SUPPLEMENT DATED FEBRUARY 22, 2017 TO PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 9, 2016

RELATING TO:

$41,040,000*
CAPITAL TRUST AGENCY
REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT)
SERIES 2017

consisting of:

$36,240,000* Series 2017A
$2,075,000* Taxable Series 2017B
$2,725,000* Subordinate Series 2017C

The following information is to supplement the Preliminary Official Statement dated November 9, 2016 (the “POS”) relating to the above-referenced bonds (the “Series 2017 Bonds”). The following revisions of the POS are to be incorporated pursuant to this Supplement and reflected as such in the Master Indenture attached to the POS as part of Appendix C. Capitalized words used herein shall have the meanings set forth in the POS.

A. The first interest payment date is October 1, 2017.

B. The updated financial projections prepared by the Obligated Group are attached hereto as Exhibit A.

C. The following replaces the chart included under the heading “SHORT STATEMENT – Financial Feasibility Study” in the front part of the POS. The information in the following chart represents Management’s projections and is not a Financial Feasibility Study and has not been examined for purposes of this supplement. The Feasibility Study will be updated in its entirety upon the pricing of the Series 2017 Bonds and will be included in the final Official Statement.

* Preliminary, subject to change.
Management’s Projected Financial Ratios  
For the Years Ending 2018 through 2021  
(000s Omitted)

<table>
<thead>
<tr>
<th>Long-Term Debt Service Coverage Ratio</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash items and Add-backs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>907</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of Discount and Deferred Financing Costs</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2017 Bonds - Interest Expense</td>
<td>3,005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation Payment</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Available for Debt Service</td>
<td></td>
<td></td>
<td></td>
<td>$4,342</td>
</tr>
<tr>
<td>Maximum Annual Debt Service – Senior Bonds</td>
<td></td>
<td></td>
<td></td>
<td>$3,076</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio – Senior Bonds¹</td>
<td></td>
<td></td>
<td></td>
<td>1.41</td>
</tr>
<tr>
<td>Maximum Annual Debt Service²</td>
<td></td>
<td></td>
<td></td>
<td>$3,346</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio³</td>
<td></td>
<td></td>
<td></td>
<td>1.30</td>
</tr>
</tbody>
</table>

Days’ Cash on Hand

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$729</td>
<td>$237</td>
<td>$773</td>
<td>$992</td>
</tr>
<tr>
<td>Working Capital Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>500</td>
<td>--</td>
<td>400</td>
<td>1,000</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td></td>
<td>16</td>
<td>55</td>
<td>94</td>
</tr>
<tr>
<td>Allocation Fund</td>
<td>900</td>
<td>900</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>Available Reserves</td>
<td>$2,129</td>
<td>$1,153</td>
<td>$1,828</td>
<td>$2,386</td>
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</tbody>
</table>

Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less: Depreciation Expense</td>
<td>(683)</td>
<td>(879)</td>
<td>(892)</td>
<td>(907)</td>
</tr>
<tr>
<td>Less: Amortization of Deferred Financing Costs and Net Original Issue Discount Included with Interest Expense</td>
<td>(20)</td>
<td>(60)</td>
<td>(60)</td>
<td>(60)</td>
</tr>
<tr>
<td>Less: Allocation Payment</td>
<td>(125)</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Less: Deferred Subordinate Management Fee</td>
<td>(180)</td>
<td>(288)</td>
<td>(288)</td>
<td>-0-</td>
</tr>
<tr>
<td>Less: Annual Issuer’s Fee</td>
<td>(33)</td>
<td>(33)</td>
<td>(33)</td>
<td>(33)</td>
</tr>
<tr>
<td>Adjusted Operating Expenses</td>
<td>$3,495</td>
<td>$8,176</td>
<td>$9,204</td>
<td>$9,728</td>
</tr>
<tr>
<td>Daily Cash Operating Expenses</td>
<td>$10</td>
<td>$22</td>
<td>$25</td>
<td>$27</td>
</tr>
<tr>
<td>Number of Days Cash on Hand³</td>
<td>222</td>
<td>51</td>
<td>73</td>
<td>90</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinated Management Fees are not Paid</td>
<td>232</td>
<td>63</td>
<td>93</td>
<td>121</td>
</tr>
</tbody>
</table>

¹ This ratio was requested by the Underwriter and is not projected to be required by the Series 2017 Bonds.  
² Maximum Annual Debt Service is equal to the maximum annual debt service on the Series 2017 Bonds.  
³ Calculations are presented based upon assumed terms of the Master Indenture.

D. The following table replaces the Sources and Uses of Funds chart in the front part of the POS. The estimated uses of funds that are disclosed elsewhere in the POS are replaced with the applicable number from the chart below.
## SOURCES AND USES OF FUNDS

The following table presents the sources and uses of funds in connection with the issuance of the Series 2017 Bonds and the funding of the Project.

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Series 2017A Bonds</th>
<th>Taxable Series 2017B Bonds</th>
<th>Subordinate Series 2017C Bonds</th>
<th>Equity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2017 Bonds</td>
<td>$36,240,000</td>
<td>$2,075,000</td>
<td>$2,725,000</td>
<td>$7,200,000</td>
<td>$48,240,000</td>
</tr>
<tr>
<td>Original Issue Discount</td>
<td>-0-</td>
<td>(33,968)</td>
<td>-0-</td>
<td>-0-</td>
<td>(33,968)</td>
</tr>
<tr>
<td>Total</td>
<td>$36,240,000</td>
<td>$2,041,032</td>
<td>$2,725,000</td>
<td>$7,200,000</td>
<td>$48,206,032</td>
</tr>
</tbody>
</table>

**Uses:**

- **Project Fund**
  - $28,536,679
  - $1,901
  - $2,302,625
  - $4,026
  - $30,845,231

- **Capitalized Interest Fund\(^1\)**
  - 3,344,052
  - 1,800,506
  - 327,000
  - 840,000
  - 6,311,558

- **Debt Service Reserve Fund**
  - 2,906,212
  - 166,000
  - -0-
  - -0-
  - 3,072,212

- **Working Capital Fund**
  - 750,000
  - -0-
  - -0-
  - 1,050,000
  - 1,800,000

- **Operating Reserve Fund**
  - -0-
  - -0-
  - -0-
  - 1,500,000
  - 1,500,000

- **Deferred Development Fee**
  - -0-
  - -0-
  - -0-
  - 2,000,000
  - 2,000,000

- **Costs of Issuance\(^2\)**
  - 703,056
  - 72,625
  - 95,375
  - 905,974
  - 1,777,030

- **Allocation Fund**
  - -0-
  - -0-
  - -0-
  - 900,000
  - 900,000

**Total**

- $36,240,000
- $2,041,032
- $2,725,000
- $7,200,000
- $48,206,032

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\(^{1}\) This amount, constituting approximately 26 months of interest on the Series 2017 Bonds will be deposited to the Capitalized Interest Account of the Project Fund and disbursed to pay the initial interest on the Series 2017 Bonds.

\(^{2}\) Includes HJS’ discount, legal, accounting, and other costs of issuance.
E. The following paragraph replaces the language in the section titled “SHORT STATEMENT – Plan of Finance – Equity Contribution” and “PLAN OF FINANCE – Equity Contribution.”

Upon the issuance of the Series 2017 Bonds, the total equity contribution of the Obligated Group is expected to equal $4,200,000 consisting of cash contributed by or on behalf of the Obligated Group. In addition, affiliates of Members of the Obligated Group are deferring approximately $500,000 of development fees. Members of the Management Holding Company have contributed approximately $2,000,000 of cash equity and the Members of the Obligated Group have raised and contributed approximately $3,200,000 of cash equity from third party investors.

F. The following paragraph replaces the language in the section titled “SHORT STATEMENT – Plan of Finance – Equity Contribution” and “PLAN OF FINANCE – Allocation Agreement.”

Allocation Agreement. The Owner has entered into an Inter-Company Allocation Agreement, dated as of October 20, 2016, as amended (the “Allocation Agreement”), under which the Owner will make certain monthly payments to the Project Holding Company in an amount equal to eight percent (8%) per annum on the principal amount of equity contributed by the Project Holding Company to the Obligated Group as of the issuance of the Series 20167 Bonds. Upon the issuance of the Series 20167 Bonds, the Obligated Group will deposit monies into the Allocation Fund which will be part of the Trust Estate. Monies in the Allocation Fund (i) will be available for costs relating to the construction of the Project and the payment of Total Cash Operating Expenses and (ii) are included in the definition of Available Reserves. The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions unless the Obligated Group is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Days’ Cash on Hand is at least 50 Requirement covenant; two consecutive quarters of compliance with the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information, as described in this Official Statement.

G. The following paragraph shows the changes relating to the Working Capital Fund in the section headed “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Funds Held Under the Master Indenture.”

Working Capital Fund. The Master Indenture will establish a Working Capital Fund and a “Developer Fee Account” therein. The Obligated Group will deposit $1,800,000 into the Working Capital Fund and $1,500,000 initially into the Developer Fee Account upon the issuance of the Series 2017 Bonds. Amounts on deposit in the Working Capital Fund will be delivered to the Obligated Group upon written request of the Obligated Group to the Master Trustee stating that such amounts will be used solely (i) for Total Cash Operating Expenses, (ii) to make payments on the Series 2017 Obligations (other than Obligation No. 4). In the event that the Obligated Group raises additional cash equity after the issuance of the Series 2017 Bonds, it may deposit such monies into the Developer Fee Account for the following purposes and pursuant to the limitations on payment of the Developer Fee as described on page A-12 of the POS. Amounts on deposit in the Developer Fee Account of the Working Capital Fund may be used by the Obligated Group (i) for Total Cash Operating Expenses, (ii) to make payments on the Series 2017 Obligations (other than Obligation No. 4) and/or (iii) only from the Developer Fee Account, to pay compensation to the Developer. Monies in the Developer Fee Account are available to pay Total Cash Operating Expenses and payments on the Series 2017 Obligations. See “TUSCAN GARDENS OF PALM COAST – The Project – The Development Agreement” in APPENDIX A hereto for a description of the compensation and payment terms of the Developer.

H. The following changes are made to the first paragraph titled “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Long-Term Debt Service Coverage Ratio Covenant.”

Under the Master Indenture, each Member agrees to set rates and collect charges for its facilities, services and products, without considering any forecasted capital gains or losses, and exercise such skill and diligence in the operation of the Facilities, such that the Long-Term Debt Service Coverage Ratio on each Ratio Evaluation Date, which is March 31, June 30, September 30 and December 31 of each year (a “Quarterly Evaluation Date”) based on unaudited financial statements for the four preceding quarters, will not be less than 1.10 for each Ratio Period
commencing June 30, 2020, and will not be less than 1.20 for each Ratio Period commencing June 30, 2021 (the “Long-Term Debt Service Coverage Covenant”).

I. The following changes are made to the first paragraph titled “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Occupancy Requirement.”

