.

(b) The Agency makes no warranty, either express or implied, as to the Project Facilities or the condition thereof, or that the Project Facilities will be suitable for the purposes or needs of the Corporation. The Agency makes no representation or warranty, express or implied, that the Corporation will have quiet and peaceful possession of the Project Facilities. The Agency makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Project Facilities or their respective suitability for the purposes of the Corporation.

(c) Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Indenture, or in any other instrument or document executed by or on behalf of the Agency in connection herewith, (i) Agency shall have no obligation to take action under this Loan Agreement, the Bonds, other Agency Documents, Corporation Documents or such other instruments or documents, unless Agency is reasonably requested in writing by an appropriate person to take such action and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys' fees) in such action, (ii)

neither Agency nor any member of Agency or any officer, agent relating to the Bonds or the Project, or employee of Agency shall be personally liable to the Corporation, the Trustee or any other person for any action taken by Agency or by its officers, agents relating to the Bonds, the Project Facilities, or employees or for any failure to take action under this Loan Agreement, the Bonds, the other Agency Documents, Corporation Documents or such other instruments or documents, except that the Agency agrees to take, or to refrain from taking, any action if so required by an injunction or if required to comply with any final judgment for specific performance; and (iii) any judgment rendered against the Agency for breach of its obligations under this Loan Agreement, the Bonds, the other Agency Documents, Corporation Documents or such other instruments or documents, shall be payable solely from the revenues derived under this Loan Agreement, the Indenture or other Agency Documents or Corporation Documents, as applicable, and no other personal liability, or charge payable directly or indirectly from the general funds of the Agency, shall arise therefrom.

(d) Notwithstanding anything to the contrary contained herein or in any of the Bonds, or this Loan Agreement, the Indenture, other Agency Documents, Corporation Documents or in any other instrument or document executed by or on behalf of the Agency in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee or agent of the Agency, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Agency, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in his individual capacity, either directly or through the Agency or any successor to the Agency, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(e) In the Agency accepting the provisions for the Corporation to indemnify the Agency and other indemnified parties from claims of third parties, and in the Corporation agreeing to make such indemnities, as provided herein, the Agency (and all applicable indemnified parties) intend to retain, and do not waive, the limits and scope of Sovereign Immunity enjoyed by the Agency (or any applicable indemnified party) as provided pursuant to State law with respect to such claims, as well as all other immunities, defenses, and privileges the Agency (or any applicable indemnified party) may enjoy with respect to such claims under State or federal law. By the same token, it is intended that the Corporation be able, and the Corporation may assert, with respect to claims for which indemnity is provided by the Corporation to the Agency, the Agency's Sovereign Immunity under State law with respect to such claims, as well as all other immunities, defenses, and privileges the Agency may enjoy with respect to such claims as may be provided under State or federal law.

(f) The provisions of this Section 8.03 shall survive the termination of this Loan Agreement.

Section 8.04. Exculpatory Provision.

In the exercise of the powers of the Agency and its officers and the Trustee, under this Loan Agreement and any other Agency Document, the Agency and the Trustee shall not be accountable to the Corporation for any action taken or omitted by it or its officers in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred on them. The Agency, the Trustee and their officers shall be protected in its or their acting upon any paper or document believed by it or them to be genuine, and it and they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action.

Section 8.05. No Liability of Officers.

No recourse shall be had against any councilmember, member, director, officer, employee, agent or counsel, past, present, or future of the Agency, either directly or through the Agency or otherwise for payment for or to the Agency or any receiver thereof, or for or to the Holders, or otherwise, of any sum that may be due and unpaid by the Agency upon the Bonds or under or upon any obligation, covenant or agreement contained in this Loan Agreement or in any other document executed in connection therewith. Neither shall any recourse be had against any of such persons on account of the issuance and sale of the Bonds or on account of any representations in connection therewith. Any and all personal liability or obligation, whether in common law or in equity, or by reason of statute or constitution or by the enforcement of any assessment or otherwise, of such councilmember, member, director, officer, employee, agent or counsel to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Agency or any receiver thereof, of for or to any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds or under any documents executed in connection with the issuance thereof is hereby expressly waived and released as a condition of and in consideration for the execution of this Loan Agreement and the issuance of the Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, Sinking Fund, Repair and Replacement Fund, Reserve Fund, Optional Redemption Fund or Project Fund after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and any additional amounts payable to the Trustee or the Agency and fees, charges and expenses of any paying agents and all other amounts required to be paid under the Indenture, shall belong to and be paid to the Corporation by the Trustee as overpayment of the Loan Repayments under Section 4.02 hereof.

Section 9.02. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when delivered personally or mailed by either certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To the Agency	Capital Trust Agency 315 Fairpoint Drive Gulf Breeze, Florida 32561 Attention: Executive Director
	Copy to:
	Law Office of Michael J. Stebbins, P.L. 504 North Baylen Street Pensacola, Florida 32501 Attention: Michael J. Stebbins
To the Corporation	Elim Senior Housing, Inc. c/o Elim Homes, Inc. 7485 Office Ridge Circle Eden Prairie, Minnesota 55344 Attention: Chief Financial Officer
To the Trustee	U.S. Bank National Association 225 Water Street, Suite 700 Jacksonville, Florida 32202 Attention: Global Corporate Trust Services
To the Underwriter	Herbert J. Sims & Co., Inc. 2150 Post Road, Suite 301 Fairfield, Connecticut 06824 Attention: General Counsel Office Executive Vice President

The Corporation, the Agency, the Trustee and the Underwriter may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 9.03. Reference to Bonds Ineffective after Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Agency and the Trustee and any paying agents of the Bonds, all references in this Loan Agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the Holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have heretofore vested.

Section 9.04. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Agency, the Corporation and their respective successors, heirs and assigns, and subject to the further limitation that any obligation of the Agency created by or arising out of this Loan Agreement shall not be a general debt of the Agency but shall be payable solely out of the proceeds derived from this Loan Agreement or the sale of the Bonds.

Section 9.05. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the 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 the Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee, and the Indenture, Assignment and Mortgage may not be effectively amended, changed, modified, altered or terminated except as provided in the Indenture.

Section 9.06. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State, without regard to conflict of law principles.

Section 9.07. Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same Loan Agreement.

Section 9.08. Severability. In case any section or provision of this Loan Agreement, or in case any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Loan Agreement, or any application thereof, is for any reason held to be illegal or invalid, or is at any time inoperable by reason of any law, or actions thereunder, such illegality or invalidity or inoperability shall not affect this remainder thereof or any other section or provision of the Loan Agreement or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Loan Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein, nor shall such illegality or invalidity or inoperability or any application thereof affect any legal and valid and operable application therefor from time to time, and each such section, provision, covenant, stipulation, obligation, agreement, act, or action, or part thereof, shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 9.09. Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 9.10. Benefit of Bondholders. This Loan Agreement is executed in part to induce the purchase by others of Bonds to be issued by the Agency, and accordingly all covenants and agreements on the part of the Corporation and the Agency as set forth in this Loan Agreement are hereby declared to be for the benefit of the owners from time to time of the Bonds. Notwithstanding the foregoing, those provisions of Sections 6.05, 6.06, 7.04 and 7.05 which confer certain rights upon the Agency are intended to permit the Agency to protect its interests under Sections 4.03(b), 6.01, 7.04 and 7.05 hereof, and are not for the benefit of the Corporation, Trustee or Bondholders, and may be exercised by the Agency in its sole discretion. The Agency shall not be liable to the Corporation, Trustee or Bondholders for any action or failure to act in asserting its rights under said Sections.

Section 9.11. Limitation on Liability of the Agency.

(a) It is understood and agreed by the Corporation that the Series 2017 Bonds are special limited obligations of the Agency payable solely from the revenues, income and receipts of the Agency pledged to the payment thereof. The Series 2017 Bonds have been issued

pursuant to the Act, and do not constitute, within the meaning of any statutory or constitutional provision, an indebtedness, an obligation or a loan of credit of State of Florida, the Agency, or any other municipality, county or other municipal or political corporation, public agency or subdivision of the State of Florida. The Series 2017 Bonds do not create a moral obligation on the part of the State of Florida, the Agency, or any other municipality, county or other municipal or political corporation, public agency or subdivision of the State of Florida and none of such entities is obligated to make any payments with respect to the Series 2017 Bonds except from the Trust Estate described herein.

(b) No recourse shall be had for the enforcement of any obligation, promise or agreement of the Agency contained in the Indenture, this Loan Agreement or in any Series 2017 Bond issued under the Indenture for any claim based thereon or otherwise in respect thereof, against any director, officer, employee, agent or counsel, as such, in his or her individual capacity, past, present or future, of the Agency or of any successor entity, either directly or through the Agency or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assignment or penalty or otherwise; it being expressly agreed and understood that the Series 2017 Bonds, the Indenture and this Loan Agreement are solely municipal obligations and that no personal liability whatsoever shall attach to, or be incurred by, any member, director, officer, employee, agent or counsel, as such, past, present or future, of the Agency or of any successor entity, either directly or through the Agency or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Agency and the Corporation whether contained in this Loan Agreement or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, director, officer, employee, agent or counsel is, by the execution of this Loan Agreement and the Indenture, and as a condition of, and as part of the consideration for, the execution of this Loan Agreement and the Indenture, expressly waived and released.

Section 9.12. Usury; Total Interest. In no event shall the aggregate amounts contracted for, demanded, charged, or collected in connection herewith which are deemed "interest" exceed the Lawful Rate. It is expressly stipulated and agreed to be the intent of the Corporation and the Agency at all times to comply with the applicable law governing the Lawful Rate or amount of interest payable on or in connection with the Bonds (or applicable United States federal law to the extent that it permits the Agency to contract for, demand, charge, take, reserve, or receive a greater amount of interest than under law of the State). If the applicable law, as judicially interpreted from time to time, shall ever render usurious any amount called for under this Loan Agreement, the Bonds, or under the Mortgage or any of the other Agency Documents or Corporation Documents or contracted for, demanded, charged, taken, reserved, or received with respect to the Bonds, or if acceleration of the maturity of the Bonds or if any prepayment by the Corporation results in the Corporation having paid any interest in excess of that permitted by law, then it is the Corporation's and the Agency's express intent that all excess amounts theretofore collected by the Agency be credited on the principal balance of the Bonds (or, if the Bonds have been or would thereby be paid in full, the excess refunded to the Corporation), and the provisions of the Bonds, the Mortgage and the other Agency Documents and Corporation Documents immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise

called for hereunder and thereunder. The right to accelerate maturity of the Bonds does not include the right to accelerate any interest which has not otherwise accrued on the date of acceleration, and the Agency does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to the Agency for the use, forbearance, or detention of the Indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full term of such Indebtedness until payment in full so that the rate or amount of interest on the account of such Indebtedness does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Bonds, the Mortgage or in any other Agency Documents or Corporation Documents that permits the compounding of interest, including, without limitation, any provision by which any accrued interest is added to the principal amount of the Bonds, the total amount of interest that the Corporation is obligated to pay and the Agency is entitled to receive with respect to the Bonds shall not exceed the amount calculated on a simple (i.e., non-compounded) interest basis at the Lawful Rate on principal amounts actually advanced to or for the account of the Corporation, so long as such advances remain outstanding, including all current and prior advances and any advances made pursuant to the Mortgage or other Agency Documents or Corporation Documents (such as the payment of taxes, insurance premiums, and similar expenses or costs). This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 9.13. Term of Agreement. Except as otherwise provided herein, this Loan Agreement shall remain in full force and effect from the date of execution hereof until such time as the Indenture has been discharged in accordance with its terms.

[Signatures on following page]

IN WITNESS WHEREOF, the Capital Trust Agency and the Corporation have caused this Loan Agreement to be duly executed in their respective names, all as of the date first above written.

CAPITAL TRUST AGENCY

By: _____
Chairman

Attested this ____ day of August, 2017.

By: _____
Executive Director

ELIM SENIOR HOUSING, INC.

By: _____
Chief Financial Officer

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This Instrument Prepared by
And Upon Recording Return to:
Jeffrey Drew Butt, Esq.,
Squire Patton Boggs (US) LLP
201 N. Franklin Street, Suite 2100
Tampa, Florida 33602

THIS MORTGAGE, SECURITY AGREEMENT, FIXTURE FILING FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS IS GIVEN IN CONNECTION WITH THE ISSUANCE BY THE CAPITAL TRUST AGENCY OF BONDS PURSUANT TO CHAPTER 159, PART II, FLORIDA STATUTES AND OTHER APPLICABLE LAWS AND IS EXEMPT FROM TAXATION PURSUANT TO SECTION 159.31, FLORIDA STATUTES.

MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS

This MORTGAGE, SECURITY AGREEMENT, FIXTURE FINANCING STATEMENT AND ASSIGNMENT OF LEASES AND RENTS dated as of August 1, 2017 (this "Mortgage"), is from ELIM SENIOR HOUSING, INC., a nonprofit corporation organized and existing under the laws of the State of Minnesota (the "Mortgagor") to U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States (the "Mortgagee") as Trustee under the Trust Indenture dated as of August 1, 2017 (the "Indenture"), by and between the Mortgagee and Capital Trust Agency (the "Issuer").

WHEREAS, the Mortgagor and the Issuer are entering into a Loan Agreement (the "Loan Agreement") of even date herewith, pursuant to which the Issuer will lend to the Mortgagor (hereinafter from time to time called the "Mortgagor") the proceeds of its \$ _____ Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 (the "Series 2017 Bonds") to be issued pursuant to the provisions of Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, Chapter 167, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance 2-00 duly enacted by the Town Council (the "Town Council") of Century, Florida (the "Town"), on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted by the Town Council on May 7, 2001 and October 3, 2011, respectively; an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented, particularly as amended and supplemented by Amendment No. 71 to the Interlocal Agreement dated as of December 19, 2016, Resolution No. 34-16, duly adopted by the City Council on December 5, 2016, and Resolution No. 24-16 duly adopted by the Town Council on December 19, 2016 and Resolution Nos. 17-16, 19-16 and 12-17, duly adopted by the Agency on November 10, 2016, December 8, 2016, and June 29, 2017, respectively, and other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of any project (as defined in the Act); and

WHEREAS, the Issuer and the Trustee are entering into the Indenture, pursuant to which the Issuer will assign to the Trustee, as security for the owners of the Series 2017 Bonds, the Loan Repayments and covenants and all other rights and interests of the Issuer in the Loan Agreement (except for the rights of the Issuer thereunder relating to expenses, indemnity and advances of the Issuer); and

WHEREAS, the Trustee is authorized by the Indenture to receive as part of the Trust Estate any and all other property conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by (among others) the Mortgagor, and to hold and apply the Trust Estate pursuant to the provisions of the Indenture; and

WHEREAS, the Mortgagor (as hereinafter defined) has agreed to mortgage and grant a security interest in the Mortgaged Property, as defined herein, to the Mortgagee and as further described in Exhibit A hereto, to secure the obligations of the Mortgagor under the Loan Agreement, including its obligation to make Loan Repayments at times and in amounts sufficient to pay when due the principal of, premium (if any) on and interest on the Series 2017 Bonds (together with any Additional Bonds to be issued pursuant to Article II of the Indenture, sometimes herein collectively referred to as the "Bonds");

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged; in consideration of the purchase and acceptance of the Series 2017 Bonds by the persons who, from time to time, may become the owners thereof; and to secure the due and punctual payment of any and all liabilities of the Mortgagor under the Loan Agreement, including (without limitation) all Loan Repayments payable thereunder, the payment of all fees and expenses and advances of the Issuer and the Trustee under the Loan Agreement, the Indenture and this Mortgage, and the performance of covenants and obligations under the Loan Agreement and this Mortgage, the Mortgagor does hereby grant, bargain, sell, transfer, convey, assign, mortgage, warrant and confirm to the Mortgagee, its permitted successors and assigns, the following property (collectively, the "Mortgaged Property"), together with and including a first security interest in that portion of the Mortgaged Property constituting personal property:

I.

All of its right, title and interest in and to the tracts, parcels and interests in land described in Exhibit A hereto (the "Land") and the buildings, structures and other improvements now standing or at any time hereafter constructed or placed upon the Land (the "Buildings"), including but not limited to (i) all building materials, supplies and equipment now or hereafter located on the Land and suitable or intended to be incorporated in any building, structure, or other improvement located or to be erected on the Land, (ii) all heating, plumbing and lighting apparatus, motors, engines and machinery, electrical equipment, incinerator apparatus, air conditioning equipment, water and gas apparatus, pipes, faucets, and all building service equipment and other fixtures of every description which are now or may hereafter be placed or used upon the Land or in any building or improvement now or hereafter located thereon, and as to the foregoing in this subparagraph (ii), whether personal property or fixtures, a security interest is hereby granted by the Mortgagor and hereby attaches thereto, all as provided by the Florida Uniform Commercial Code, (iii) all additions, accessions, increases, parts, fittings,

accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all of the foregoing, which for purposes of this Mortgage shall be deemed conclusively to be conveyed hereby, and (iv) all hereditaments, casements, appurtenances, estates, and other rights and interests now or hereafter belonging to or in any way pertaining to the Land or to any building or improvement now or hereafter located thereon, and all of the right, title and interest of the Mortgagor in and to any fixtures which may be the subject to any title retention or security agreement superior in lien to the lien of this Mortgage.

II.

All furnishings, furniture, equipment and all other tangible personal property of any nature whatever now or hereafter located in the Buildings or elsewhere on the Land which may or might now or hereafter be or be deemed to be personality and not an integral part of the Land, exclusive of personal property owned by residents (the "Equipment"), including all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs and proceeds to and of any and all such property, excluding any items released or disposed of in accordance with the Loan Agreement, and a security interest is hereby granted by the Mortgagor and hereby attaches thereto, all as provided by the Florida Uniform Commercial Code.

III.

All rents, issues, profits, condemnation awards, insurance proceeds, and similar revenues and income arising from the ownership of the Land, the Buildings and the Equipment and all proceeds and products thereof (herein collectively called "Revenues and Income"), but not including any general revenues, income or accounts receivable of the Mortgagor.

IV.

Any and all leases, subleases, licenses, concessions or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the building and improvements to be constructed on the Land (the "Leases").

Together with the reversions, remainders and benefits and all other revenues, rents, earnings, issues and income and profits arising or to arise out of or to be received or had of and from the properties hereby mortgaged or intended so to be or any part thereof and all the estate, right, title, interest and claims, at law or in equity which the Mortgagor now or may hereafter acquire or be or become entitled to in and to the aforesaid properties and any and every part thereof. The above described Mortgaged Property (as hereinafter defined) is hereby declared to be subject to the lien of this Mortgage as security for the payment of the aforementioned indebtedness.

To Have and To Hold the Land, Buildings, Equipment and Leases (the "Mortgaged Property"), and the Revenues and Income thereof, together with all privileges, hereditaments and appurtenances thereunto now or hereafter belonging, or in anywise appertaining, and the proceeds thereof, unto the Mortgagee, its successors and assigns forever,

In Trust Nevertheless, upon the terms and trust as part of the Trust Estate set forth in the Indenture, for the equal and proportionate benefit, security and protection of all owners of the

Bonds, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any of the others,

Provided, nevertheless, that these presents are upon the express condition that if the Mortgagor shall pay all Loan Repayments under the Loan Agreement and cause to be paid the principal of, premium (if any) on and interest on the Bonds, and if the Mortgagor shall strictly observe and perform all of the terms, covenants and conditions contained in the Loan Agreement and this Mortgage, then this Mortgage and the estate, right and interest of the Mortgagee in and to the Mortgaged Property, and the Revenues and Income thereof, shall cease and be and become void and of no force and effect, and shall be satisfied at the Mortgagor's expense, otherwise to remain in full force and effect.

The Mortgagor and the Mortgagee further agree as follows:

1. Definitions. Terms used in this Mortgage not otherwise defined in this Mortgage, but defined in the Loan Agreement or the Indenture, shall have the same meaning as in the Loan Agreement or Indenture unless the context clearly indicates a contrary meaning.
2. Amount and Maturity of Series 2017 Bonds; Loan Repayments. The parties represent and agree as follows:
 - (a) The Series 2017 Bonds shall be in the aggregate principal amount of \$_____. The final stated maturity thereof is August 1, 20__.
 - (b) Loan Repayments are required to be made monthly by the Mortgagor in order to pay principal, premium (if any) and interest of the Series 2017 Bonds when and as the same shall become due, or when required to be redeemed, as more fully provided in the Loan Agreement and Indenture.
3. Additional Payments. Under the Loan Agreement, the Mortgagor will be obligated, in addition to the Loan Repayments described above, to pay all required rebate payments due to the United States in respect of the Bonds under Section 148(f) of the Internal Revenue Code, the reasonable fees and expenses of the Trustee and any paying agent of the Bonds, fees and expenses of the Issuer, and any advances by the Issuer or the Trustee to meet obligations of the Mortgagor for (among other things) taxes, special assessments, utility charges, insurance premiums, and liens in connection with the Mortgaged Property and also to provide indemnity to the Issuer, all as more fully provided in the Loan Agreement, which obligations are additional indebtedness intended to be secured by this Mortgage.
4. Release of Property. Property included in the Mortgaged Property may be released from the lien of this Mortgage as provided in the Loan Agreement.
5. Warranty of Title; Permitted Encumbrances; Maintenance of Lien; Recording; Further Assurances; After-Acquired Property:

(a) The Mortgagor does hereby covenant, represent and warrant that it is the lawful owner of and has good right and lawful authority to grant, bargain, sell, convey, warrant, mortgage, assign and pledge the Mortgaged Property and Revenues and Income thereof as provided herein; that the Mortgagor is and will continue to be well and truly seized of good and marketable title to the Mortgaged Property; that the Mortgaged Property and Revenues and Income thereof are free and clear of all mortgages, liens, pledges, charges and encumbrances, excepting only Permitted Encumbrances; and that the Mortgagor does warrant and will defend the title to the Mortgaged Property and Revenues and Income thereof against all claims and demands whatsoever not specifically excepted herein.

“Permitted Encumbrances” shall mean Permitted Encumbrances as defined in the Loan Agreement and Indenture, including those encumbrances identified in Exhibit B hereto.

- (b) The Mortgagor will, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Mortgage so long as any of the Bonds and any of the indebtedness or other Bonds secured hereby remain outstanding.
- (c) The Mortgagor will, forthwith after the execution and delivery of this Mortgage and thereafter from time to time, cause this Mortgage and any Uniform Commercial Code (“UCC”) financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully protect the lien hereof upon, and the title of the Mortgagor to, the Mortgaged Property; and from time to time will perform or cause to be performed any other act as provided by law to file any and all UCC continuation statements and further instruments for such publication and protection (including any necessary notation on the certificate of title of any of the Equipment for which a certificate of title is issued at any time). Except to the extent that it is exempt therefrom, the Mortgagor will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgement of this assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and such instruments of further assurance.
- (d) The Mortgagor will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, conveyances, mortgages, assignments, transfers, financing statements, continuation statements and assurances as the Mortgagee reasonably may require for the better assuring, conveying, mortgaging, assigning and confirmation unto the Mortgagee all and singular the Mortgaged Property as now or hereafter constituted.