Under the Master Indenture, the Obligated Group covenants that for each fiscal quarter starting with the first fiscal quarter which ends not less than sixty (60) days following the issuance of the license from AHCA to operate the Project a Completion Certificate, and ending (the “Ending Quarter”) with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use commercially reasonable efforts to have occupied during the relevant Occupancy Quarter the percentage of the total number and percentage of the number of units included within the Available Units at or above the applicable occupancy requirements set forth below, which levels shall be measured within five Business Days after the last day of the applicable Occupancy Quarter for the relevant Occupancy Quarter (the “Occupancy Requirement”):

J. The following changes are made to the second sentence in the heading titled “SHORT STATEMENT – Marketing and Occupancy,” and “CERTAIN BONDHOLDERS’ RISKS – Failure to Achieve or Maintain Occupancy and Service Fee Collection.”

For purposes of the pro-forma projections included herein, the Obligated Group has assumed a fill-up period of 22 months for assisted living and 25 months for memory care and a projected final occupancy rate for the Assisted Living Units and Memory Care Units to be approximately 93% and 93%, respectively, thereafter. The projected breakeven occupancy rate, at which a 1.00 Long-Term Debt Service Coverage Ratio is projected to be achieved, is expected to be approximately 82%.

K. The following language replaces the second full paragraph on Page A-2 of the POS.

The Obligated Group has raised capital from third-party investors through private solicitations and offerings. Third-party investors have invested in the various investment fund members described in the chart above. The Obligated Group has contributed approximately $1,500,000 to date toward predevelopment costs and expenses in pursuit of the hereinafter defined Project which is expected to be reimbursed upon the issuance of the Series 2017 Bonds. Upon the issuance of the Series 2017 Bonds, the total equity contribution of the Obligated Group is expected to equal $5,200,000 of cash contributed by or on behalf of the Obligated Group. Members of the Management Holding Company have contributed approximately $2,000,000 of cash equity and the Members of the Obligated Group have raised and contributed approximately contribute $3,200,000 of cash equity from third party investors. In addition, affiliates of Members of the Obligated Group are deferring approximately $2,000,000 of Developer Fees.

L. The following language is added in the second paragraph on Page A-2 of the POS.

The Obligated Group acquired the site for the Project in January 2017 for a purchase price of approximately $3,066,000. The Obligated Group used approximately $2,066,000 of cash and $1,000,000 from a purchase money mortgage to acquire the site. The Obligated Group will retire the purchase money mortgage upon the issuance of the Series 2017 Bonds.

M. The following language replaces the last two sentences under the subheading “Tuscan Gardens of Venetia Bay” on Page A-2 of the POS.

Tuscan Gardens at Venetia Bay. As of February 20, 2017, 43 residents occupy Venetia Bay and the five additional residents are scheduled to move in the next few weeks. Management of the Obligated Group is actively involved in operations of Venetia Bay. For example, senior management of the Obligated Group (i) conducts weekly vide conference calls with onsite managers and staff, (ii) conduct weekly conference calls reviewing sales and marketing initiatives and results and (iii) make weekly visits to the community. In addition, Venetia Bay has 21 prospective residents who have expressed interest in executing a deposit agreement, has 118 prospective residents that are having active discussion about moving into Venetia Bay and has identified 791 prospective residents who have expressed interest in living at Venetia Bay.
N. The following language revises the information on Page A-# of the POS.

**Osprey Lodge at Lakeview Crest.** Osprey Lodge at Lakeview Crest is a senior living community consisting of 76 assisted living units and related improvements and 48 memory support units and related improvements (the “Osprey Project”), located in Tavares, Lake County, Florida. The Osprey Project was completed and occupancy by residents began in September 2012, and as of **October 1, 2016** February 1, 2017, Osprey Lodge has 115 total residents with 96 occupied units, is approximately 80% occupied (which is 92% against budgeted projections). The Osprey Project is currently managed by the Manager, Life Care Services, LLC, dba Life Care Services™ (“LCS”), a national management company that, along with its affiliates, are currently managing approximately 149 retirement communities, serving approximately 34,000 residents in 31 states and the District of Columbia. The Manager commenced its duties as management for Osprey Lodge on January 1, 2016.

**Crane’s View Lodge.** Crane’s View Lodge is a senior living community consisting of 80 assisted living units and related improvements and 48 memory support units and related improvements (the “Crane’s View Project”), located in Clermont, Lake County, Florida. The Crane’s View Project was completed and occupancy by residents began in August 2014, and as of February 1, 2017, Crane’s View Project has 112 total residents with 92 occupied units October 1, 2016, is approximately 70% occupied (which is 94% against budgeted projections). The Crane’s View Project is currently managed by LCS. The Manager commenced its duties as management for Osprey Lodge on January 1, 2016.

**Stuart Lodge.** Stuart Lodge is a senior living community consisting of 95 assisted living units and related improvements (the “Stuart Project”), located in Stuart, Martin County, Florida. The Stuart Project was completed and occupancy by residents began in June 2014, and as of February 1, 2017, Stuart Lodge has 107 total residents with 95 occupied units October 1, 2016, is approximately 92% occupied. The Stuart Project is currently managed by LCS. The Manager commenced its duties as management for Osprey Lodge on January 1, 2016.

O. The following language replaces the subheading “The Development Agreement - Compensation” on Page A-12 of the POS.

Pursuant to the Development Agreement, the Owner has agreed to pay the Developer a fee of $2,000,000 (the “Developer Fee”). The Developer will be paid the Developer Fee only from (i) additional equity raised by the Obligated Group after the issuance of the Series 2017 Bonds and/or (ii) from distributions from the Surplus Fund in accordance with the terms of the Master Indenture for distributions to the Obligated Group and its affiliates. In the event that the Obligated Group raises additional cash equity after the issuance of the Series 2017 Bonds, it may deposit such monies into the Developer Fee Account to be used for and pursuant to the following purposes and pursuant to the limitations on payment of the Developer Fee as described on page A-12 of the POS.
TUSCAN GARDENS OF PALM COAST PROJECT
MANAGEMENT'S PROJECTED INCOME STATEMENTS

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Service Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisted Living</td>
<td>-</td>
<td>316</td>
<td>3,593</td>
<td>6,142</td>
<td>6,574</td>
</tr>
<tr>
<td>Memory Support</td>
<td>-</td>
<td>171</td>
<td>2,146</td>
<td>3,826</td>
<td>4,247</td>
</tr>
<tr>
<td>Community Fee</td>
<td>-</td>
<td>130</td>
<td>364</td>
<td>287</td>
<td>209</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>-</td>
<td>1</td>
<td>12</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Interest Income</td>
<td>-</td>
<td>41</td>
<td>41</td>
<td>44</td>
<td>46</td>
</tr>
<tr>
<td>Total Income</td>
<td>-</td>
<td>660</td>
<td>6,156</td>
<td>10,320</td>
<td>11,098</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>276</td>
<td>1,229</td>
<td>1,547</td>
<td>1,581</td>
<td>1,600</td>
</tr>
<tr>
<td>Management Fee</td>
<td>-</td>
<td>184</td>
<td>360</td>
<td>576</td>
<td>616</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>-</td>
<td>344</td>
<td>1,070</td>
<td>1,295</td>
<td>1,334</td>
</tr>
<tr>
<td>Memory Care</td>
<td>-</td>
<td>187</td>
<td>706</td>
<td>977</td>
<td>1,036</td>
</tr>
<tr>
<td>Dietary</td>
<td>-</td>
<td>159</td>
<td>751</td>
<td>1,059</td>
<td>1,115</td>
</tr>
<tr>
<td>Plant</td>
<td>-</td>
<td>225</td>
<td>527</td>
<td>543</td>
<td>559</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>-</td>
<td>64</td>
<td>208</td>
<td>267</td>
<td>275</td>
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<tr>
<td>Activities</td>
<td>-</td>
<td>81</td>
<td>208</td>
<td>215</td>
<td>221</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>276</td>
<td>2,473</td>
<td>5,377</td>
<td>6,513</td>
<td>6,756</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER EXPENSES</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation Payment</td>
<td>-</td>
<td>125</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>683</td>
<td>879</td>
<td>892</td>
<td>907</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>-</td>
<td>1,075</td>
<td>3,072</td>
<td>3,072</td>
<td>3,065</td>
</tr>
<tr>
<td>Total Other Expenses</td>
<td>-</td>
<td>1,883</td>
<td>4,251</td>
<td>4,264</td>
<td>4,272</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET INCOME (LOSS)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>(276)</td>
<td>(3,696)</td>
<td>(3,472)</td>
<td>(457)</td>
<td>70</td>
<td></td>
</tr>
</tbody>
</table>

| MEMBERS' EQUITY (DEFICIT) - BEGINNING OF YEAR | | | | | |
|-----------------------------------------------|------|------|------|------|
| - | 4,924 | 1,228 | (2,244) | (2,700) |

| EQUITY CONTRIBUTIONS | | | | | |
|----------------------|------|------|------|------|
| 5,200 | - | - | - | - |

<table>
<thead>
<tr>
<th>MEMBERS' EQUITY (DEFICIT) - END OF YEAR</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>4,924</td>
<td>$</td>
<td>1,228</td>
<td>$</td>
<td>(2,244)</td>
</tr>
</tbody>
</table>
## TUSCAN GARDENS OF PALM COAST PROJECT
MANAGEMENT'S PROJECTED CASH FLOWS

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$(276)</td>
<td>$(3,696)</td>
<td>$(3,472)</td>
<td>$(457)</td>
<td>$70</td>
</tr>
<tr>
<td>Non-Cash Items and Other Adjustments to Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>683</td>
<td>879</td>
<td>892</td>
<td>907</td>
</tr>
<tr>
<td>Amortization of Discount and Deferred Financing Costs</td>
<td>-</td>
<td>20</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Increase in Operating Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>(12)</td>
<td>(105)</td>
<td>(80)</td>
<td>(15)</td>
</tr>
<tr>
<td>Increase in Operating Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>-</td>
<td>72</td>
<td>140</td>
<td>51</td>
<td>11</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>753</td>
<td>33</td>
<td>148</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Accrued Allocation Expense</td>
<td>-</td>
<td>125</td>
<td>300</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Operating Activities</td>
<td>477</td>
<td>(2,775)</td>
<td>(1,870)</td>
<td>784</td>
<td>1,039</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of Property and Equipment</td>
<td>(25,384)</td>
<td>(11,733)</td>
<td>(100)</td>
<td>(125)</td>
<td>(150)</td>
</tr>
<tr>
<td>Decrease (Increase) in Project Fund</td>
<td>(8,767)</td>
<td>8,767</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Deferred Developer Fee</td>
<td>991</td>
<td>1,09</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increase in Debt Service Reserve Fund</td>
<td>(3,072)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Capitalized Interest Fund</td>
<td>(3,997)</td>
<td>2,936</td>
<td>1,061</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Allocation Fund</td>
<td>(900)</td>
<td>-</td>
<td>2,936</td>
<td>1,061</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Working Capital Fund</td>
<td>(1,400)</td>
<td>1,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Operating Reserve Fund</td>
<td>(1,500)</td>
<td>1,000</td>
<td>500</td>
<td>(400)</td>
<td>(600)</td>
</tr>
<tr>
<td>Increase in Repair and Replacement Fund</td>
<td>-</td>
<td>-</td>
<td>(16)</td>
<td>-</td>
<td>(39)</td>
</tr>
<tr>
<td>Increase in Bond Fund</td>
<td>(753)</td>
<td>-</td>
<td>(83)</td>
<td>(7)</td>
<td>(1)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Investing Activities</td>
<td>(44,782)</td>
<td>3,379</td>
<td>1,378</td>
<td>(248)</td>
<td>(490)</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment of Financing Costs</td>
<td>(1,776)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds of Series 2017A Bonds</td>
<td>36,240</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds of Series 2017B Bonds</td>
<td>2,075</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds of Series 2017C Bonds</td>
<td>2,725</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Original Issue Discount</td>
<td>(34)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payments of Series 2017B Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(305)</td>
<td>-</td>
</tr>
<tr>
<td>Payments of Series 2017C Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(25)</td>
</tr>
<tr>
<td>Equity Contribution</td>
<td>5,200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Financing Activities</td>
<td>44,430</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(330)</td>
</tr>
</tbody>
</table>

### INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents - Beginning</td>
<td>-</td>
<td>125</td>
<td>729</td>
<td>237</td>
<td>773</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - Ending</td>
<td>$125</td>
<td>$729</td>
<td>$237</td>
<td>$773</td>
<td>$92</td>
</tr>
</tbody>
</table>

### SUPPLEMENTAL DISCLOSURE

**OF CASH FLOW INFORMATION**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Paid for Interest</td>
<td>$1,640</td>
<td>$3,012</td>
<td>$3,012</td>
<td>$3,012</td>
<td>$3,012</td>
</tr>
</tbody>
</table>
# TUSCAN GARDENS OF PALM COAST PROJECT
## MANAGEMENT'S PROJECTED BALANCE SHEETS

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 125</td>
<td>$ 729</td>
<td>$ 237</td>
<td>$ 773</td>
<td>$ 992</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>12</td>
<td>117</td>
<td>197</td>
<td>212</td>
</tr>
<tr>
<td>Current Portion of Assets Limited as to Use</td>
<td>753</td>
<td>753</td>
<td>836</td>
<td>843</td>
<td>844</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>878</td>
<td>1,494</td>
<td>1,190</td>
<td>1,813</td>
<td>2,048</td>
</tr>
<tr>
<td><strong>ASSETS LIMITED AS TO USE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Fund</td>
<td>8,767</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service Reserve Fund</td>
<td>3,072</td>
<td>3,072</td>
<td>3,072</td>
<td>3,072</td>
<td>3,072</td>
</tr>
<tr>
<td>Capitalized Interest Fund</td>
<td>3,997</td>
<td>1,061</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allocation Fund</td>
<td>900</td>
<td>900</td>
<td>900</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>Working Capital Fund</td>
<td>1,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>1,500</td>
<td>500</td>
<td>-</td>
<td>400</td>
<td>1,000</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16</td>
<td>55</td>
</tr>
<tr>
<td>Bond Fund</td>
<td>753</td>
<td>753</td>
<td>836</td>
<td>843</td>
<td>844</td>
</tr>
<tr>
<td>Total Assets Limited as to Use</td>
<td>20,389</td>
<td>6,286</td>
<td>4,808</td>
<td>4,931</td>
<td>5,271</td>
</tr>
<tr>
<td>Less: Current Portion</td>
<td>(753)</td>
<td>(753)</td>
<td>(836)</td>
<td>(843)</td>
<td>(844)</td>
</tr>
<tr>
<td>Total Assets Limited as to Use</td>
<td>19,636</td>
<td>5,533</td>
<td>3,972</td>
<td>4,088</td>
<td>4,427</td>
</tr>
<tr>
<td><strong>PROPERTY AND EQUIPMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>3,036</td>
<td>3,036</td>
<td>3,036</td>
<td>3,036</td>
<td>3,036</td>
</tr>
<tr>
<td>Building</td>
<td>22,394</td>
<td>33,762</td>
<td>33,762</td>
<td>33,762</td>
<td>33,762</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>-</td>
<td>405</td>
<td>505</td>
<td>630</td>
<td>780</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>-</td>
<td>683</td>
<td>1,562</td>
<td>2,454</td>
<td>3,361</td>
</tr>
<tr>
<td>Total Property and Equipment (Net)</td>
<td>25,430</td>
<td>36,520</td>
<td>35,741</td>
<td>34,974</td>
<td>34,217</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 45,944</td>
<td>$ 43,547</td>
<td>$ 40,903</td>
<td>$ 40,875</td>
<td>$ 40,692</td>
</tr>
</tbody>
</table>

## LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

### CURRENT LIABILITIES

- **Current Maturities of Long-Term Debt**
  - Series 2017B Bonds | $ - | $ - | $ - | $ 305 | $ 330 |
  - Series 2017C Bonds | - | - | - | 25 | 30 |
- Accounts Payable | - | 72 | 212 | 263 | 274 |
- Accrued Interest | 753 | 753 | 836 | 843 | 844 |
- Accrued Payroll and Related Taxes | - | 33 | 98 | 121 | 126 |
- Accrued Allocation Payment | - | 125 | 425 | 425 | 425 |
- Deferred Subordinate Management Fees | - | - | 180 | 468 | 468 |
- Total Current Liabilities | 753 | 983 | 1,751 | 2,450 | 2,497 |

### LONG-TERM LIABILITIES

- **Series 2017A Bonds** | 36,240 | 36,240 | 36,240 | 36,240 | 36,240 |
- Series 2017B Bonds | 2,075 | 2,075 | 2,075 | 1,770 | 1,440 |
- Series 2017C Bonds | 2,725 | 2,725 | 2,725 | 2,700 | 2,670 |
- Deferred Financing Costs (Net) | (1,732) | (1,672) | (1,613) | (1,556) | (1,497) |
- Deferred Development Fee | 991 | 2,000 | 2,000 | 2,000 | 2,000 |
- Total Liabilities | 41,020 | 42,319 | 43,147 | 43,575 | 43,323 |

### MEMBERS' EQUITY (DEFICIT)

- Total Liabilities and Members' Equity (Deficit) | $ 45,944 | $ 43,547 | $ 40,903 | $ 40,875 | $ 40,692 |
# Long-Term Debt Service Coverage Ratio

## 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$ 70</td>
</tr>
<tr>
<td><strong>Non-Cash Items and Add-Backs:</strong></td>
<td></td>
</tr>
<tr>
<td>Land Lease Amortization</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>907</td>
</tr>
<tr>
<td>Amortization of Discount and Deferred Financing Costs</td>
<td>60</td>
</tr>
<tr>
<td>Series 2017 Bond - Interest Expense</td>
<td>3,005</td>
</tr>
<tr>
<td>Allocation Payment</td>
<td>300</td>
</tr>
<tr>
<td><strong>Cash Available for Debt Service</strong></td>
<td>$ 4,342</td>
</tr>
<tr>
<td><strong>Maximum Annual Debt Service Series 2017A and 2017B Bonds - Only</strong></td>
<td>$ 3,076</td>
</tr>
<tr>
<td><strong>Maximum Annual Debt Service Coverage Ratio - Series 2017A and Series 2017B Bonds - Only (1)</strong></td>
<td>1.41</td>
</tr>
<tr>
<td><strong>Maximum Annual Debt Service - Series 2017 Bonds (2)</strong></td>
<td>$ 3,346</td>
</tr>
<tr>
<td><strong>Maximum Annual Debt Service Coverage Ratio (3)</strong></td>
<td>1.30</td>
</tr>
</tbody>
</table>

## Days Cash on Hand

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 729</td>
<td>$ 237</td>
<td>$ 773</td>
<td>$ 992</td>
</tr>
<tr>
<td>Working Capital Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>500</td>
<td>-</td>
<td>400</td>
<td>1,000</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td>-</td>
<td>16</td>
<td>55</td>
<td>94</td>
</tr>
<tr>
<td>Allocation Fund</td>
<td>900</td>
<td>900</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td><strong>Available Reserves</strong></td>
<td>$ 2,129</td>
<td>$ 1,153</td>
<td>$ 1,828</td>
<td>$ 2,386</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$ 4,356</td>
<td>$ 9,628</td>
<td>$10,777</td>
<td>$11,028</td>
</tr>
<tr>
<td>Less: Depreciation expense</td>
<td>(683)</td>
<td>(879)</td>
<td>(892)</td>
<td>(907)</td>
</tr>
<tr>
<td>Less: Discount Included with Interest Expense</td>
<td>(20)</td>
<td>(60)</td>
<td>(60)</td>
<td>(60)</td>
</tr>
<tr>
<td>Less: Allocation Payment</td>
<td>(125)</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Less: Deferred Subordinate Management Fee</td>
<td>-</td>
<td>(180)</td>
<td>(288)</td>
<td></td>
</tr>
<tr>
<td>Less: Annual Issuer's Fee</td>
<td>(33)</td>
<td>(33)</td>
<td>(33)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Operating Expenses</strong></td>
<td>$ 3,495</td>
<td>$ 8,176</td>
<td>$ 9,204</td>
<td>$ 9,728</td>
</tr>
<tr>
<td>Daily Cash Operating Expenses</td>
<td>$ 10</td>
<td>$ 22</td>
<td>$ 25</td>
<td>$ 27</td>
</tr>
<tr>
<td>Number of Days Cash on Hand (3)</td>
<td>222</td>
<td>51</td>
<td>73</td>
<td>90</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinated Management Fees are NOT Paid</td>
<td>232</td>
<td>63</td>
<td>93</td>
<td>121</td>
</tr>
</tbody>
</table>

---

Notes:
1. This ratio was requested by the Underwriter and is not projected to be required by the Series 2017 Bonds.
2. Maximum Annual Debt Service is equal to the maximum annual debt service on the Series 2017 Bonds.
3. Calculations are presented based upon assumed terms of the Master Trust Indenture.
This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for the purposes of the Securities Act of 1933, as amended, and under the Securities Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b) (1)). The information herein is subject to revision, completion or amendment in a final Official Statement. The Series 2016 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on income, interest or profits on debt obligations owned by corporations, as defined in said Chapter 220.

$43,540,000*

CAPITAL TRUST AGENCY
REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT)
SERIES 2016
consisting of:

$36,600,000*
Series 2016A
$4,215,000*
Taxable Series 2016B
$2,725,000*
Subordinate Series 2016C

Maturity Dates, Interest Rates, Principal Amounts, Yields and CUSIPs Shown on the Inside Cover

Tuscan Gardens
OF PALM COAST

NEW ISSUE – BOOK-ENTRY ONLY

Capital Trust Agency (the “Issuer”) is issuing (i) $36,600,000* aggregate principal amount of its First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), (ii) $4,215,000* aggregate principal amount of its Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Taxable Series 2016B Bonds”) and, collectively with the Series 2016A Bonds, the “Senior Bonds”) and (iii) $2,725,000* aggregate principal amount of its Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Subordinate Series 2016C Bonds”) and, collectively with the Series 2016B Bonds, the “Tax-Exempt Bonds” and, collectively with the Senior Bonds, the “Series 2016 Bonds”). The Series 2016 Bonds are being issued pursuant to a Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as Trustee (the “Bond Trustee”), and by authority of the Board of Commissioners of the Issuer (the “Board”). The Issuer is a public body corporate, an organization or body corporate created and established by or under authority of Florida statute, for the purpose of providing, constructing, maintaining and operating, directly or indirectly, a Senior Housing Project for or on behalf of qualified persons and which shall be known as the “Issuer”. The Issuer has been formed and incorporated under the laws of the State of Florida and has received all requisite authorization, and is qualified and eligible to do business in Florida and other states where bonds are sold.