- (e) All right, title and interest of the Mortgagor in and to all improvements, betterments, renewals, substitutions, replacements and proceeds of the Mortgaged Property or any part thereof, hereafter constructed or acquired by the Mortgagor, which shall become a part of the Mortgaged Property, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien of this Mortgage as fully and completely and with the same effect as though now owned by the Mortgagor, but at any and all times the Mortgagor will execute and deliver to the Mortgagee any and all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.
6. Taxes and Assessments. The Mortgagor agrees to promptly pay before the same become delinquent:
- (a) All taxes, liabilities, charges, impositions and assessments of every type or natures at any time levied and assessed upon or against the Mortgaged Property;
 - (b) All other claims which might or could become a lien on the Mortgaged Property or any part thereof equal to or prior to the lien of this Mortgage except for Permitted Encumbrances; and
 - (c) All taxes, assessments or impositions upon this Mortgage or on the interest of the Mortgagee herein, or upon the Bonds or indebtedness secured hereby.
- Provided, however, that no such tax, liability, charge, imposition, assessment or claim need be paid so long as the validity thereof is being contested in good faith by appropriate proceedings and in a manner not to jeopardize any of the Mortgaged Property or to subject the Mortgagee to any liability, and complies with the applicable provisions of the Loan Agreement.
- The Mortgagor agrees to exhibit to the Mortgagee, and at any time upon request, official receipts showing payment of all taxes, assessments and charges which the Mortgagor is required or elects to pay hereunder prior to the respective delinquency dates.
7. Maintenance and Repair. The Mortgagor shall at all times maintain, preserve and keep the Mortgaged Property and every part thereof in good condition, repair and working order and will from time to time make all needful and proper repairs thereto and renewals, replacements, additions, betterments and improvements thereto so that the value and the operating efficiency thereof shall at all times be maintained and preserved. The Mortgagor will not commit or permit waste of the Mortgaged Property or any part thereof, and shall not remove or demolish nor

alter or impair the structural character of any building, structure or other improvements now or hereafter situated upon the Land unless it complies with the applicable provisions of the Loan Agreement, and shall not do or permit any other act or thing that will damage the Mortgaged Property or cause the same or any part thereof to depreciate in value.

8. **Compliance with Laws.** The Mortgagor shall obtain and keep in force a certificate of occupancy, or its equivalent, and shall comply with all laws, ordinances, regulations, covenants, conditions and restrictions from time to time affecting the Mortgaged Property and shall not suffer or permit any act to be done in or upon the Mortgaged Property in violation thereof, unless and to the extent the same are being contested in good faith by appropriate proceedings and in a manner not to jeopardize the Mortgaged Property or the lien or priority of this Mortgage or the Bonds or subject the Mortgagee to any liability.

The Mortgagor has no knowledge of any public health, environmental or other land-use action or proceeding, either instituted or threatened, which would or might detrimentally affect the use or operation of the Mortgaged Property or adversely affect the value thereof. Promptly upon learning of any such action or proceeding, whether threatened or initiated, the Mortgagor will notify the Mortgagee thereof in writing.

All public health and environmental permits, licenses and authorizations required by law, ordinance or regulation, if any, in connection with the intended use or operation of the Mortgaged Property have been obtained; and the Mortgagor and any lessee claiming by, through or under the Mortgagor at all times hereafter will be in full compliance with all requirements of all such permits, licenses, authorities, laws, regulations and ordinances.

If any of the foregoing covenants or representations are breached or prove to be inaccurate in any material respect, then, in addition to all rights, powers and remedies granted to the Mortgagee by law hereunder (including rights of acceleration of indebtedness as in the case of any other default or Event of Default hereunder or under any obligation secured hereby) the Mortgagee, upon failure of the Mortgagor to do so and in exercise of its reasonable judgment, may (but shall not be required to) do any or all of the following, at the expense of the Mortgagor:

- (a) Appear in and defend any such action or proceeding; and
- (b) Retain such legal and technical advice and counsel as the Mortgagee believes necessary to protect itself and the security of this instrument.

The Mortgagor hereby agrees to indemnify, protect and hold the Mortgagee harmless of and from all loss or damage (including reasonable attorneys' fees and expenses) which the Mortgagee may incur by reason of any material breach or inaccuracy in any of the covenants or representations contained in this Section.

If any action has occurred in the past which would constitute a violation of any of the laws, ordinances and regulations referred to in this Section, the Mortgagor hereby agrees to indemnify, protect and hold the Mortgagee harmless of and from all loss or damage (including reasonable attorneys' fees and expenses) which the Mortgagee may incur by reason thereof.

9. **Advances.** Upon the Mortgagor's failure to comply with the preceding covenants and agreements, the payment of prior liens, liens on a parity with this Mortgage, taxes, assessments and charges, maintenance of insurance and repairs as required by the Agreement and this Mortgage, the Mortgagee without prejudice to any rights given herein, may make advances to perform the same on behalf of the Mortgagor, and in furtherance thereof, the Mortgagee may place or cause the Mortgaged Property to be placed in good condition, repair and working order; pay, settle or contest any such taxes, liabilities, charges and assessments; redeem the Mortgaged Property from any sale or forfeiture for any tax or assessment; purchase any tax title obtained or that shall be obtained thereon; pay any judgments based on such tax or assessment; pay, settle or contest any unpermitted lien on the Mortgaged Property and procure such insurance as may be necessary to comply with the provisions of this Mortgage, and the Mortgagor hereby agrees to repay all sums so advanced, on demand, with interest thereon, to the extent permitted by law, from the date advanced until paid at the Default Rate (as defined in the Indenture), and all sums so advanced with interest as aforesaid until paid by the Mortgagor shall be immediately due and payable and be added to and become a part of any indebtedness or obligation secured hereby in such manner or order as the Mortgagee may desire or determine, having the benefit of the lien hereby created as a part thereof, and of its priority, but no such advances shall be deemed to relieve the Mortgagor from any default hereunder or impair any right or remedy consequent thereon, and the exercise of the rights to make advances granted in this Section shall be optional with the Mortgagee and not obligatory, and the Mortgagee shall not in any case be liable to the Mortgagor for failure to exercise any such right.
10. **Events of Default; Remedies.** If any Event of Default as defined in the Loan Agreement shall occur and be continuing, or if any Event of Default as defined in the Loan Agreement and/or the Indenture shall occur and be continuing, the Mortgagee shall have authority (i) to accelerate the Loan Repayments and to declare the Bonds immediately due and payable as provided in the Loan Agreement and Indenture, and (ii) to pursue one or more of the remedies provided for in the Loan Agreement and Indenture respectively, and in lieu thereof or addition thereto, one or more of the following remedies and provisions for foreclosure or enforcement of this Mortgage:
 - (a) The Mortgagee may proceed to protect and enforce its rights by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted, or for the foreclosure of this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy.

- (b) The Mortgagee shall have and may exercise with respect to all personal property and fixtures which are part of the Mortgaged Property all the rights and remedies accorded upon default to a secured party under the UCC, as in effect in the State of Florida. Notice to the Mortgagor of intended disposition of such property shall be deemed commercially reasonable if given (in the manner specified in the Loan Agreement and Indenture) at least 10 calendar days prior to the date of intended disposition.
- (c) The Mortgagee may, at its option, after notice in writing to the Mortgagor, immediately cause this Mortgage to be foreclosed in the manner prescribed by law and, upon the commencement of foreclosure proceedings, shall be entitled to have a receiver appointed at once or at any time thereafter, either before or after sale, without notice and without requiring bond, and without regard to the solvency or insolvency of any person liable for payment of the indebtedness secured hereby, and without regard to the then value of the Mortgaged Property (the provisions for the appointment of a receiver and assignment of rents hereby granted to the Mortgagee being an express condition upon which the loans and payments hereby secured are made) for the benefit of the Mortgagee, with power to rent the same and to collect the rents, issues and profits of the Mortgaged Property, due and to become due, during the pendency of such foreclosure suit and in the case of a sale and deficiency, during the full statutory period of redemption whether there be redemption or not, as well as during any future times when the Mortgagor, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits and shall have all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. Any amount so collected by such receiver, whether prior to or following foreclosure, shall be applied under direction of the court upon the costs and expenses of foreclosure and receivership, expense of insurance on the improvements, expense of repairs, taxes, assessments, and the balance shall be paid to the Mortgagee to be applied on the indebtedness secured by this Mortgage.
- (d) The Mortgagee may either with or without entry or taking possession, proceed by suit or suits at law or in equity or by any other appropriate proceedings or remedy to enforce payment of the indebtedness or the performance of any other term hereof or any other right and the Mortgagor hereby authorizes and fully empowers the Mortgagee to foreclose this Mortgage by judicial proceedings or by advertisement with power of sale and grants to the Mortgagee full authority to sell the Property at public auction and convey title to the Property to the purchaser, either in one parcel or separate lots and parcels, all in accordance with and in the manner prescribed by law, and out of the proceeds arising from sale and foreclosure to retain the principal and interest due on the Series 2017

Bonds and all other indebtedness secured hereby, together with all such sums of money as Mortgagee shall have expended or advanced pursuant to this Mortgage or pursuant to statute, together with interest thereon as herein provided and all costs and expenses of such foreclosure, including lawful maximum attorney's fees, with the balance, if any, to be paid to the persons entitled thereto by law. In any such proceeding the Mortgagee may apply all or any portion of the indebtedness to the amount of the purchase price.

11. Litigation. If any action or proceedings be commenced, to which action or proceeding the Mortgagee is made a party by reason of the execution of this Mortgage or in which the Mortgagee deems it necessary to appear or answer in order to uphold the lien of this Mortgage or the priority thereof or the possession of the Mortgaged Property, or otherwise to protect the interest of the Bondholders or the Mortgagee or security hereunder, all sums paid or incurred by the Mortgagee for attorney's fees and other expenses in such action or proceeding shall be repaid by the Mortgagor, together with interest thereon to the extent permitted by law from the date of payment by the Mortgagee at the Default Rate per annum until paid and all such sums and the interest thereon shall be immediately due and payable and shall be added to and become a part of the indebtedness secured hereby, and be secured hereby, having the benefit of the lien hereby created and of its priority.
12. Non-Waiver. Acceptance by the Mortgagee of any sum in payment or part payment of any indebtedness secured hereby after the same is due or after foreclosure proceedings are filed shall not constitute a waiver of the right to require prompt payment when due of all the sums so secured nor shall such acceptance cure or waive any remaining default or invalidate any foreclosure proceedings for any such remaining default or prejudice any of the rights of the Bond Holders or the Mortgagee under this Mortgage. Further, the failure of the Mortgagee to insist upon the strict performance of any of the covenants or agreements of the Mortgagor contained in this Mortgage, or the delay by the Mortgagee in the enforcement of any of its remedies herein contained upon any default of the Mortgagor shall never constitute a waiver of any requirement or obligation of the Mortgagor or right or remedy of the Mortgagee contained in or based upon said covenants or agreements.
13. Remedies Cumulative. No remedy herein or in the Loan Agreement or the Indenture conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition, no recovery of any judgment by the Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property shall affect the lien created by this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of the Mortgagee hereunder, but such lien, rights, powers or remedies of the Mortgagee shall continue unimpaired as before.

14. **Waiver of Certain Rights and Remedies.** If applicable and if permitted by law, the Mortgagor hereby waives and releases any and all rights and remedies related to marshalling of liens and assets under the Mortgage.
15. **Attorneys' Fees.** The Mortgagor hereby agrees in the event of foreclosure to pay to the Mortgagee such reasonable attorneys' fees as are authorized by law, together with the cost of extending the abstract and all court costs.
16. **Usury.** Notwithstanding any provision herein or in the Loan Agreement or Indenture, the total liability for payments in the nature of interest shall not exceed the limits imposed by the usury laws of Florida, if any.
17. **Possession of Mortgagor.** Unless a Default on the part of the Mortgagor shall exist under the Loan Agreement or the Indenture, the Mortgagor shall be entitled to the possession and disposition of the Mortgaged Property and the Revenues and Income thereof subject, however, to the rights of the Mortgagee to the possession and disposition of the Funds and Accounts provided for in the Loan Agreement and Indenture.
18. **Amendments.** This Mortgage may be amended only as provided in the Loan Agreement and Indenture.
19. **Loan Agreement and Indenture Control.** Any provision in this Mortgage which is inconsistent with the Loan Agreement or the Indenture or any provision thereof shall be interpreted as if such provision were not contained herein and as if the provisions of the Loan Agreement and Indenture had been fully incorporated herein. In all cases of inconsistency, and in case of any amendment to or supplement to the Loan Agreement or Indenture, entered into in accordance with the provisions thereof, the provisions of the Loan Agreement (as amended and supplemented) and Indenture (as amended and supplemented) shall control.
20. **Fixture Filing.** The Mortgagor executes this instrument as a Debtor under the UCC, it being intended that this Mortgage shall constitute and be a security agreement and financing statement under the laws of the State of Florida, pursuant to F.S. Section 679.

This Mortgage constitutes a financing statement filed as a fixture filing under the UCC, as amended or recodified from time to time, covering any of the collateral which now is or later may become fixtures attached to the Land or the improvements thereon. The following addresses are the mailing addresses of Mortgagor, as debtor under the UCC, and Mortgagee, as secured party under the UCC, respectively:

(1) Name and Address of Debtor:

Elim Senior Housing, Inc.
7485 Office Ridge Circle
Eden Prairie, Minnesota 55344
Attention: Chief Financial Officer
Federal Tax ID Number: 81-0754064
Type of Organization: Nonprofit Corporation
Jurisdiction of Organization: Minnesota
Organizational ID: 841660200023

(2) Name and Main Office Address of Secured Party:

U.S. Bank National Association
225 Water Street, Suite 700
Jacksonville, Florida 32202
Attention: Global Corporate Trust Services

Description of the types (or items)
of property covered by this
Fixture Filing:

See granting clause II on
page 2 hereof.

Description of real estate to which
the collateral is attached or upon
which it is or will be located:

See Exhibit A hereto

Upon the occurrence of an Event of Default hereunder in addition to the other rights and remedies available to it, the Mortgagee may exercise all other rights and remedies with respect to such property that are available to a secured party under the UCC. The Mortgagor agrees to pay any reasonable attorney fees and legal expenses incurred by the Mortgagee in enforcing or protecting its rights under the security interest created hereunder. In the event of notice of intended disposition of such property is required by law in any particular instance, the Mortgagor agrees that notice give in the manner and the place provided in Section 38 hereunder and sent ten days prior to a disposition of collateral is commercially reasonable notification within the meaning of the UCC. Information concerning the security interests may be obtained from the parties at the addresses set forth above.

The Mortgagor warrants and agrees that no financing statement or security agreement covering any of the Mortgaged Property is or will be placed on file in any public office or delivered to any secured party except pursuant hereto, except for Permitted Encumbrances.

This Mortgage is a self-operative security agreement with respect to all personal property that consists a part of the Mortgaged Property, but the Mortgagor agrees

to execute, deliver, record and/or file on demand such other and further security agreements, financing statements, continuation statements, and other instruments as the Mortgagee may request from time to time in order to establish, continue, preserve and/or perfect its security interest or to impose the lien hereof more specifically upon such personal property, with the Mortgagor to pay all costs and expenses of any filings in connection therewith and any and all Uniform Commercial Code searches connected thereto. Furthermore, the Mortgagor authorizes the Mortgagee to, at any time and from time to time, file in any one or more jurisdictions financing statements that describe such personal property, together with continuation statements thereof and amendments thereto, without the signature of the Mortgagor and which contain any information required by the Florida Uniform Commercial Code or the Uniform Commercial Code, as revised, applicable to such jurisdiction for the sufficiency or filing office acceptance of any financing statements, continuation statements or amendments.

21. Assignment of Leases and Rents. The Mortgagor does hereby grant, transfer and assign to the Mortgagee (this "Assignment") all of the right, title and interest of the Mortgagor in and to (i) any and all present or future leases or tenancies, whether written or oral, covering or affecting any or all of the Mortgaged Property (all of which, together with any and all extensions, modifications and renewals thereof, are hereinafter collectively referred to as the "Leases" and each of which is referred to as a "Lease"), and (ii) all rents, profits and other income or payments of any kind due or payable or to become due or payable to the Mortgagor as the result of any use, possession or occupancy of all or any portion of the Mortgaged Property or as the result of the use of or lease of any personal property constituting a part of the Mortgaged Property (all of which are hereinafter collectively referred to as "Rents"), but not including any general revenues, income or accounts receivable of the Mortgagor, and whether the Rents accrue before or after foreclosure of the Mortgage or during the periods of redemption thereof, all for the purpose of securing:
 - (a) All indebtedness under the Loan Agreement and all other sums secured by this Mortgage and Assignment; and
 - (b) Performance and discharge of each and every obligation, covenant and agreement of the Mortgagor contained herein and in the Loan Agreement.
22. Covenant. The Mortgagor warrants and covenants that it is and will remain the absolute owner of the Rents and Leases free and clear of all liens and encumbrances other than the lien granted herein and Permitted Encumbrances; that it has not heretofore assigned or otherwise encumbered its interest in any of the Rents or Leases to any person other than as set forth in the Permitted Encumbrances; that it has the right under applicable law, under the Leases, and otherwise to execute and deliver this Assignment and keep and perform all of its obligations hereunder; that it will warrant and defend the Leases and Rents against all adverse claims, whether now existing or hereafter arising.

23. **Performance of Leases.** The Mortgagor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which it is now or hereafter becomes liable to observe or perform under any present or future Lease, and, at its sole cost and expense, enforce or secure the performance of each and every obligation, covenant, condition and agreement to be performed by the tenant under each and every Lease, subject to such waivers or extensions of time as may be granted by Mortgagor, provided that Mortgagee shall have the right, at any time, to rescind any such waiver or extension of time. The Mortgagor will observe and comply with all provisions of law applicable to the operation and ownership of the Mortgaged Property. The Mortgagor will give prompt written notice to the Mortgagee of any notice of default on the part of the Mortgagor with respect to any Lease received from the tenant thereunder, and will also at its sole cost and expense, appear in and defend any action or proceeding arising under, growing out of or in any manner connected with any Lease or the obligations, duties or liabilities of the Mortgagor or any tenant thereunder.
24. **Collection of Rents.** Unless permitted by the Mortgagee, the Mortgagor will not collect or accept any Rents for the use or occupancy of the Mortgaged Property for more than one month in advance. Security deposits shall not be deemed Rents for purposes of this paragraph.
25. **Protecting the Security of This Assignment.** Should the Mortgagor fail to perform or observe any covenant or agreement contained in this Assignment, then the Mortgagee, but without obligation to do so and without releasing the Mortgagor from any obligation hereunder, may make or do the same in such manner and to such extent as the Mortgagee may deem appropriate to protect the security hereof, including, specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Mortgagee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Mortgagor contained in the Leases and in exercising any such powers to pay necessary costs and expenses, employ counsel and pay reasonable attorneys' fees. The Mortgagor will pay immediately upon demand all sums expended by the Mortgagee under the authority of this Assignment, together with interest thereon, and the same shall be added to said indebtedness and shall be secured hereby and by the Mortgage.
26. **Present Assignment.** This Assignment is intended by the parties hereto to be a present conveyance of and security interest in and chattel mortgage upon such collateral, subject to the right of the Mortgagor to receive the same prior (subject to paragraph 24 above) to any default hereunder or under the Loan Agreement, and is not a mere pledge of such collateral to be given effect as a lien upon default, foreclosure and the appointment of a receiver. Any Rents which accrue prior to an Event of Default under the Loan Agreement or the Mortgage but are paid thereafter shall be paid to the Mortgagee.
27. **Survival of Obligation to Comply with Mortgage and This Assignment.** All of the Mortgagor's obligations under this Mortgage and Assignment shall survive

foreclosure of this Mortgage and the Mortgagor covenants and agrees to observe and comply with all terms and conditions of this Mortgage and Assignment and to preclude any Event of Default from occurring under the Loan Agreement or the Mortgage throughout any period of redemption after foreclosure of the Mortgage.

28. Additional Remedies. Upon the occurrence of any Event of Default specified in the Loan Agreement, the Indenture or herein, the Mortgagee may, at its option, in addition to any remedies set forth in Section 10, at any time:

- (a) in the name, place and stead of the Mortgagor and without becoming a mortgagee in possession (i) enter upon, manage and operate the Mortgaged Property or retain the services of one or more independent contractors to manage and operate all or any part of the Mortgaged Property, (ii) make, enforce, modify and accept surrender of the Leases; (iii) obtain or evict tenants, collect, sue for, fix or modify the Rents and enforce all rights of the Mortgagor under the Leases; and (iv) perform any and all other acts that may be necessary or proper to protect the security of this Assignment.
- (b) with or without exercising the rights set forth subparagraph (a) above, give or require the Mortgagor to give, notice to any or all tenants under the Leases authorizing and directing the tenants to pay all Rents under the Leases directly to the Mortgagee.
- (c) without regard to waste, adequacy of the security or solvency of the Mortgagor, apply for, and the Mortgagor hereby consents to, the appointment of a receiver of the Mortgaged Property, whether or not foreclosure proceedings have been commenced under the Mortgage, and if such proceedings have been commenced, whether or not a foreclosure sale has occurred.

The exercise of any of the foregoing rights or remedies and the application of the rents, profits and income pursuant to paragraph 29, shall not cure or waive any Event of Default (or notice of default) under the Mortgage or invalidate any act done pursuant to such notice.

29. Application of Rents. Profits and Income. All Rents collected by the Mortgagee or the receiver each month shall be applied as provided hereinabove. The rights and powers of the Mortgagee under this Assignment and the application of Rents under this paragraph 29 shall continue until expiration of the redemption period from any foreclosure sale, whether or not any deficiency remains after a foreclosure sale.
30. No Liability for Mortgagee. The Mortgagee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability of the Mortgagor under the Leases. This Assignment shall not operate to place upon the Mortgagee responsibility for the control, care,

management or repair of the Mortgaged Property or for the carrying out of any of the terms and conditions of the Leases. The Mortgagee shall not be responsible or liable for any waste committed on the Mortgaged Property, for any dangerous or defective condition of the Mortgaged Property, for any negligence in the management, upkeep, repair or control of said Mortgaged Property or for failure to collect the Rents.