The Series 2016 Bonds bear interest at the rates per annum set forth on the inside cover page hereof, subject to adjustment in the case of the Subordinate Series 2016C Bonds, payable beginning on April 1, 2017, and semiannually thereafter on each April 1 and October 1, and on the dates set forth on the inside cover page hereof, subject to redemption prior to maturity as described herein. The Series 2016 Bonds are payable solely from the revenues received pursuant to the Loan Agreement. The Series 2016A Bonds are secured by a promissory note ("Obligation No. 1", the “Taxable Series 2016B Bonds are secured by a promissory note ("Obligation No. 2") and the Subordinate Series 2016C Bonds are secured by a promissory note ("Obligation No. 3", and collectively, the “Series 2016 Obligations”), each executed by the Obligated Group Agent and to be issued pursuant to a Master Trust Indenture dated as of December 1, 2016, among the Obligated Group Agent, Tuscan Gardens of Palm Coast Management Company, LLC, a Florida limited liability company (the “Operator”) and, collectively with the Owner (the “Obligated Group Agent”), pursuant to a Loan Agreement dated as of December 1, 2016 (the “Loan Agreement”), between the Issuer and the Obligated Group Agent, together with other monies, for the purpose of (i) acquiring, constructing, developing, furnishing, equipping and operating, directly or indirectly, a Senior Housing Project, see “TAX MATTERS” herein. Further, in the opinion of Burr & Forman LLP, Orlando, Florida, Bond Counsel, the Series 2016A Bonds and the Subordinate Series 2016C Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on income, interest or profits on debt obligations owned by corporations, as defined in said Chapter 220.

The Issuer has assigned the Series 2016 Obligations to the Bond Trustee. The Loan Agreement and the Series 2016 Obligations require payments by the members of the Obligated Group, that, together with other moneys available therefor, will be sufficient to pay the principal of, premium, if any, and interest on the Series 2016 Bonds. Obligations No. 1 and No. 2, together with other obligations that are not Subordinate Obligations (as defined in the Master Indenture), that may be issued under the Master Indenture, will be secured by a first lien on the real property included in the Project, certain funds and accounts created under the Bond Indenture and the Master Indenture, a security interest in the herein defined Gross Revenues and certain other property of the Obligated Group, all included in the herein defined Pledged Assets. Obligation No. 3 is secured on a subordinate basis to Obligations No. 1 and 2, respectively. The Issuer will assign to the Bond Trustee (1) all right, title and interest in and to the Series 2016 Obligations, including all of its rights under the Master Indenture and the security provided therefor, and (2) substantially all right, title and interest in and to the Loan Agreement and any of the Pledged Assets, as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS.”


The Series 2016 Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will serve as securities depository for the Series 2016 Bonds. Beneficial ownership interests in the Series 2016 Bonds, in non-certificated book-entry only form and may be purchased in denominations of $25,000 and any integral multiple of $5,000 in excess thereof by or through participants in the DTC system. Beneficial ownership interests will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2016 Bonds by the rules and operating procedures applicable to the DTC book-entry system as described herein.

THE SERIES 2016 BONDS ARE NOT RATED. AN INVESTMENT IN THE SERIES 2016 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, SPECIAL REFERENCE IS MADE TO THE SECTIONS “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” AND “CERTAIN BONDHOLDERS’ RISKS” THEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2016 BONDS.

There are restrictions on who may purchase the Taxable Series 2016B Bonds. The Taxable Series 2016B Bonds offered hereby have not been registered under the Securities Act of 1933, as amended (the “Securities Act”) or any state securities act. The Taxable Series 2016B Bonds are being offered and sold hereby only to “Qualified Institutional Buyers” (as defined in Rule 144A of the Securities Act) or “Acredited Investors” (as defined in Rule 501(a) under the Securities Act). Each initial purchaser of the Taxable Series 2016B Bonds must deliver an investment representation letter in the form attached as Appendix G. The Taxable Series 2016B Bonds must be further transfer restrictions as defined herein. See “RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SERIES 2016 BONDS” and “CERTAIN BONDHOLDERS’ RISKS – Limited Market for Series 2016 Bonds” herein.

The Series 2016 Bonds are offered when, and as if issued by the Issuer and accepted by Herbert J. Sims & Co., Inc. (“HJS”), subject to prior sale and to withdrawal or modification of the offer without notice, and subject to the delivery of the opinions of Burr & Forman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed on for the Issuer by counsel Michael J. Stebbins, P.L., Pensacola, Florida; for the Obligated Group by its counsel, Burr & Forman LLP, Orlando, Florida, and for HJS by Butler Snow LLP, Atlanta, Georgia. It is expected that delivery of the Series 2016 Bonds will be made through the facilities of DTC, against payment therefor, on or about ______, 2016.

* Preliminary, subject to change.
$43,540,000*
CAPITAL TRUST AGENCY
REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT)
SERIES 2016
consisting of:

$36,600,000*  
SERIES 2016A

$4,215,000*  
TAXABLE SERIES 2016B

$2,725,000*  
SUBORDINATE SERIES 2016C

Dated: Date of Delivery
Due: As shown below

The Series 2016 Bonds will be issuable in fully registered form without coupons in minimum denominations of $25,000 and any integral multiple of $5,000 in excess thereof. Interest on the Series 2016 Bonds will be payable on each April 1 and October 1, commencing April 1, 2017.

Maturities, Principal Amounts, Interest Rates, Yields and CUSIPs

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* 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 or the Obligated Group, and are included solely for the convenience of the holders of the Series 2016 Bonds. None of the Issuer, the Underwriter or the Obligated Group is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Series 2016 Bonds as indicated above.

*** From and after the Initial Reset Date and each subsequent reset date, as determined by the Obligated Group, and which shall be a April 1 and October 1 (each a “Reset Date”) for the Subordinate Series 2016C Bonds, the Subordinate Series 2016C Bonds will bear interest at a rate and for a period determined in accordance with the Bond Indenture. On each Reset Date, the holders of outstanding Subordinate Series 2016C Bonds will have the right to tender all or a portion of such Subordinate Series 2016C Bonds to the Trustee for purchase at a price equal to the principal amount thereof, plus accrued interest to the Reset Date. See “THE SERIES 2016 BONDS – Purchase of Subordinate Series 2016C Bonds on Reset Date” herein.
Overview of the Community

View of Assisted Living Entrance

Overview of Amenities
View of Assisted Living Entrance

View of Memory Care Entrance
Project Location

Aerial View of the Site
PRELIMINARY NOTICES

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Obligated Group, the Issuer, or HJS. The information set forth herein concerning the Obligated Group has been furnished by the Obligated Group and is believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer or HJS. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale hereunder will under any circumstances create any implication that there has been no change in the affairs of the Obligated Group since the date hereof.

In making an investment decision, investors must rely on their own examination of the Series 2016 Bonds, the Obligated Group, the Project and the terms of the offering, including the merits and risks involved. The Series 2016 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, no such commission or regulatory authority has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

HJS has provided the following sentence for inclusion in this Official Statement. HJS has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but HJS does not guarantee the accuracy or completeness of such information. The information contained in this Official Statement has been furnished by the Obligated Group, the Issuer, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, HJS. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

U.S. Bank National Association, as Bond Trustee and Master Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Series 2016 Bonds or the Series 2016 Obligations, or (iii) the tax-exempt status of the Tax-Exempt Bonds.


IN CONNECTION WITH THIS OFFERING, HJS MAY OVER-ALLOCATE OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. HJS MAY OFFER AND SELL THE SERIES 2016 BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY HJS.

CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS

This Official Statement contains statements which should be considered “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, meaning
they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “forecast,” or similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT 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 OBLIGATED GROUP DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

RESTRICTIONS ON PURCHASE OF TAXABLE SERIES 2016B BONDS

There are restrictions on who can purchase the Taxable Series 2016B Bonds. Each initial purchaser of the Taxable Series 2016B Bonds must be an “Accredited Investor,” as defined in Rule 501 under the Securities Act of 1933, as amended (the “Securities Act”), or a “Qualified Institutional Buyer,” as defined in Rule 144A under the Securities Act. Each initial purchase of the Taxable Series 2016B Bonds will be required to deliver an investor letter (“Investor Letter”) in the form attached to this Official Statement as APPENDIX G. See “RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SERIES 2016 BONDS” in this Official Statement.

*   *   *
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OFFICIAL STATEMENT

RELATING TO:

$43,540,000
CAPITAL TRUST AGENCY
REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT)
SERIES 2016
consisting of:

$36,600,000
SERIES 2016A
$4,215,000
TAXABLE SERIES 2016B
$2,725,000
SUBORDINATE SERIES 2016C

SHORT STATEMENT

This Short Statement contains certain information for quick reference only. Prospective purchasers of the Series 2016 Bonds must read this entire Official Statement, including the appendices thereto, in order to obtain information essential to the making of an informed investment decision. The information set forth in this short statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety including the assumptions, methodology and rationale underlying the Financial Feasibility Study appearing as APPENDIX B to this Official Statement. The Financial Feasibility Study included as APPENDIX B hereto should be read in its entirety.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the hereinafter defined Master Indenture, Loan Agreement, Bond Indenture, Mortgage and Land Use Restriction Agreement included in “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in APPENDIX C hereto. To the extent there are conflicts in defined terms used in this Official Statement, the definitions in the Master Indenture, Loan Agreement, Bond Indenture, Mortgage and Land Use Restriction Agreement shall control. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to each document. The offering of the Series 2016 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this short statement from this Official Statement or otherwise to use it without this entire Official Statement.

AN INVESTMENT IN THE SERIES 2016 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS NOT APPROPRIATE FOR UNSOPHISTICATED INVESTORS. NO RATING HAS BEEN APPLIED FOR. PROSPECTIVE INVESTORS ARE ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” AND “CERTAIN BONDHOLDERS’ RISKS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2016 BONDS.

Restrictions on Ownership and Transfer of Series 2016 Bonds


* Preliminary, subject to change.
Purpose of this Official Statement

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the Capital Trust Agency (the “Issuer”) of (i) $36,600,000 aggregate principal amount of its First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), (ii) $4,215,000 aggregate principal amount of its Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Taxable Series 2016B Bonds” and, collectively with the Series 2016A Bonds, the “Senior Bonds”) and (iii) $2,725,000 aggregate principal amount of its Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Subordinate Series 2016C Bonds” and, collectively with the Series 2016A Bonds, the “Tax-Exempt Bonds” and, collectively with the Senior Bonds, the “Series 2016 Bonds”).