31. **Mortgagor's Indemnification.** The Mortgagor shall and does hereby agree to indemnify and to hold Mortgagee harmless of and from any and all claims, demands, liability, loss or damage (including all costs, expenses, and reasonable attorney's fees in the defense thereof) asserted against, imposed on or incurred by the Mortgagee in connection with or as a result of this Assignment or the exercise of any rights or remedies under this Assignment or under the Leases or by reason of any alleged obligations or undertakings of the Mortgagee to perform or discharge any of the terms, covenants or agreements contained in the Leases. Should the Mortgagee incur any such liability, the amount thereof; together with interest thereon, shall be secured hereby and the Mortgagor shall reimburse the Mortgagee therefor immediately upon demand.
32. **Authorization to Tenant.** Upon notice from the Mortgagee that it is exercising the remedy set forth in paragraph 28(b) of this Assignment, the tenants under the Leases are hereby irrevocably authorized and directed to pay to the Mortgagee all sums due under the Leases, and the Mortgagor hereby consents and directs that said sums shall be paid to the Mortgagee without the necessity for a judicial determination that a default has occurred hereunder or that Mortgagee is entitled to exercise its rights hereunder, and to the extent such sums are paid to Mortgagee, the Mortgagor agrees that the tenant shall have no further liability to Mortgagor for the same. The signature of the Mortgagee alone shall be sufficient for the exercise of any rights under this Assignment and the receipt of the Mortgagee alone for any sums received shall be a full discharge and release therefor to any such tenant or occupant of the Mortgaged Property. Checks for all or any part of the Rents collected under this Assignment shall upon notice from the Mortgagee be drawn to the exclusive order of the Mortgagee.
33. **Mortgagee an Attorney In Fact.** Upon an Event of Default, the Mortgagor hereby irrevocably appoints the Mortgagee, and its successors and assigns, as its agent and attorney in fact, which appointment is coupled with an interest, with the right but not the duty to exercise any rights or remedies hereunder and to execute and deliver during the term of this Assignment such instruments as the Mortgagee may deem appropriate to make this Assignment and any further assignment effective, including without limiting the generality of the foregoing, the right to endorse on behalf and in the name of the Mortgagor all checks from tenants in payment of Rents that are made payable to the Mortgagor.
34. **Mortgagee Not a Mortgagee in Possession.** Nothing herein contained and no actions taken pursuant to this Assignment shall be construed as constituting the Mortgagee a mortgagee in possession.

35. Specific Assignment of Leases. The Mortgagor will transfer and assign to the Mortgagee, upon written notice by Mortgagee, any and all specific Leases that the Mortgagee requests. Such transfer or assignment by the Mortgagor shall be upon the same or substantially the same terms and conditions as are herein contained, and the Mortgagor will properly file or record such assignments, at the Mortgagor's expense, if requested by the Mortgagee.
36. Unenforceable Provisions Severable. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Assignment invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Assignment shall be held to be invalid, illegal or unenforceable, the validity of other terms hereof shall in no way be affected thereby.
37. Successors and Assigns: The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of the Mortgagor and the Mortgagee, including any purchaser at a foreclosure sale.
38. Addresses for Notice and Demands. All notices, demands, certificates or other communications hereunder shall be personally delivered or mailed by registered or certified mail, postage prepaid, with proper address as indicated below. The Mortgagor and the Mortgagee may, by written notice given by each to the others, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Mortgagor:

Elim Senior Housing, Inc.
7485 Office Ridge Circle
Eden Prairie, Minnesota 55344
Attention: Chief Financial Officer

To the Mortgagee:

U.S. Bank National Association
225 Water Street, Suite 700
Jacksonville, Florida 32202
Attention: Global Corporate Trust Services

39. Discharge of Lien. If the Mortgagor shall pay and discharge or provide, in a manner satisfactory to the Mortgagee, for the payment and discharge of the whole amount of all sums payable hereunder and under the Loan Agreement, the Indenture and the Bonds, or shall make arrangements satisfactory to the Mortgagee for such payment and discharge, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor, and the estate, right, title and interest of the Mortgagee therein shall

- thereupon cease, terminate and become void; and this Mortgage, and the covenants of the Mortgagor contained herein, shall be discharged and the Mortgagee in such case on demand of the Mortgagor and at the Mortgagor's cost and expense, shall execute and deliver to the Mortgagor a proper instrument or proper instruments acknowledging the satisfaction and termination of this Mortgage, and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Mortgagor, all property, including money, then held by the Mortgagee hereunder.
40. Concerning any Successor Trustee. Every successor Trustee appointed under the Indenture shall thereupon automatically be and become successor Mortgagee hereunder and shall execute, acknowledge and deliver to its or his or her predecessor and also to the Mortgagor an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors hereunder; but such predecessor shall, nevertheless, on the written request of the successor Trustee, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Mortgagee hereunder to its successor. Should any instrument in writing from the Mortgagor be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Mortgagor. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Section, shall be filed or recorded by the successor Trustee in each recording office where the Mortgage shall have been filed or recorded.
41. Protections Afforded Mortgagee. Any provisions governing the rights, immunities and protections of the Trustee under the Indenture are incorporated by reference into this Mortgage and shall be deemed to be applicable to the Mortgagee as though fully set forth herein.
42. Indemnification of the Mortgagee. The Mortgagor agrees to indemnify and save harmless the Mortgagee not in possession of the Mortgaged Property against any and all losses, injuries, claims, damages or injuries to persons or property, demands and expenses, including legal expenses, of whatsoever kind and nature and by whomsoever made arising from or in any manner directly or indirectly growing out of (a) the use and occupancy or nonuse of the Mortgaged Property or any equipment or facilities thereon or used in connection therewith by anyone whomsoever, (b) any repairs, construction, restoration, replacements, alterations, remodeling on or to the Mortgaged Property, or any part thereof, or any equipment or facilities therein or thereon, (c) the condition of the Mortgaged Property including any adjoining sidewalks, ways or alleys and any equipment or facilities at any time located thereon or used in connection therewith, and (d) any

violation of Environmental Laws or any damages, penalties, injunctive relief or cleanup costs or costs of remedial action resulting from any violation of Environmental Laws.

43. Captions; Amendments; Notices. The captions and headings of the paragraphs of this Assignment are for convenience only and shall not be used to interpret or define the provisions of this Assignment. This Assignment may be amended only in a writing signed by the Mortgagor and the Mortgagee, in accordance with the provisions of the Indenture. Any notice from the Mortgagee to the Mortgagor under this Assignment shall be deemed to have been given when given by the Mortgagee in accordance with the requirements for notice by the Mortgagee hereunder.
44. Counterparts. This instrument may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one instrument.
45. Environmental Indemnification. Mortgagor covenants, represents and warrants to Mortgagee, the Mortgaged Property and its existing and prior uses comply and have at all times complied with, and Mortgagor is not in violation of, has not violated and will not violate, in connection with the ownership, use, maintenance or operation of the Mortgaged Property, and the conduct of the business related thereto, any applicable federal, state, county or local statutes, laws, regulations, rules, ordinances, codes, standards, orders, licenses and permits of any governmental authorities relating to environmental matters (being collectively referred to herein as the "Environmental Laws" including by way of illustration and not by way of limitation (a). the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Resource Conservation and Recovery Act of 1976, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, and the Toxic Substances Control Act (including any amendments or extensions thereof and any rules, regulations, standards or guidelines issued pursuant to any of said Environmental Laws), and (b) all other applicable environmental standards or requirements.

Without limiting the generality of the foregoing:

- (a) Mortgagor, its agents, employees and independent contractors, (a) has and will operate the Mortgaged Property and has and at all times will receive, handle, use, store, treat, transport and dispose of all petroleum products and all other toxic dangerous or hazardous chemicals, materials, substances, pollutants and wastes, and any chemical, material or substance exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which even if not so prohibited, limited or regulated, may or could pose a hazard to the health and safety of the occupants of the Mortgaged Property or the occupants and/or owners of property near the Mortgaged Property (all the foregoing being hereinafter collectively referred to as "Hazardous Materials") in strict compliance with all applicable environmental, health or safety statutes,

ordinances, orders, standards, regulations or requirements, and (b) except for matters disclosed in the Phase 1, has removed from the Mortgaged Property all Hazardous Materials;

- (b) to the actual knowledge of the Mortgagor, there are no existing or pending statutes, orders, standards, rules or regulations relating to environmental matters requiring any remedial actions or other work, repairs, construction or capital expenditures with respect to the Mortgaged Property, nor has Mortgagor received any notice of any of the same;
- (c) to the actual knowledge of the Mortgagor, no Hazardous Materials have been or will be released into the environment, or have been or will be deposited, spilled, discharged, placed or disposed of at, on, or near the Premises, nor has or will the Mortgaged Property be used at any time by any person as landfill or a disposal site for Hazardous Materials or for garbage, waste or refuse of any kind;
- (d) to the actual knowledge of the Mortgagor, there are no electrical transformers or other equipment containing dielectric fluid containing polychlorinated biphenyls located in, on or under the Mortgaged Property, nor is there any friable asbestos contained in, on or under the Mortgaged Property, nor will Mortgagor permit the installation of same;
- (e) to the actual knowledge of the Mortgagor, there are no locations off the Mortgaged Property, where Hazardous Materials generated by or on the Mortgaged Property have been treated, stored, deposited or disposed of;
- (f) to the actual knowledge of the Mortgagor, there is no fact pertaining to the physical condition of either the Mortgaged Property or the area surrounding the Mortgaged Property (a) which Mortgagor has not disclosed to Mortgagee in writing prior to the date of this Mortgage, and (b) which materially adversely affects or will materially adversely affect the Mortgaged Property or the use or enjoyment or the value thereof, or Mortgagor's ability to perform the transactions contemplated by this Mortgage;
- (g) to the actual knowledge of the Mortgagor, the mortgaging of the Mortgaged Property by Mortgagor to Mortgagee does not require notice to or the prior approval, consent or permission of any federal, state or local governmental agency, body, board or official;
- (h) to the actual knowledge of the Mortgagor, no notices of any violation of any of the matters referred to in the foregoing sections relating to the Mortgaged Property or its use have been received by Mortgagor and there are no writs, injunctions, decrees, orders or judgments outstanding, no lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Mortgaged

Property, nor is there any basis for any such lawsuit, claim, proceeding or investigation being instituted or filed; and

- (i) to the actual knowledge of the Mortgagor, the Mortgaged Property is not listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites nor any other log, list; schedule, inventory or record of Hazardous Materials or Hazardous Waste sites whether maintained by the United States, any state or local governmental unit.

The Mortgagor agrees to indemnify and reimburse the Mortgagee, its successors and assigns, for any breach of these representations and warranties and from any loss, damage, expense or cost arising out of or incurred by Mortgagee which is the result of a breach of, misstatement of or misrepresentation of the above covenants, representations and warranties, or for any loss, damage, expense or cost sustained as a result of their being located on the Mortgaged Property any Hazardous Materials or dangerous, toxic or hazardous pollutants, chemicals, wastes or substances during the time Mortgagor owned the Mortgaged Property and is obligated under this Mortgage, together with all attorneys' fees incurred in connection with the defense of any action against the Mortgagee arising out of the above. These covenants, representations, warranties and indemnities shall be deemed to be for the benefit of the Mortgagee, and any successors and assigns of the Mortgagee, including any purchaser at a mortgage foreclosure sale, any transferee of the title of the Mortgagee or any subsequent purchaser at a foreclosure sale. The amount of all such indemnified loss, damage, expense or cost, shall bear interest thereon at the rate of interest in effect on the Bonds and shall become so much additional Indebtedness Secured Hereby and shall become immediately due and payable in full on demand of the Mortgagee, its successors and assigns.

46. Governing Law. Notwithstanding the place of execution of this Mortgage, the parties to this instrument have contracted for Florida law to govern this Mortgage and it is agreed that this Mortgage is made pursuant to and shall be construed and governed by the laws of the State of Florida without regard to the principles of conflicts of law.
47. Future Advances. This mortgage shall secure not only the existing loan evidenced by the Loan Agreement, but also future advances, in accordance with Florida Statutes Section 697.04, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, as are made within twenty (20) years from the date of this Mortgage, to the same extent as if such future advances were made on the date of execution of this Mortgage, but the total of such secured indebtedness shall not exceed at any one time a maximum principal amount equal to twice the aggregate face amount of the Series 2017 Bonds, plus interest on the indebtedness represented thereby and any advances or disbursements made for the benefit or protection of or the payment of taxes, assessments, levies and insurance

upon the Mortgaged Property, with the interest on such advances or disbursements as provided herein.