The Issuer

The Issuer is a legal entity duly created and a public agency duly organized and existing under the laws of the State of Florida established for the purposes set forth under Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II and 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 No. 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. 69 to the Interlocal Agreement dated July 18, 2016 (“Amendment No. 69”), Resolution No. 16-16, duly adopted by the City Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Town Council on July 11, 2016, approving Amendment No. 69, Resolution Nos. 07-16 and 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively, and other applicable provisions of law (collectively, the “Act”). See “THE ISSUER” herein.

The Obligated Group

Tuscan Gardens of Palm Coast Properties, LLC (the “Owner” and the “Obligated Group Agent”), is the Obligated Group Agent of an Obligated Group created under the hereinafter described Master Indenture. The Obligated Group Agent and Tuscan Gardens of Palm Coast Management Company, LLC (the “Operator” and, collectively with the Owner, the “Obligated Group”) were organized on July 22, 2015, and on August 25, 2015, respectively, and are each Florida limited liability companies. See “TUSCAN GARDENS OF PALM COAST – The Obligated Group” in APPENDIX A hereto. The Obligated Group Agent will lease all of the real and personal property included in the Project to the Operator pursuant to a triple-net lease described under “TUSCAN GARDENS OF PALM COAST – The Project – The Lease” in APPENDIX A hereto.

Plan of Finance

Series 2016 Bonds. The Obligated Group will use the proceeds of the Series 2016 Bonds, along with other available moneys, for the purpose of: (i) acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of approximately 130 units (and 166 beds), which includes 86 assisted living units comprising 110 licensed beds (the “Assisted Living Units”), and 44 memory care units comprising 56 licensed beds (the “Memory Care Units”), and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and to be located on an approximate 16-acre site at the Southwest Corner of Colbert Lane and Blare Drive, in the City of Palm Coast, Flagler County, Florida (the “Project”); (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; (iv) making a deposit to the Working Capital Fund; (v) making a deposit to the Developer Fee Account of the Working Capital Fund; (vi) making a deposit to the Operating Reserve Fund; (vii) making a deposit to the Allocation Fund; and (viii) paying costs of issuance of the Series 2016 Bonds. The Subordinate Series 2016C Bonds are not secured by the Debt Service Reserve Fund.

* Preliminary, subject to change.
Equity Contribution. Upon the issuance of the Series 2016 Bonds, the total equity contribution of the Obligated Group is expected to equal $4,200,000 consisting of cash contributed by or on behalf of the Obligated Group. In addition, affiliates of Members of the Obligated Group are deferring approximately $500,000 of development fees.

Allocation Agreement. The Owner has entered into an Inter-Company Allocation Agreement, dated as of October 20, 2016 (the “Allocation Agreement”), under which the Owner will make certain monthly payments to the Project Holding Company in an amount equal to eight percent (8%) per annum on the principal amount of equity contributed by the Project Holding Company to the Obligated Group as of the issuance of the Series 2016 Bonds.

Upon the issuance of the Series 2016 Bonds, the Obligated Group will deposit monies into the Allocation Fund which will be part of the Trust Estate. Monies in the Allocation Fund (i) will be available for costs relating to the construction of the Project and the payment of Total Cash Operating Expenses and (ii) are included in the definition of Available Reserves. The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions unless the Obligated Group is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Days’ Cash on Hand Requirement covenant; the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information, as described in this Official Statement.

See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

Description of the Series 2016 Bonds

Redemption. The Series 2016 Bonds are subject to redemption prior to their stated maturity. See “THE SERIES 2016 BONDS – Redemption Prior to Maturity” herein.

Denominations. The Series 2016 Bonds are issuable in denominations of $25,000 or any integral multiple of $5,000 in excess thereof. See “THE SERIES 2016 BONDS” herein.

Registration, Transfers and Exchanges. The Series 2016 Bonds will be issued in fully registered form. When in book-entry form, ownership of Series 2016 Bonds held by The Depository Trust Company (“DTC”) or its nominee, Cede & Co., on behalf of the beneficial owners thereof (the “Beneficial Owners”). DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC’s records show only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. See “THE SERIES 2016 BONDS” herein and “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto. There are restrictions on the purchase and transfer of the Taxable Series 2016B Bonds. See “CERTAIN BONDD Holders’ RISKS – Limited Market for Series 2016 Bonds – Restrictions on Transfer” and “RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SERIES 2016 BONDS” herein and the form of the Investor Letter in APPENDIX G hereto.

Subordination of Subordinate Series 2016C Bonds. The security for and payment of the principal of, premium, if any, and interest on the Subordinate Series 2016C Bonds is subordinated to the security for and payment of the principal of, premium, if any, and interest on the Senior Bonds as well as to the payment of Total Cash Operating Expenses and deposits to various reserve funds. Interest on the Subordinate Series 2016C Bonds is payable as described under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture – Revenue Fund.” Scheduled mandatory sinking fund redemption payments on the Subordinate Series 2016C Bonds are also payable under certain circumstances from the operation of the Surplus Fund.

A failure to make any principal payments on the Subordinate Series 2016C Bonds does not constitute an Event of Default on the Senior Bonds. However, in the event of a failure to make due and punctual payment of interest on the Subordinate Series 2016C Bonds, the Bond Trustee shall declare and Event of Default with respect to the Subordinate Series 2016C Bonds and the Obligated Group is required to engage a Consultant pursuant to the terms of the Loan Agreement and the Master Indenture. See “THE SERIES 2016 BONDS – Subordination of Subordinate Series 2016C Bonds” herein.
The Subordinate Series 2016C Bonds are expected to be redeemed on the dates and in the amounts as described in “ANNUAL DEBT SERVICE REQUIREMENTS” herein and pursuant to the operations of the Revenue Fund and the Surplus Fund created under the Master Indenture. See “THE SERIES 2016 BONDS – Subordination of Subordinate Series 2016C Bonds” herein and “CERTAIN BONDHOLDERS’ RISKS – Subordination of Subordinate Series 2016C Bonds” herein.

**Payments.** Interest on the Series 2016 Bonds is payable on April 1 and October 1 of each year (each such date, an “Interest Payment Date”), commencing April 1, 2017. Payment of the principal of and interest on the Series 2016 Bonds will be made by the Bond Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants (as defined in “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto) and thereafter by the DTC Participants to Beneficial Owners of the Series 2016 Bonds. If and when not in book-entry form, interest on the Series 2016 Bonds is payable by check or draft mailed by first class mail on the date due to the owners thereof as shown on the books and records of the Bond Trustee on the 15th day of the calendar month immediately preceding each Interest Payment Date (the “Record Date”). If and when not in book-entry form, interest on the Series 2016 Bonds is payable by check or draft mailed by first class mail on the date due to the owners thereof as shown on the books and records of the Bond Trustee on the 15th day of the calendar month immediately preceding each Interest Payment Date (the “Record Date”). If and when not in book-entry form, interest on the Series 2016 Bonds is payable by check or draft mailed by first class mail on the date due to the owners thereof as shown on the books and records of the Bond Trustee on the 15th day of the calendar month immediately preceding each Interest Payment Date (the “Record Date”). If and when not in book-entry form, principal of and premium, if any, on the Series 2016 Bonds is payable upon surrender thereof at the corporate trust office of the Bond Trustee. See “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto.

**Tax Exemption.** Upon issuance of the Series 2016 Bonds, Burr & Forman LLP, Orlando, Florida, as Bond Counsel, will provide an opinion, substantially in the form contained in APPENDIX F to this Official Statement, to the effect that under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Tax-Exempt Bonds is excludable from gross income for federal income tax purposes under existing law (except with respect to interest on any Tax-Exempt Bond during any period while it is held by a “substantial user” of the Project or a “related person” as defined in the Internal Revenue Code of 1986, as amended). Burr & Forman LLP, Orlando, Florida is further of the opinion that interest on the Tax-Exempt Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. In the opinion of Burr & Forman LLP, Orlando, Florida, Bond Counsel, the Series 2016 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220. For a more complete description, see “TAX MATTERS” herein.

For a more complete description of the Series 2016 Bonds, see “THE SERIES 2016 BONDS” herein.

**The Project**

The Project will be known as Tuscan Gardens of Palm Coast Senior Housing Project and will consist of approximately 130 units (and 166 beds) which includes 86 assisted living units comprising 110 licensed beds (the “Assisted Living Units”), 44 memory care units comprising 56 licensed beds (the “Memory Care Units”), and related common areas on undeveloped land in the City of Palm Coast, Flagler County, Florida (the “Project”).

The Project will consist of the construction of three buildings connected by corridors totaling approximately 152,000 square feet on an approximate 16-acre site (the “Property”). The assisted living community (the “Assisted Living Community”) will be a four-story building, consisting of two wings with a total of 86 Assisted Living Units with 110 beds and common areas. The memory care community (the “Memory Care Community”) will be a two story building and will contain 44 Memory Care Units with 56 beds. The common area building, located between the Assisted Living Community and the Memory Care Community and connected via interior corridors to both the assisted living and memory care areas, will contain the main entryway, the library, dining rooms, activities areas, the exercise area, a beauty shop, the kitchen and administrative offices. The buildings will be constructed on a reinforced concrete slab with reinforced concrete block walls. The Property is located in the City of Palm Coast, Flagler County, Florida (the “City”). The City is approximately 30 miles from Daytona Beach, Florida.

The Project is located in close proximity to healthcare facilities, shopping plazas, restaurants, churches, banks, motels and pharmacies. The site of the Project is adjacent to Grand Haven. Grand Haven is a master-planned community of approximately 1,478 total acres originally approved for 1,901 dwelling units. Residents of the Project will have access to the amenities within Grand Haven. Grand Haven is a country club community featuring a broad...
offering of homes in 19 neighborhoods including condominiums, villas, and single-family dwellings. It features amenity-rich environment with a variety of recreational opportunities, including a signature Jack Nicklaus golf course and 17,000 square foot clubhouse overlooking the Intracoastal Waterway. Within Grand Haven, there is a “Village Center” with dining, activity rooms, aquatics center, fitness center, tennis facility, bocce courts, croquet courts, playgrounds and open space. On the north side of Grand Haven is the Creekside Athletic Center with indoor lounge and game room, fitness center, swimming pool and cabana, tournament-scale croquet court, volleyball and basketball courts and multi-use ball fields. See “TUSCAN GARDENS OF PALM COAST – The Project” in APPENDIX A hereto.

The Obligated Group expects that the Project will be fully constructed, developed, equipped and ready for occupancy within 17 months after the issuance of the Series 2016 Bonds. In the event that the development period is extended beyond 17 months, the information provided in such pro forma projections will not be accurate. See “FINANCIAL FEASIBILITY STUDY” in APPENDIX B to the Official Statement.

Fee Schedule. The table on the following page shows the number and square footage for each type of unit in the Project and the expected, approximate fee schedule (upon opening) for basic services, including three meals daily, gas, electric and water service (telephone charges are not included in the basic service rate and basic cable television and other optional utility services may be purchased), weekly unit cleaning, resident’s personal laundry as well as planned social, educational and recreational programs.

Assisted Living

<table>
<thead>
<tr>
<th>Assisted Living</th>
<th>Number of Units</th>
<th>Number of Licensed Beds</th>
<th>Unit Size (Square Feet)</th>
<th>Monthly Rate Effective Upon Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petite Bedroom</td>
<td>11</td>
<td>11</td>
<td>451</td>
<td>$3,925</td>
</tr>
<tr>
<td>One Bedroom/One Bath</td>
<td>43</td>
<td>43</td>
<td>617</td>
<td>$4,986</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>8</td>
<td>8</td>
<td>641</td>
<td>$5,305</td>
</tr>
<tr>
<td>Two Bedroom/One Bath - Shared</td>
<td>16</td>
<td>32</td>
<td>754</td>
<td>$3,289*</td>
</tr>
<tr>
<td>Two Bedroom/Two Bath</td>
<td>8</td>
<td>16</td>
<td>873</td>
<td>$8,169</td>
</tr>
<tr>
<td>Total/Weighted Average</td>
<td>86</td>
<td>110</td>
<td>647</td>
<td>$4,614**</td>
</tr>
</tbody>
</table>

Memory Care

<table>
<thead>
<tr>
<th>Memory Care</th>
<th>Number of Units</th>
<th>Number of Licensed Beds</th>
<th>Unit Size (Square Feet)</th>
<th>Monthly Rate Effective Upon Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom/One Bath</td>
<td>32</td>
<td>32</td>
<td>306</td>
<td>$6,684</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>12</td>
<td>24</td>
<td>452</td>
<td>$5,623*</td>
</tr>
<tr>
<td>Total/Weighted Average</td>
<td>44</td>
<td>56</td>
<td>346</td>
<td>$6,229***</td>
</tr>
</tbody>
</table>

* Monthly rate per resident.
** Calculated based on 32 shared ‘units’ and the related monthly service fees.
*** Calculated based on 24 shared ‘units’ and the related monthly service fees.

Land Use Restriction Agreement. The Project will be a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”). The operations of the Project will be governed by a Land Use Restriction Agreement dated the date of issuance of the Series 2016 Bonds (the “Land Use Restriction Agreement”) by and among the Obligated Group Agent, the Issuer and the Bond Trustee. Pursuant to the Land Use Restriction Agreement, the Obligated Group will agree to rent at least 20% of the units in the Project to residents whose incomes do not exceed 50% of the area median income, as determined by the United States Department of Housing and Urban Development (“HUD”), and such restriction is expected to remain in place for at least 15 years from the date at least 50% of such units are first occupied. The Obligated Group Agent expects that the median area income upon opening of the Project will be approximately $20,051 for a family of one and $22,915 for a family of two. The Marketing Consultant has experience marketing communities and the Manager has experience managing communities that are or have been subject to a Land Use Restriction Agreement. See “CERTAIN BONDHOLDERS’ RISKS – Limitation on Income of Residents of the Project.”

Licensure. In connection with completion of the construction of the Project, application will be made to the Florida Agency for Health Care Administration (“AHCA”) for the necessary authorizations and permits to open the Project and accept assisted living and memory care residents. The Manager and the affiliates of the Obligated Group have experience securing licenses from AHCA for similar projects. See “TUSCAN GARDENS OF PALM COAST – The Project – Regulations, Permits and Licensure” in APPENDIX A hereto and “CERTAIN BONDHOLDERS’ RISKS – State Regulation of the Project; License Required to Operate the Project” herein.
The Manager and Marketing Consultant

**The Manager.** The Operator has engaged Life Care Services LLC d/b/a Life Care Services™, an Iowa limited liability company (the “Manager”), to serve as the manager of the Project pursuant to a Management Agreement (the “Management Agreement”) dated as of September 16, 2016. The Manager and its affiliates currently manage approximately 149 retirement communities serving over 33,000 residents in 31 states and the District of Columbia, including senior living communities owned by affiliates of members of the Obligated Group. The Manager is based in Des Moines, Iowa and maintains regional offices throughout the United States. See “TUSCAN GARDENS OF PALM COAST – The Project – The Manager” in APPENDIX A hereto.

**The Marketing Consultant.** The Operator has engaged Sage Age Strategies to serve as a marketing consultant (the “Marketing Consultant”) for the Project pursuant to a Marketing Agreement (the “Marketing Agreement”) dated as of November 6, 2015. The Marketing Consultant will provide a variety of marketing and sales services to the Operator with respect to the Project including, but not limited to, marketing and sales consultation services, as well as advertising, public relations, media management and online marketing. See “TUSCAN GARDENS OF PALM COAST – The Project – The Marketing Consultant” in APPENDIX A hereto.

The Development Team

**The Developer and Project Manager.** The Obligated Group Agent has entered into a Master Development Agreement, dated as of October 20, 2016 (the “Development Agreement”) with Tuscan Gardens of Palm Coast Development Company, LLC, a Florida limited liability company (the “Developer”). The Developer is an affiliate of the Obligated Group. The Owner has entered into a Project Management Agreement (the “Project Management Agreement”) with Senior Resource Development, LLC to act as a program manager with respect to the Project (the “Project Manager”). See “TUSCAN GARDENS OF PALM COAST – The Project – The Developer, - The Project Manager” in APPENDIX A hereto.


**The Interior Designer.** Mosaic, Ltd., Columbus, Ohio, (the “Interior Designer”) will serve as the interior designer for the Project.

**The Construction Consultant.** Appono Consulting, LLC, a Florida limited liability company (the “Construction Consultant”), is acting as the construction consultant for the construction of the Project pursuant to the Construction Disbursement and Monitoring Agreement (the “Disbursement Agreement”) dated as of December 1, 2016, among the Obligated Group Agent, the Project Monitor (as defined below) and the Construction Consultant. Pursuant to the Disbursement Agreement, the Construction Consultant is providing its services for the benefit of the Bond Trustee and Master Trustee. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Disbursement Agreement” in the front part of this Official Statement and “TUSCAN GARDENS OF PALM COAST – The Project – The Construction Consultant” in APPENDIX A hereto.

As security for the holders of the Series 2016 Bonds, the Obligated Group Agent will execute and deliver an Assignment of Contract Documents, dated as of December 1, 2016 (the “Assignment of Contract Documents”), in favor of the Master Trustee, pursuant to which the Obligated Group Agent will collaterally assign its interests in various design, development, construction and management documents.

The Project Monitor and Series 2016C Bondholder Representative

HJS Advisors, Inc. (the “Project Monitor”) will serve as the monitor for the Project pursuant to a Project Monitoring Agreement (the “Project Monitor Agreement”) among the Project Monitor and the Obligated Group Agent. The Project Monitor is a wholly-owned subsidiary of HJS and will monitor certain aspects of the
development of the Project and the Obligated Group’s performance under the Master Indenture and Loan Agreement. A project monitor fee of $12,000 per annum (the “Project Monitor Fee”) is payable in monthly installments of $1,000 to the Project Monitor for its services thereunder. The principals of the Project Monitor are certain senior management officers of HJS and its affiliates.

The Project Monitor will serve as the initial bondholder representative on behalf of the holders of the Subordinate Series 2016C Bonds (the “Series 2016C Bondholder Representative”). The principals of HJS Advisors, Inc. are certain senior management officers of HJS and its affiliates. By purchasing a beneficial interest in the Subordinate Series 2016C Bonds, a Holder of such Series 2016C Bonds consents to the Bond Trustee entering into the Series 2016C Bondholder Representative Agreement.

In the event of a default under the Bond Indenture, the Series 2016C Bondholder Representative shall direct the Bond Trustee and the Master Trustee to take any action which is permitted to be taken by the Subordinate Series 2016C Bondholders thereunder. Whenever the consent or approval of the Subordinate Series 2016C Bondholders is required under the Bond Indenture, the Bond Trustee shall notify the Series 2016C Bondholder Representative. The Series 2016C Bondholder Representative shall communicate with the Subordinate Series 2016C Bondholders as the Series 2016C Bondholder Representative deems appropriate regarding the granting or withholding of such consent or approval, and shall notify the Bond Trustee or the Master Trustee on behalf of the Subordinate Series 2016C Bondholders, of the decision. The Bond Trustee and the Master Trustee shall be permitted to rely on any such notice from the Series 2016C Bondholder Representative stating that it is being delivered on behalf of the Subordinate Series 2016C Bondholders, or on behalf of the Subordinate Series 2016C Bondholders, unless notified in writing to the contrary by the Subordinate Series 2016C Bondholders.

Remarketing Agent

The Obligated Group has appointed HJS (in such capacity, the “Remarketing Agent”) as the initial Remarketing Agent for the Subordinate Series 2016C Bonds. The Remarketing Agent will agree to perform certain duties and obligations imposed upon the Remarketing Agent under the Bond Indenture including, among other things, establishing the interest rate to be borne by the Subordinate Series 2016C Bonds being remarketed and using its best efforts to remarket the Subordinate Series 2016C Bonds tendered for purchase. See “REMARKETING AGENT” herein.

Marketing and Occupancy

The Project must achieve and maintain certain occupancy levels in order for the Obligated Group to meet its obligations with respect to the Series 2016 Bonds, including the Obligated Group Agent’s payment obligations under the Loan Agreement and the Obligated Group’s obligations under the Series 2016 Obligations. For purposes of the pro-forma projections included herein, the Obligated Group has assumed a fill-up period of 22 months for assisted living and 25 months for memory care and a projected final occupancy rate for the Assisted Living Units and Memory Care Units to be approximately 93% and 93%, respectively, thereafter. The projected break-even occupancy rate, at which a 1.00 Long-Term Debt Service Coverage Ratio would be achieved, is expected to be approximately 82%. See “FINANCIAL FEASIBILITY STUDY” in APPENDIX B hereto.

Security and Sources of Payment for the Series 2016 Bonds

Loan Agreement. Pursuant to the Loan Agreement, the Obligated Group agrees to make loan payments to the Bond Trustee in such amounts as will be sufficient to pay, when due, the principal or redemption price of and interest on the Series 2016 Bonds. The Obligated Group’s payment obligations with respect to the Series 2016 Bonds under the Loan Agreement will be a general obligation of the Obligated Group. Pursuant to the Bond Indenture, the Issuer will assign to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Loan Agreement” in APPENDIX C hereto.

Master Indenture. The Series 2016A Bonds are further secured by a promissory note of the Obligated Group (“Obligation No. 1”), the Taxable Series 2016B Bonds are secured by a promissory note of the Obligated Group (“Obligation No. 2”) and the Subordinate Series 2016C Bonds are secured by a promissory notes of the Obligated Group (“Obligation No. 3” and together with Obligation No. 1 and Obligation No. 2, the “Series 2016
Obligations”). Obligation No. 3 constitutes Subordinated Indebtedness as such term is defined in the Master Indenture. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Master Trust Indenture” in APPENDIX C hereto. The Series 2016 Obligations will be executed by the Obligated Group Agent, as agent and member (a “Member”) of the Obligated Group, and delivered to the Issuer pursuant to a Master Trust Indenture dated as of December 1, 2016 among the Obligated Group Agent, the Operator and U.S. Bank National Association, as master trustee (the “Master Trustee”), as supplemented from time to time, including by Supplemental Master Trust Indenture Number 1, dated as of December 1, 2016 (collectively, the “Master Indenture”). The Issuer has assigned the Series 2016 Obligations to the Bond Trustee. The Obligated Group Agent, the Operator and each Member of the Obligated Group admitted in the future will be jointly and severally liable for the payment for all Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS - The Master Indenture” in the front part of this Official Statement and “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto. The Loan Agreement and the Series 2016 Obligations require payments by the Members of the Obligated Group that, together with other moneys available therefor, will be sufficient to provide for the payment of the principal of, premium, if any, and interest on the Series 2016 Bonds.