48. **WAIVER OF JURY TRIAL.** TO THE GREATEST EXTENT PERMITTED BY LAW, THE MORTGAGOR AND THE MORTGAGEE EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY CLAIM, CONTROVERSY, DISPUTE, ACTION OR PROCEEDING ARISING OUT OF OR RELATED TO THIS MORTGAGE AND THE LOAN AGREEMENT (INCLUDING WITHOUT LIMITATION ANY ACTIONS OR PROCEEDINGS FOR ENFORCEMENT OF THIS MORTGAGE AND THE LOAN AGREEMENT) AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. THE MORTGAGOR AND THE MORTGAGEE EACH ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH OF THEM HAS RELIED ON THIS WAIVER IN ENTERING INTO THIS MORTGAGE AND THE LOAN AGREEMENT AND THAT EACH OF THEM WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. THE MORTGAGOR AND THE MORTGAGEE EACH WARRANT AND REPRESENT THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

MORTGAGOR IS HEREBY ADVISED THAT THE MORTGAGEE HAS THE RIGHT TO PROCEED TO OBTAIN AND COLLECT A DEFICIENCY JUDGMENT AGAINST THE MORTGAGOR TOGETHER WITH A FORECLOSURE OF THE PROPERTY DESCRIBED IN THIS MORTGAGE UNDER APPLICABLE LAWS.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

ELIM SENIOR HOUSING, INC.

By: _____

Kathy Youngquist
Chief Financial Officer

STATE OF _____)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2017, by Kathy Youngquist, the Chief Financial Officer of Elim Senior Housing, Inc., a Minnesota nonprofit corporation on behalf of the corporation.

Notary Public

EXHIBIT A
to
Construction Mortgage,
Security Agreement,
Fixture Financing Statement and Assignment of Leases and Rents

LEGAL DESCRIPTION

PARCEL 1 (FEE SIMPLE ESTATE):

THAT LAND LYING IN SECTION 8, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 8, RUN N00°02'08"W, ALONG THE EAST LINE THEREOF A DISTANCE OF 1,322.30 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 8; THENCE DEPARTING SAID EAST LINE, N89°52'01"W, ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4 OF THE SOUTHWEST 1/4, A DISTANCE OF 846.00 FEET TO THE EAST LINE OF LOT 3, LEATHERMAN SUBDIVISION, AS RECORDED IN PLAT BOOK 13, PAGE 24, PUBLIC RECORDS OF SUMTER COUNTY, FLORIDA; THENCE DEPARTING SAID NORTH LINE AND ALONG SAID EAST LINE AND THE SOUTHERLY EXTENSION THEREOF, S00°02'08"E, 1,321.64 FEET TO THE SOUTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 8; THENCE DEPARTING SAID SOUTHERLY EXTENSION, S89°49'20"E, ALONG SAID SOUTH LINE A DISTANCE OF 846.00 FEET TO THE POINT OF BEGINNING.

LESS RIGHT-OF-WAY FOR COUNTY ROAD 103 (CR 103)

ALSO LESS THAT PARCEL CONVEYED TO LIVE OAKS COMMUNITY CHURCH, INC., A FLORIDA CORPORATION BY SPECIAL WARRANTY DEED RECORDED JUNE 2, 2016 IN OFFICIAL RECORDS BOOK 3107, PAGE 691, PUBLIC RECORDS OF SUMTER COUNTY, FLORIDA DESCRIBED AS FOLLOWS:

THAT LAND LYING IN SECTION 8, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 8, RUN N00°02'08"W, ALONG THE EAST LINE THEREOF A DISTANCE OF 434.35 FEET; THENCE DEPARTING SAID EAST LINE, N90°00'00"W, 131.99 FEET; THENCE N45°00'12"W, 135.12 FEET; THENCE S54°07'31"W, 97.55 FEET; THENCE S35°52'29"E, 64.15 FEET; THENCE S53°59'31"W, 342.54 FEET; THENCE N89°49'20"W, 143.88 FEET; THENCE S00°00'12"E, 217.67 FEET TO THE SOUTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 8; THENCE S89°49'20"E, ALONG SAID SOUTH LINE A DISTANCE OF 690.23 FEET TO THE POINT OF BEGINNING.

LESS RIGHT-OF-WAY FOR COUNTY ROAD 103 (CR 103).

PARCEL 2 (EASEMENT ESTATE):

TOGETHER WITH INGRESS- EGRESS EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 2942, PAGE 590, AS AFFECTED BY ACCESS AGREEMENT RECORDED APRIL 13, 2015 IN OFFICIAL RECORDS BOOK 2942, PAGE 598, PUBLIC RECORDS OF SUMTER COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 17, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 17, TOWNSHIP 18 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA AND RUN NORTH $89^{\circ}26'43''$ WEST ALONG THE NORTH LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 17 A DISTANCE OF 25.00 FEET TO THE POINT OF BEGINNING; THENCE RUN SOUTH $00^{\circ}24'27''$ WEST A DISTANCE OF 79.97 FEET; THENCE RUN NORTH $44^{\circ}26'43''$ WEST A DISTANCE OF 48.04 FEET; THENCE RUN NORTH $89^{\circ}26'43''$ WEST A DISTANCE OF 274.56 FEET; THENCE RUN SOUTH $87^{\circ}05'11''$ WEST A DISTANCE OF 150.09 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 502.50; THENCE RUN SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $03^{\circ}28'06''$ AN ARC DISTANCE OF 30.42 FEET TO THE POINT OF TANGENCY; THENCE RUN NORTH $89^{\circ}26'43''$ WEST A DISTANCE OF 387.41 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 503.00 FEET; THENCE RUN NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $08^{\circ}13'49''$ AN ARC DISTANCE OF 54.70 FEET TO THE POINT OF TANGENCY; THENCE RUN NORTH $83^{\circ}12'54''$ WEST A DISTANCE OF 37.72 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 497.00 FEET; THENCE RUN NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $06^{\circ}13'50''$ AN ARC DISTANCE OF 54.05 FEET TO THE END OF SAID CURVE; THENCE RUN ON A NON-TANGENT BEARING OF NORTH $89^{\circ}26'43''$ WEST A DISTANCE OF 176.55 FEET; THENCE RUN SOUTH $59^{\circ}06'53''$ WEST A DISTANCE OF 46.94 FEET; THENCE RUN NORTH $00^{\circ}24'31''$ EAST A DISTANCE OF 70.49 FEET TO THE NORTH LINE OF SAID NORTHEAST 1/4 OF THE NORTHWEST 1/4; THENCE RUN SOUTH $89^{\circ}26'43''$ EAST ALONG THE NORTH LINE OF SAID NORTHEAST 1/4 OF THE NORTHWEST 1/4 A DISTANCE OF 1238.75 FEET TO THE POINT OF BEGINNING.

PARCEL 3 (EASEMENT ESTATE):

TOGETHER WITH THOSE APPURtenant EASEMENTS LYING OUTSIDE OF PARCEL 1 ABOVE, WHICH WERE GRANTED AND DECLARED IN THAT DECLARATION OF EASEMENTS, COVENANTS, AND RESTRICTIONS RECORDED JUNE 2, 2016 IN OFFICIAL RECORDS BOOK 3107, PAGE 647, PUBLIC RECORDS OF SUMTER COUNTY, FLORIDA.

EXHIBIT B
to
Construction Mortgage, Security Agreement, Fixture Financing Statement and
Assignment of Leases and Rents

PERMITTED ENCUMBRANCES

1. Right of Way Easement in favor of Sumter Electric Cooperative Inc., recorded in Official Records Book 160, Page 587, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
2. Perpetual Right of Way Easement in favor of Sumter Electric Cooperative Inc. recorded in Official Records Book 790, Page 44, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
3. Ordinance No. 580 recorded in Official Records Book 1895, Page 271, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
4. Ordinance No. 478 recorded in Official Records Book 1864, Page 454, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
5. Ordinance No. 530 recorded in Official Records Book 1761, Page 503, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
6. Agreement as recorded in Official Records Book 686, Page 123, together with Amended and Restated Agreement as recorded in Book 795, Page 161, Supplemental as recorded in Official Records Book 1166, Page 1, and Affidavit as recorded in Official Records Book 2754, Page 108, Public Records of Sumter County, Florida. (as to Fee Simple Parcel and Easement Parcel)
7. Easement Agreement recorded in Official Records Book 1523, Page 64, Public Records of Sumter County, Florida.

NOTE: The Temporary Construction Easement has expired. (as to Easement Parcel)

8. Notice of Development Order recorded in Official Records Book 413, Page 53, together with Amendment as recorded in Official Records Book 478, Page 82; Resolution of Sumter County Board of County Commissioners Amended Development Order Tri-County Villages of Sumter Development of Regional Impact recorded in Official Records Book 529, Page 795, together with the following Amendments as recorded in Official Records Book 722, Page 700, Official Records Book 809, Page 56; Official Records Book 934, Page 471; Official Records Book 976, Page 661; Official Records Book 1072, Page 597; Official Records Book 1268, Page 126; Official Records Book 1308, Page 25; Official Records Book 1478, Page 218; Official Records Book 2044, Page 760;

Official Records Book 2532, Page 57; Official Records Book 2536, Page 708 and Official Records Book 2538, Page 506, Public Records of Sumter County, Florida. (as to Easement Parcel)

9. Development Agreement, a memorandum of which was recorded in Official Records Book 1523, Page 18, Public Records of Sumter County, Florida. (as to Easement Parcel)
10. Allocation of Development Rights as recorded in Official Records Book 1523, Page 14, Public Records of Sumter County, Florida. (as to Easement Panel)
11. Covenants, conditions, and restrictions recorded in Official Records Book 1523, Page 29, together with Supplemental as recorded in Official Records Book 1694, Page 658, Public Records of Sumter County, Florida, which contain provisions creating easements. (as to Easement Parcel)
12. Agreement, a memorandum of which was recorded in Official Records Book 1523, Page 1, Public Records of Sumter County, Florida. (as to Easement Parcel)
13. Ordinance No. 02014-38 recorded in Official Records Book 2895, Page 793, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
14. Terms and Conditions of the Grant of Appurtenant Easement recorded in Official Records Book 2942, Page 590, as affected by Terms and Conditions of the Access Agreement recorded in Official Records Book 2942, Page 598, as affected by the Reservation of Rights therein by Elim Care Foundation in Special Warranty Deed recorded June 2, 2016 in Official Records Book 3107, Page 691, Public Records of Sumter County, Florida. (as to Fee Simple Parcel and Easement Parcel)
15. Ordinance No. 02014-42 recorded in Official Records Book 2922, Page 413, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
16. Ordinance No. 02014-43 recorded in Official Records Book 2922, Page 407, Public Records of Sumter County, Florida. (as to Fee Simple Parcel)
17. Terms and Conditions of the Declaration of easements, covenants and restrictions by Elim Care Foundation, a Minnesota non profit corporation, recorded June 2, 2016 in Official Records Book 3107, Page 647, Public Records of Sumter County, Florida.
18. Interlocal Agreement between Capital Trust Agency and the City of Wildwood, Florida, recorded December 27, 2016 in Official Records Book 3197, Page 96, Public Records of Sumter County, Florida.

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LIQUIDITY SUPPORT AGREEMENT

Among

ELIM HOMES, INC.

as Liquidity Provider

and

ELIM SENIOR HOUSING, INC.,

as Borrower

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

Dated as of August 1, 2017

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LIQUIDITY SUPPORT AGREEMENT

THIS IS A LIQUIDITY SUPPORT AGREEMENT dated as of August 1, 2017 (this "Support Agreement"), among **ELIM HOMES, INC.**, a Minnesota nonprofit corporation (the "Liquidity Provider"); **ELIM SENIOR HOUSING, INC.**, a Minnesota nonprofit corporation (the "Borrower"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee under a trust indenture hereinafter described (the "Trustee").