**Mortgage.** The Series 2016 Obligations, together with all other obligations that may be issued under the Master Indenture from time to time, (collectively, the “Obligations”), will be secured by certain rights under the Master Indenture and by a Mortgage, Assignment of Rents and Security Agreement, dated December 1, 2016 (the “Mortgage”), establishing (1) a first lien mortgage on the Project and (2) first lien security interests in the hereinafter defined Gross Receipts and certain other personal property of the Obligated Group, all included in the hereinafter defined Pledged Assets, all subject to Permitted Liens, as defined in the Master Indenture, with the exception of Obligation No. 3 that is secured on a subordinated basis. The Issuer will assign to the Bond Trustee (1) all its right, title and interest in and to the Series 2016 Obligations, including all of its rights under the Master Indenture and the Mortgage, and (2) substantially all right, title and interest in and to the Loan Agreement and any of the Pledged Assets, all as more fully described in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” herein. The Subordinate Series 2016C Bonds will be secured on a subordinate basis by the hereinafter defined Pledged Assets and a second lien on the Project. However, if an event of default has occurred under the Master Indenture with respect to the payment of principal of or interest on the Subordinate Series 2016C Bonds (with no event of default existing with respect to the Senior Bonds) while any Senior Bonds remain outstanding, then the Master Trustee may not foreclose or exercise any other available remedies under the Mortgage.

The site of the Project is part of an approximate 71.54-acre tract. The Mortgage encompasses 16.50 acres which is planned to be developed with two phases of senior housing. The first phase is the Project, which will be located on an approximate 11.00-acre portion of the site. The Developer is considering developing age restricted independent living apartments on the remaining approximate 5.50 acres but has not made any decisions to pursue any development at this time.

The Obligated Group Agent shall have the right, at any time and in its sole and absolute discretion, to sell, transfer, lease or otherwise convey, either directly or indirectly, the approximately 5.50 acre portion of the Mortgaged Property that is not being utilized for the Project (the “Unimproved Land”) for a purchase price equal to the greater of (A) $1,450,000 (which equals the appraised value of the 5-acre portion based on that certain Appraisal (as defined below) delivered to the Project Monitor) or (B) the appraised value of the Unimproved Land at the time of conveyance as determined by an appraiser reasonably acceptable to the Project Monitor. Upon receipt of an Officer’s Certificate stating that the Unimproved Land has been conveyed in accordance with the requirements of the Master Indenture, the Master Trustee shall, without any further approval or action required of any Person, release the Unimproved Land from the lien of the Mortgage and, at the direction of the Obligated Group Agent, shall execute any agreements listed in Section 6.4 of the Master Indenture. All proceeds received by the Obligated Group Agent in connection with a conveyance of the Unimproved Land shall be deposited in the applicable redemption account or sub-account of the Bond Fund to be used for extraordinary mandatory redemption of the Subordinate Series 2016C Bonds and then if no Subordinate Series 2016C Bonds then outstanding, then the Series 2016A Bonds pursuant to the Bond Indenture.

See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Mortgage, - The Master Indenture” in APPENDIX C hereto.

**Pledge of Gross Receipts.** The Series 2016 Obligations will constitute the joint and several general obligations of the Members of the Obligated Group to pay amounts sufficient to pay principal or redemption price of
and interest on the Series 2016 Bonds. Obligation No. 1 and Obligation No. 2 (collectively, the “Series 2016 Senior Obligations”) will be secured on a parity basis with any other Obligations hereafter issued under the Master Indenture that are not Subordinate Obligations, by a security interest in the Gross Receipts of the Obligated Group and the funds established under the Master Indenture, however, Obligation No. 3 and any future additional Obligations that constitute Subordinate Indebtedness will be secured on a subordinate basis to the holders of other Senior Obligations including the Series 2016 Senior Obligations.

**Debt Service Reserve Fund for the Senior Bonds.** The Debt Service Reserve Fund for the Senior Bonds is created pursuant to the Bond Indenture and includes two accounts: (i) the Series 2016A Debt Service Reserve Account and (ii) the Series 2016B Debt Service Reserve Account. The Series 2016A Debt Service Reserve Account will be funded in the amount of $2,650,663* and the Series 2016B Debt Service Reserve Account will be funded in the amount of $305,588*.

The amounts on deposit in the Debt Service Reserve Fund are to be funded at the Required Debt Service Reserve. “Required Debt Service Reserve” means, with respect to the Series 2016A Bonds, an amount equal to the Maximum Annual Debt Service on the Bonds, less the amount on reserve with respect to the Taxable Series 2016B Bonds; and with respect to the Taxable Series 2016B Bonds, an amount equal to the maximum annual interest payment on the Taxable Series 2016B Bonds; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Series 2016 Bonds subject to mandatory redemption pursuant to Section 303 of this Bond Indenture, by the principal amount of Series 2016 Bonds to be redeemed by mandatory redemption in such Bond Year. For purposes of the foregoing calculation, the final maturity amount shall be reduced by the amount in the Debt Service Reserve Fund at the time of such calculation is made.

The accounts of the Debt Service Reserve Fund are available to pay the principal of and interest on the applicable series of the Series 2016 Bonds, if payments by the Borrower are insufficient therefor. **The Subordinate Series 2016C Bonds are not secured by the Debt Service Reserve Fund for the Senior Bonds.** See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Bond Indenture - Debt Service Reserve Fund” and “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Bond Indenture” in APPENDIX C hereto.

**Developer Guaranty of Construction.** Pursuant to the Development Agreement, the Developer absolutely and unconditionally guarantees (i) the actual cost of the completed Project will not exceed the total amount of the costs of the Project as set forth in the Development Budget (as such term is defined in the Development Agreement) and (ii) on or before the final completion date set forth in the Progress Schedule (as such term is defined in the Development Agreement), the Project will be full completed (as evidenced by a certificate of substantial completion delivered by the Architect) without any mechanics’ or materialmen’s liens by any contractor or other party supplying labor or materials to the Project (collectively, the “Guaranteed Obligations”). The Guaranteed Obligations will terminate upon the issuance of a certificate of occupancy for the Project. The Development Agreement requires the Developer to advance funds to the Obligated Group if needed to satisfy the Guaranteed Obligations within 10 days written notice from the Obligated Group Agent. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Developer Guaranty of Construction” herein.

**Guaranty of Non-Recourse Carveouts Agreement**

In connection with the issuance of the Series 2016 Bonds, as security for the payment of principal and interest on the Series 2016 Bonds, Laurence J. “Larry” Pino, Charles C. “Buddy” Smith, Jr., and Sean D. Casterline (each a “Guarantor” and collectively, the “Guarantors”) will execute a Guaranty of Non-Recourse Carveouts Agreement (the “Guaranty Agreement”) for the benefit of the Master Trustee, each dated on or about the date of issuance of the Series 2016 Bonds. For more information regarding the Guaranty Agreement, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Guaranty Agreement” referenced below.

**Funds Held under the Master Indenture and the Bond Indenture**

Pursuant to the Master Indenture, the Master Trustee is to establish the following funds in connection with the execution and delivery of the Series 2016 Obligations: (1) Revenue Fund, (2) Working Capital Fund (and Developer Fee Account therein), (3) Operating Reserve Fund, (4) Repair and Replacement Fund, (5) Insurance and

* Preliminary, subject to change
Tax Escrow Fund, (6) Surplus Fund, (7) Insurance Condemnation Fund and (8) Allocation Fund. The Bond Indenture establishes a Project Fund (with Capitalized Interest Accounts therein) and a Debt Service Reserve Fund for the benefit of the holders of the Senior Bonds. All moneys and instruments required to be deposited with or paid to the Master Trustee or the Bond Trustee for the account of such funds or any other trust fund or reserve established under any provision of the Master Indenture or Bond Indenture, as applicable, and any investments purchased with such moneys, are to be held by the Master Trustee for the benefit of the owners of all Series 2016 Obligations or the Bond Trustee for the benefit of the owners of the Series 2016 Bonds. For more information about the funds held under the Master Indenture and the Bond Indenture, see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” herein. See also “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture, - The Bond Indenture” in APPENDIX C hereto.

**Certain Financial and Operating Covenants of the Obligated Group**

Pursuant to the Master Indenture, the Obligated Group has agreed to comply with various financial and operating covenants, including covenants regarding Days’ Cash on Hand, Long-Term Debt Service Coverage Ratio, Occupancy Requirement, the engagement of a property manager, a rating solicitation covenant and other covenants. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

**Appraisal**

An appraisal of the Project has been prepared by CBRE, Inc. – Valuation and Advisory Services (the “Appraisal”). The Appraisal values the land as of July 25, 2016, at $3,300,000, values the completed Project at $34,100,000 and values the stabilized Project at $49,100,000. Copies of the Appraisal are available upon request to HJS by any prospective bondholder during the period of the offering of the Series 2016 Bonds.

**Financial Feasibility Study**

A Financial Feasibility Study (the “Financial Feasibility Study”), dated November 9, 2016 and attached hereto as APPENDIX B, was prepared and examined by CliftonLarsonAllen LLP. The Financial Feasibility Study should be read in its entirety for an understanding of the forecasts and the underlying assumptions. The Financial Feasibility Study constitutes a “forward-looking statement.” The Obligated Group’s financial forecast is included in the Financial Feasibility Study. As stated in the Financial Feasibility Study, the financial forecast presents, to the best knowledge and belief of management of the Obligated Group, the expected results of operations, cash flows, and financial position for the Obligated Group at December 31, 2016, 2017, 2018, 2019, 2020 and 2021 and for the years then ending. The Financial Feasibility Study should be read in its entirety, including the notes and assumptions set forth therein. Among other matters, the Financial Feasibility Study includes the forecasted Maximum Annual Debt Service Coverage Ratio for the Fiscal Year ended December 31, 2020 and 2021, and the forecasted Days’ Cash on Hand for the Fiscal Years ended December 31, 2018, 2019, 2020 and 2021.

The realization of any financial forecast depends on future events the occurrence of which cannot be assured. Forecasted results usually differ from actual results because events and circumstances frequently do not occur as expected. Therefore, the actual results realized may vary from those presented in the Financial Feasibility Study. Such variation could be material. The information on the following table has been extracted from the Financial Feasibility Study included in APPENDIX B hereto.