RECITALS

A. Concurrently herewith, the Capital Trust Agency, a legal entity duly created and a public agency duly organized and existing under the laws of the State of Florida (together with any successors and assigns, the "Issuer") is issuing \$ _____ in aggregate principal amount of its Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project) Series 2017 (the "Bonds") to fund a loan to the Borrower.

B. The Bonds will be issued pursuant to the terms of that certain Trust Indenture, dated as of August 1, 2017 (the "Indenture"), by and between the Issuer and the Trustee; and the proceeds thereof will be loaned to the Borrower pursuant to the terms of that certain Loan Agreement, dated as of August 1, 2017 (the "Loan Agreement"), by and between the Issuer and the Borrower.

C. The Borrower will use the net proceeds of the Bonds to pay for a portion of the costs of the Project, as defined and described in the Indenture.

D. Other than as described herein, the Liquidity Provider is not obligated to make any payments related to the Bonds.

In consideration of the premises and in order to enhance the marketability of the Bonds, the Liquidity Provider hereby covenants and agrees with the Borrower and the Trustee as follows:

ARTICLE I DEFINITIONS

Capitalized terms not defined in this Support Agreement have the meanings set forth in the Indenture or the Loan Agreement (collectively referred to herein as the "Bond Documents"). All accounting terms not otherwise defined herein or in the Bond Documents have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America consistently applied unless the context indicates otherwise.

ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE LIQUIDITY PROVIDER

SECTION 2.1. AUTHORIZATION. The Liquidity Provider represents and warrants that the Liquidity Provider has the power to enter into this Support Agreement, has duly authorized the execution and delivery of this Support Agreement by proper action, if required,

and neither this Support Agreement nor the agreements herein contained contravene or constitute a default under any agreement, instrument or indenture to which it is a party or by which it or its property is bound or any other provision or any other requirement of law.

SECTION 2.2. STATUS OF LIQUIDITY PROVIDER AND BORROWER

AS AFFILIATES. The Liquidity Provider represents and warrants that the Liquidity Provider is an Affiliate of the Borrower. This Support Agreement is entered into by the Liquidity Provider pursuant to that relationship and as a benefit to the Liquidity Provider.

SECTION 2.3 MAINTENANCE OF FINANCIAL CAPACITY. The

Liquidity Provider represents and warrants that it currently has the financial capacity and will maintain such financial capacity, to honor its obligations described herein for the term of this Support Agreement.

SECTION 2.4. NEGATIVE PLEDGE FOR SUPPORT AGREEMENT.

As of June 30 and December 31 of each year, the Liquidity Provider agrees to maintain Cash and Liquid Investments in at least the outstanding amount of the Support Obligation.

ARTICLE III DEBT SERVICE AND OPERATING SUPPORT

SECTION 3.1 SUPPORT OBLIGATION.

(a) The Liquidity Provider hereby agrees to pay the amount requested by the Borrower or the Trustee for the purposes described in Section 3.2 hereof, up to an aggregate amount of \$2,000,000 (as such amount shall be reduced from time to time in accordance with this Support Agreement, the "Support Obligation").

(b) Commencing after December 31, 2022, the Support Obligation shall be reduced such that the Support Obligation is \$1,000,000 upon receipt of an Officer's Certificate and certification by an Accountant demonstrating that the Borrower is then in compliance for one Fiscal Year with (i) the Debt Service Coverage Ratio requirement of Section 6.09 of the Loan Agreement, (ii) the Days' Cash on Hand Requirement of Section 6.10 of the Loan Agreement, and (iii) the occupancy requirement of Section 6.12 of the Loan Agreement. Such compliance will be evidenced by an Officer's Certificate that includes the calculations included with the annual audited financial statements of the Borrower required to be provided pursuant to Section 6.02 of the Loan Agreement.

(c) After two consecutive Fiscal Years of covenant compliance as described in (b) above, the Support Obligation shall be reduced to zero upon receipt of an Officer's Certificate and certification by an Accountant demonstrating that the Borrower is then in compliance with (i) the Debt Service Coverage Ratio requirement of Section 6.09 of the Loan Agreement, (ii) the Days' Cash on Hand Requirement of Section 6.10 of the Loan Agreement, and (iii) the occupancy requirement of Section 6.12 of the Loan Agreement. Such compliance will be evidenced by an Officer's Certificate that includes the calculations included with the annual

audited financial statements of the Borrower required to be provided pursuant to Section 6.02 of the Loan Agreement.

SECTION 3.2. DRAWS ON THE SUPPORT OBLIGATION.

(a) Permitted Uses for Support Obligation. If there are insufficient funds in the Working Capital Fund, the Support Obligation may be used to (i) pay Operating Expenses if there is insufficient liquidity to operate the Project Facilities in accordance with normal industry business practices, in accordance with a written direction or requisition presented to the Trustee, and approved in writing by an Authorized Corporation Representative or (ii) be deposited in the Bond Fund for the purpose of paying interest and principal on the Bonds if there are insufficient funds on deposit in the Bond Fund to make principal and interest payments when due with respect to the Bonds. The Trustee is authorized to use monies for (ii) in the previous sentence without any action by the Borrower.

(b) Payments. The Liquidity Provider will make additional payments of its Support Obligations up to the applicable not to exceed aggregate amount of \$2,000,000 or \$1,000,000, as may be applicable pursuant to Section 3.1 herein, within seven (7) Business Days of receipt of any written demand, in the form attached as EXHIBIT A hereto for the conditions described in (a) above. The Borrower and the Trustee will deliver any such written demand to the Liquidity Provider, with copies to each. Notwithstanding anything to the contrary contained herein, to the extent that the Liquidity Provider has failed to fund its applicable Support Obligation and the failure to so fund causes the Borrower to fail to make any payment of interest and principal on the Bonds, it shall be an Event of Default under this Agreement and an Event of Default under the terms of the Indenture, and shall entitle the Trustee to the remedies set forth in the Bond Documents.

SECTION 3.3. BORROWER'S REPAYMENT OF DRAWS ON THE SUPPORT OBLIGATION.

(a) The Borrower's obligation to repay the Liquidity Provider for any payments by the Liquidity Provider on the Support Obligation made hereunder (the "Borrower's Repayment Obligation") will constitute Indebtedness of the Borrower subordinate to the Bonds issued under the Indenture ("Subordinate Indebtedness") and as such the Borrower's Repayment Obligation is subject to the following provisions. The Liquidity Provider, as the holder of the Borrower's Repayment Obligation, now or at any time in the future, accepts and agrees to be bound by the following provisions:

(i) The Borrower's Repayment Obligation shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Superior Indebtedness as defined in this Section. For all purposes of this Section, the term "Superior Indebtedness" shall mean all Bonds now or hereafter issued and secured under the Indenture, as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified.

(ii) No payment on the Borrower's Repayment Obligation shall be made by the Borrower, nor shall any property or assets be applied to the purchase or other

acquisition or retirement of the Borrower's Repayment Obligation, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness is made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on the Borrower's Repayment Obligation shall be made, nor shall any property or assets be applied to the retirement of the Borrower's Repayment Obligation, if, at the time of such payment or application or immediately after giving effect thereto, (A) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Superior Indebtedness, or (B) there shall have occurred any other Event of Default with respect to any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the owners thereof to accelerate the maturity thereof and such Event of Default is not cured or waived or shall not have ceased to exist.

(iii) The Liquidity Provider may not accelerate the payment of the Borrower's Repayment Obligation. Upon any payment or distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization not permitted under Section 6.13 of the Loan Agreement or arrangement of the Borrower, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due upon all Superior Indebtedness shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Indebtedness, before any payment is made on account of the Borrower's Repayment Obligation, and upon any such dissolution or winding-up or liquidation, reorganization not permitted under Section 6.13 of the Loan Agreement or arrangement, any payment or distribution of any kind or character, whether in cash, property or securities, to which a Liquidity Provider would be entitled, except for the provisions hereof, shall be paid by the Borrower, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Trustee to the extent necessary to pay all Superior Indebtedness in full, before any payment or distribution is made to the Liquidity Provider with respect to the Borrower's Repayment Obligation.

(iv) In the event that, in violation of any of the foregoing provisions, any payment or distribution of any kind or character, whether in cash, property or securities, shall be received by the Liquidity Provider before all Superior Indebtedness is paid in full, or provision made for such payment in accordance with the terms of such Superior Indebtedness, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to the Trustee for application to the payment of all Superior Indebtedness remaining unpaid to the extent necessary to pay all such Superior Indebtedness in full in accordance with its terms.

(v) No present or future Bondholder of Superior Indebtedness or the Trustee shall be prejudiced in his right to enforce subordination of the Borrower's Repayment Obligation by any act or failure to act on the part of the Borrower or anyone in custody of its assets or property.

(vi) The foregoing subordination provisions shall be for the benefit of the Bondholders of Superior Indebtedness and may be enforced by the Trustee against the

Liquidity Provider; provided, however: (A) that the foregoing provisions are solely for the purpose of defining the relative rights of the Bondholders of Superior Indebtedness on the one hand and the Liquidity Provider on the other hand, and that nothing herein shall impair, as between the Borrower and the Liquidity Provider, the obligation of the Borrower, which is unconditional and absolute, to pay to the Liquidity Provider in accordance with the terms of this Support Agreement, nor shall anything herein prevent the Liquidity Provider from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights set forth above of the Bondholders of Superior Indebtedness to receive cash, property or securities otherwise payable or deliverable to the Liquidity Provider, (B) that upon any payment or distribution of assets of the Borrower of the character referred to in the paragraph (iv) of the foregoing provisions, the Liquidity Provider shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding-up, liquidation, reorganization or arrangement proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to the Liquidity Provider for the purpose of ascertaining the persons entitled to participate in such distribution, the Bondholders of Superior Indebtedness and other indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to the foregoing provisions, and (C) that the Liquidity Provider shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to the Liquidity Provider, unless and until the Liquidity Provider, shall have received written notice thereof from the Borrower or from one or more Bondholders of Superior Indebtedness, or from the Trustee.

(b) In addition to the foregoing and in accordance with the provisions of the Loan Agreement and Indenture, the Borrower will not make payments on the Borrower's Repayment Obligation unless the Borrower delivers an Officer's Certificate to the Trustee prior to any payment on the Borrower's Repayment Obligation that contains the certifications required by the Indenture.

ARTICLE IV **OTHER COVENANTS AND AGREEMENTS**

SECTION 4.1. THE LIQUIDITY PROVIDER'S OBLIGATIONS ABSOLUTE AND UNCONDITIONAL. Subject to the limitations set forth herein, the obligations of the Liquidity Provider under this Support Agreement shall be absolute and unconditional and shall remain in full force and effect until the termination of this Support Agreement, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

- (a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Borrower under the Bond Documents; or
- (b) the failure to give notice to the Liquidity Provider of the occurrence of a default or an event of default under the terms of the Bond Documents; or

(c) the waiver of the payment, performance or observance by the Liquidity Provider or the Borrower, of any of the obligations, covenants or agreements of any of them contained in the Bond Documents; or

(d) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Bond Documents, so long as the Liquidity Provider shall have first consented in writing to any modification or amendment that relates to this Support Agreement; or

(e) the taking of or the failure to take the actions under or referred to in the Bond Documents, including, the failure of the Trustee to give any required notice; or

(f) any failure, omission, delay or lack on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee in this Support Agreement, or any other act or acts on the part of the Trustee; or

(g) the release or discharge of the Borrower, the Trustee, or the Issuer from the performance or observance of any obligation, covenant or agreement contained in any of the Bond Documents or by operation of law; or

(h) the default or failure of a Liquidity Provider fully to perform any of its obligations set forth in this Support Agreement or of the Borrower to fully perform any of its obligations in any of the Bond Documents; or

(i) the invalidity, in whole or in part, of any of the Bond Documents.

SECTION 4.2. NO SETOFF, COUNTERCLAIM OR DEFENSE. No setoff, counterclaim, reduction or diminution of an obligation or any defense of any kind or nature that either the Liquidity Provider has or may have against the Borrower or the Trustee shall be available hereunder to a Liquidity Provider against the Trustee or the Borrower.

SECTION 4.3. WAIVER OF NOTICE; PAYMENT OF CHARGES. The Liquidity Provider expressly waives notice from the Trustee of its acceptance and reliance on this Support Agreement. To the extent permitted by applicable law, the Liquidity Provider agrees to pay all charges, advances, costs, expenses and fees, including all reasonable attorneys' fees, that may be incurred by the Trustee in collecting or attempting to collect the amounts due hereunder following any default on the part of a Liquidity Provider hereunder, whether this Support Agreement shall be enforced by suit or otherwise and all such amounts relating to such enforcement shall not reduce the amount of the Support Obligation.

SECTION 4.4. AMENDMENTS AND MODIFICATIONS. This Support Agreement may be amended or terminated at any time with the written consent of the Liquidity Provider and the Trustee.

SECTION 4.5. INDEMNIFICATION AND EXPENSES. The Borrower and the Liquidity Provider agree:

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder;

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Support Agreement (including the reasonable compensation and the expenses and disbursements, of its agents and counsel) except any such expense, disbursement, or advance as may arise from its negligence or bad faith; and

(c) to indemnify the Trustee for, and hold it harmless against any loss, liability or expense incurred by it without negligence or bad faith on its part, arising out of and in connection with the acceptance or administration of this Support Agreement, including the reasonable costs and expenses of defending it against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

ARTICLE V TERM AND TERMINATION

SECTION 5.1. TERMINATION OF AGREEMENT. This Support Agreement shall be in full force and effect until the earliest of the date when all of the Bonds are paid in full or are deemed to be paid in full in accordance with the Indenture or the Support Obligation requirements are released in accordance with this Agreement.

ARTICLE VI MISCELLANEOUS

SECTION 6.1. WAIVERS. Any waiver of any provision of this Support Agreement or any right or remedy hereunder must be affirmative and expressly made in writing and shall not be implied from any action or inaction, course of dealing or otherwise.

SECTION 6.2. DELAY OR OMISSION NOT A WAIVER. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder 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. In the event any provision contained in this Support Agreement should be breached by the Liquidity Provider and thereafter duly waived by the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Support Agreement shall be established by conduct, custom, or course of dealing, but solely by an instrument in writing duly executed in accordance with the provisions of the Support Agreement.

SECTION 6.3. ENTIRE AGREEMENT; EXECUTION IN COUNTERPARTS. This Support Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Support Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

SECTION 6.4. SEVERABILITY. The invalidity or unenforceability of any one or more phrases, sentences, clauses or Sections in this Support Agreement shall not affect the validity or enforceability of the remaining portions of this Support Agreement, or any part hereof.

SECTION 6.5. GOVERNING LAW. This Support Agreement shall be governed exclusively by the applicable laws of the State of Florida.

SECTION 6.6. PARTIES INTERESTED HEREIN; SUCCESSORS AND ASSIGNS. This Support Agreement is made for the sole benefit of the Borrower, the Liquidity Provider, the Issuer and the Trustee, and their respective successors and assigns. The Trustee (in its own right as trustee on behalf of the owners of the Bonds and as assignee of the Issuer) may take action to enforce any of the provisions of this Support Agreement. Except for the Borrower, the Liquidity Provider and the Trustee, no other person or persons shall have any benefits, rights or remedies under or by reason of this Support Agreement. A Liquidity Provider, by making an advance or by any action taken pursuant to this Support Agreement, shall not be deemed a partner or a joint venture with the Borrower. With the exception of rights herein expressly conferred, nothing herein expressed or mentioned in or to be implied from this Support Agreement is intended or shall be construed to give any person other than the parties hereto, any legal or equitable right, remedy or claim under or in respect of this Support Agreement or against the Liquidity Provider.

SECTION 6.7. NOTICES. All notices required hereunder, including written demands described in Section 3.2 hereof, shall be in writing, sent via overnight mail or other overnight courier, or delivered by messenger or telecopy (with hard copy also sent by overnight courier or messenger) to the following:

If to the Borrower:

Elim Senior Housing, Inc.
7485 Office Ridge Circle
Eden Prairie, MN 55344
Attention: Chief Financial Officer

With a copy to:
Lindquist & Vennum LLP
80 S. Eighth Street, Suite 2000
Minneapolis, MN 55402
Attn: Elizabeth G. Aby

If to the Liquidity Provider:

Elim Homes, Inc.
7485 Office Ridge Circle
Eden Prairie, MN 55344
Attention: Chief Financial Officer

With a copy to:
Lindquist & Vennum LLP
80 S. Eighth Street, Suite 2000
Minneapolis, MN 55402
Attn: Elizabeth G. Aby

If to the Trustee, to:

U.S. Bank National Association
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attention: Corporate Trust

or to such other address as such parties shall from time to time designate by notice in writing to the others. Whenever any notice in writing is required to be given hereunder, such notice shall be deemed given and such requirement satisfied if such notice is mailed by first-class mail, postage prepaid, addressed as provided above.

SECTION 6.8. ASSIGNMENT. This Support Agreement may not be assigned by any party.

[Signatures to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Support Agreement to be executed in their respective corporate names by their respective officers thereunto duly authorized as of the date first above written.

LIQUIDITY PROVIDER:

ELIM HOMES, INC., a Minnesota nonprofit corporation

By: _____

Chief Financial Officer
Authorized Representative

BORROWER:

ELIM SENIOR HOUSING, INC., a Minnesota nonprofit corporation

By: _____

Chief Financial Officer
Authorized Representative

IN WITNESS WHEREOF, the Trustee has caused this Support Agreement to be executed as of the date first above written.

**U.S. BANK NATIONAL ASSOCIATION, as
Trustee**

By: _____
Its Vice President

EXHIBIT A

FORM OF WRITTEN REQUEST FOR LIQUIDITY SUPPORT PAYMENT

Request No: _____
Date: _____

To: Elim Homes, Inc.
7485 Office Ridge Circle
Eden Prairie, MN 55344
Attention: Chief Financial Officer

Re: "Elim Homes, Inc. - Liquidity Support Payment

Ladies and Gentlemen:

You are hereby requested to transfer cash as specified below pursuant the Liquidity Support Agreement, dated as of August 1, 2017 (the "Support Agreement") among you, as liquidity provider (the "Liquidity Provider"), Elim Senior Housing, Inc. (the "Borrower") and U.S. Bank National Association, as trustee (the "Trustee").

Transfer the sum of \$[_____] to the Trustee for deposit in the Working Capital Account in accordance with the Support Agreement and the Indenture.

The amount of this requisition is permitted by the Support Agreement.

ELIM SENIOR HOUSING, INC., a Minnesota
nonprofit corporation

By: _____
Authorized Representative

APPENDIX E
FORM OF BOND COUNSEL OPINION

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[Date of Closing]

To: Capital Trust Agency
Gulf Breeze, Florida

Elim Senior Housing, Inc.
Eden Prairie, Minnesota

We have served as bond counsel to our client Elim Senior Housing, Inc., a nonprofit corporation organized and existing under the laws of the State of Minnesota (the "Corporation"), in connection with the issuance by the Capital Trust Agency (the "Agency") of its \$ _____ Senior Living Facilities Revenue Bonds (Elim Senior Housing, Inc. Project), Series 2017 (the "Series 2017 Bonds"), dated the date of this letter.

The Series 2017 Bonds are issued pursuant to Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council (the "City Council") of Gulf Breeze, Florida (the "City"), on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance 2-00 duly enacted by the Town Council (the "Town Council") of Century, Florida (the "Town"), on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted by the Town Council on May 7, 2001 and October 3, 2011, respectively; an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented, particularly as amended and supplemented by Amendment No. 71 to the Interlocal Agreement dated as of December 19, 2016 ("Amendment No. 71"), Resolution No. 34-16, duly adopted by the City Council on December 5, 2016, approving Amendment No. 71, Resolution No. 24-16 duly adopted by the Town Council on December 19, 2016, approving Amendment No. 71, Resolution Nos. 17-16, duly adopted by the Agency on November 10, 2016 and Resolution No. 19-16, duly adopted by the Agency on December 8, 2016, as ratified and confirmed by Resolution No. 12-17, duly adopted by the Agency on June 29, 2017, and other applicable provisions of law (collectively, the "Act"), and the Trust Indenture, dated as of August 1, 2017 (the "Trust Indenture"), between the Agency and U.S. Bank National Association, as trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Trust Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2017 Bonds, a copy of the signed and authenticated Series 2017 Bond of the first maturity of the Series 2017 Bonds, the Trust Indenture, the Loan Agreement, dated as of August 1, 2017 (the "Loan Agreement"), between the Agency and the Corporation, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2017 Bonds, the Trust Indenture and the Loan Agreement are valid and binding obligations of the Agency, enforceable in accordance with their respective terms.
2. The Series 2017 Bonds constitute limited obligations of the Agency, and the principal of and interest and any premium on (collectively, "debt service") the Series 2017 Bonds are payable from and secured solely from the revenues and other moneys assigned by the Indenture to pay debt service. Those revenues and other money include the payments required to be made by the Corporation under the Loan Agreement. The Series 2017 Bonds and the payment of debt service on the Series 2017 Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Series 2017 Bonds do not represent or constitute a general obligation, a debt or pledge of the faith and credit or taxing power of the Agency, the Sponsoring Political Subdivisions, the State of Florida, or any political subdivision thereof. The Agency has no taxing power.
3. Interest on the Series 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals

and corporations; however, interest on the Series 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax. The Series 2017 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. We express no opinion as to any other tax consequences regarding the Series 2017 Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Agency.

We express no opinion herein regarding the perfection or priority of the lien on Trust Estate created by the Trust Indenture.

In rendering those opinions with respect to treatment of the interest on the Series 2017 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Agency and the Corporation. Failure to comply with certain of those covenants subsequent to issuance of the Series 2017 Bonds may cause interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2017 Bonds and the enforceability of the Series 2017 Bonds, the Trust Indenture and the Loan Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

In rendering those opinions with respect to the treatment of the interest on the Series 2017 Bonds under the federal tax laws, we have examined, and we rely upon, the opinions of the law firm Lindquist & Vennum LLP, counsel for Corporation dated this date, as to the current qualification of the Corporation as an organization described in Section 501(c)(3) of the Code and the use of the facilities financed with the Series 2017 Bonds in activities that are not considered "unrelated trade or business" activities of the Corporation, as defined in Section 513(a) of the Code, which certification is subject to a number of qualifications and limitations. We have not given any opinion or assurance concerning Section 513(a) of the Code or the effect of any future activities of the Agency or the Corporation. Failure of the Corporation to maintain its qualification as an organization described in Section 501(c)(3) of the Code, or to use the facilities financed by the Series 2017 Bonds in a manner that is substantially related to the Corporation's charitable purpose under Section 513(a) of the Code, may cause interest on the Series 2017 Bonds to be included in gross income retroactively to the date of the issuance of the Series 2017 Bonds.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2017 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

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