[Remainder of Page Intentionally Left Blank]
### Long-Term Debt Service Coverage Ratio

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$76</td>
<td>$309</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash items and Add-backs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>844</td>
<td>859</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of Discount and Deferred Financing Costs</td>
<td>98</td>
<td>98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Expense</td>
<td>2,792</td>
<td>2,762</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation Payment</td>
<td>300</td>
<td>300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Available for Debt Service</td>
<td>$4,110</td>
<td>$4,328</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Annual Debt Service – Senior Bonds</td>
<td>$2,963</td>
<td>$2,963</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio – Senior Bonds</td>
<td>1.39</td>
<td>1.46</td>
<td></td>
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<tr>
<td>Maximum Annual Debt Service</td>
<td>$3,214</td>
<td>$3,214</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio</td>
<td>1.28</td>
<td>1.35</td>
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### Days’ Cash on Hand

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$65</td>
<td>$256</td>
<td>$226</td>
<td>$1,169</td>
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<tr>
<td>Operating Reserve Fund</td>
<td>1,000</td>
<td>300</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Developer Fee Account</td>
<td>375</td>
<td>375</td>
<td>375</td>
<td>375</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td>-0-</td>
<td>26</td>
<td>65</td>
<td>104</td>
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<tr>
<td>Allocation Fund</td>
<td>700</td>
<td>400</td>
<td>100</td>
<td>-0-</td>
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<tr>
<td>Available Reserves</td>
<td>$2,140</td>
<td>$1,375</td>
<td>$1,766</td>
<td>$2,648</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$6,280</td>
<td>$9,802</td>
<td>$10,612</td>
<td>$10,776</td>
</tr>
<tr>
<td>Less: Depreciation Expense</td>
<td>(709)</td>
<td>(831)</td>
<td>(844)</td>
<td>(859)</td>
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<tr>
<td>Less: Amortization of Deferred Financing Costs and Net Original Issue Discount Included with Interest Expense</td>
<td>(65)</td>
<td>(98)</td>
<td>(98)</td>
<td>(98)</td>
</tr>
<tr>
<td>Less: Allocation Payment</td>
<td>(200)</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Less: Deferred Subordinate Management Fee</td>
<td>-0-</td>
<td>(221)</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Less: Annual Issuer’s Fee</td>
<td>(35)</td>
<td>(35)</td>
<td>(35)</td>
<td>(35)</td>
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<tr>
<td>Adjusted Operating Expenses</td>
<td>$5,271</td>
<td>$8,317</td>
<td>$9,335</td>
<td>$9,484</td>
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<tr>
<td>Daily Cash Operating Expenses</td>
<td>$14</td>
<td>$23</td>
<td>$26</td>
<td>$26</td>
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<tr>
<td>Number of Days Cash on Hand</td>
<td>148</td>
<td>60</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinated Management Fees are not Paid</td>
<td>156</td>
<td>74</td>
<td>94</td>
<td>138</td>
</tr>
</tbody>
</table>

---

1. This ratio was requested by the Underwriter and is not forecasted to be required by the Series 2016 Bonds.
2. Maximum Annual Debt Service is equal to the maximum annual debt service on the Series 2016 Bonds.
3. Calculations are presented based upon assumed terms of the Master Indenture.

### Offering and Delivery of the Series 2016 Bonds

The Series 2016 Bonds are offered when, as and if issued by the Issuer and accepted by HJS, subject to prior sale and to withdrawal or modification of the offer without notice. The Series 2016 Bonds in definitive form are expected to be delivered through the facilities of The Depository Trust Company on or about ________, 2016.

### Certain Bondholders’ Risks

THE SERIES 2016 BONDS ARE NOT RATED AND AN INVESTMENT IN THE SERIES 2016 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE
MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2016 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” AND “CERTAIN BONDHOLDERS’ RISKS” HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2016 BONDS. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement as well as other risks that are typical with respect to similar offerings. Among other things, because the Series 2016 Bonds are payable solely from the revenues and assets of the Obligated Group and other money pledged to such payment, careful evaluation should be made of the assumptions and the rationale of the management of the Obligated Group described in the Financial Feasibility Study, and certain factors (including, but not limited to, the ability of the Obligated Group to attract and retain residents and manage the Project in a manner that maintains high occupancy levels), that may adversely and materially affect the ability of the Obligated Group to generate sufficient Gross Receipts to pay its expenses of operation, including the principal or redemption price of and interest on the Series 2016 Bonds.

Continuing Disclosure

Upon the issuance of the Series 2016 Bonds, the Obligated Group and Digital Assurance Certification, L.L.C. will execute and deliver a Disclosure Dissemination Agent Agreement (the “Disclosure Dissemination Agent Agreement”) for the benefit of the Holders of the Series 2016 Bonds. Pursuant to the Disclosure Dissemination Agent Agreement, the Obligated Group has agreed to provide monthly construction progress reports and certain operating and financial information monthly, quarterly and annually and to provide notice of certain listed events. See “DISCLOSURE DISSEMINATION AGENT AGREEMENT” herein and “FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT” in APPENDIX E hereto.

Miscellaneous

This Official Statement contains a general description of the Series 2016 Bonds, the Issuer, the Obligated Group, the Project and the plan of financing and sets forth certain provisions of the Bond Indenture, the Loan Agreement, the Master Indenture, the Disclosure Dissemination Agent Agreement, the Land Use Restriction Agreement and the Mortgage. The description and summaries herein do not purport to be complete. The Issuer has furnished only the information included herein under the sections entitled “SHORT STATEMENT – The Issuer,” “THE ISSUER,” and “LITIGATION – The Issuer.” The Issuer assumes no responsibility for the accuracy or completeness of any other information in this Official Statement. Persons considering purchasing the Series 2016 Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which prior to the issuance of the Series 2016 Bonds may be obtained from the HJS and, following the issuance of the Series 2016 Bonds, will be held by the Bond Trustee at its designated corporate trust office.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. This Official Statement speaks only as of its date and the information herein is subject to change without notice.

THE ISSUER

General

The Capital Trust Agency (the “Issuer”) is a legal entity duly created and a public agency duly organized and existing under the laws of the State of Florida established for the purposes set forth under Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, and 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 No. 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. 69 to the Interlocal Agreement dated July 18, 2016 (“Amendment No. 69”), Resolution No. 16-16, duly adopted by the City Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly
adopted by the Town Council on July 11, 2016, approving Amendment No. 69, Resolution Nos. 07-16 and 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively, 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 the captions “SHORT STATEMENT – The Issuer,” “THE ISSUER” and “LITIGATION - The Issuer.” 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 OBLIGATED GROUP, THE BOND TRUSTEE, THE MASTER TRUSTEE OR ANY OTHER PERSON.

The Issuer’s fees and expenses, including any charges for indemnity, relating to the Series 2016 Bonds or the Project are paid as a part of Total Cash Operating Expenses as defined in and pursuant to the Master Indenture.

Under the financial regulatory laws relating to the federal Dodd-Frank Wall Street Reform and Consumer Protection Act, municipal advisors are required to register with the appropriate federal regulatory agency or agencies. In 2014, additional rules were adopted by the regulatory agencies requiring certain compliance by registered municipal advisors. Municipal Advisory Services, Inc. (“MAS”) registered as a municipal advisor pursuant to such regulations because it was acting as the staff of the Issuer. Ed Gray, III is the sole owner of MAS. On April 1, 2015, MAS ceased to act as the staff of the Issuer. On that same date, Mr. Gray was hired, as an employee of the City of Gulf Breeze, Florida, to serve as the executive director of the Issuer.

MAS has informed the Issuer that on May 22, 2015, MAS received notice that it was selected for examination by the regulatory agencies for the period of January 1, 2014 to May 22, 2015. MAS has represented to the Issuer that the regulatory agencies expressly stated to MAS that the examination is confidential. The Issuer is not aware of the nature of the examination.

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 2016 Bonds.

Limited Involvement of the Issuer

The Issuer has no obligation to review, control or oversee the activities of the Bond Trustee, the Master Trustee or the Obligated Group 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 2016 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 Bond 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 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 Bond Indenture and, subject to the prior rights of the Bond Trustee, shall be entitled to a preference therefor over any Series 2016 Bonds outstanding under the Bond Indenture.

The Issuer shall be entitled to advice of counsel concerning all matters under the Bond Indenture and its duties under the Bond 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 Obligated Group 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 Bond 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 Bond 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 Bond 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 2016 Bond as shown on the Bond Register will be conclusive and binding upon all future owners or holders of the same Series 2016 Bonds and upon Series 2016 Bonds issued in exchange therefor or in place of such Series 2016 Bonds.

**Limited Recourse on the Series 2016 Bonds of the Issuer**


No recourse under or upon any obligation, covenant or agreement contained in the documents relating to the Series 2016 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 Bond 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 2016 Bond issued under the Bond Indenture, or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Series 2016 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 2016 Bond issued under the Bond Indenture or otherwise of any sum that may remain due and unpaid upon the Series 2016 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 Bond Indenture and the issuance of the Series 2016 Bonds.

Notwithstanding anything to the contrary contained in the Indenture, the Series 2016 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 2016 Bonds: (i) the Issuer shall have no obligation to take action under the Loan Agreement, the Bond Indenture, the Series 2016 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 Obligated Group, the Bond Trustee, the Holders of the Series 2016 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 Bond Indenture, the Loan Agreement, the Series 2016 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 Bond Indenture, the Loan Agreement, the Series 2016 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 2016 Bonds or proceeds of the Series 2016 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 or the issuance, sale and delivery of the Series 2016 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 2016 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 2016 Bonds or proceeds of the Series 2016 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 2016 Bonds or the proceeds of the Series 2016 Bonds.

THE OBLIGATED GROUP

Tuscan Gardens of Palm Coast Properties, LLC (the “Owner” and the “Obligated Group Agent”), is the Obligated Group Agent of an Obligated Group created under the hereinafter described Master Indenture. The Obligated Group Agent and Tuscan Gardens of Palm Coast Management Company, LLC (the “Operator” and collectively with the Owner, the “Obligated Group”) were organized on July 22, 2015, and on August 25, 2015, respectively, and are each Florida limited liability companies. The Operator is a member of the Owner holding approximately 1% of the issued and outstanding membership units in the Owner. The manager of the Owner is the Operator and the manager of the Operator is Tuscan Gardens Management Group, LLC (the “Management Group”). The Management Group is also a member of the Operator, owning approximately 1% of the issued and outstanding membership units in the Operator. The other member of each of the Owner and the Operator is Tuscan Gardens of Palm Coast, LLC, a Florida limited liability company (the “Project Holding Company”), which was organized on August 25, 2015. See “TUSCAN GARDENS OF PALM COAST – The Obligated Group” in APPENDIX A hereto for information about the Members of the Obligated Group and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Joint and Several Obligations of the Members of the Obligated Group” below.

PLAN OF FINANCE

Series 2016 Bonds. The Obligated Group will use the proceeds of the Series 2016 Bonds, along with other available moneys, for the purpose of: (i) acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of approximately 130 units (and 166 beds), which includes 86 assisted living units comprising 110 licensed beds (the “Assisted Living Units”), and 44 memory care units comprising 56 licensed beds (the “Memory Care Units”), and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and to be located on an approximate 16-acre site at the Southwest Corner of Colbert Lane and Blare
Drive, in Palm Coast, Florida (the “Project”); (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; (iv) making a deposit to the Working Capital Fund; (v) making a deposit to the Developer Fee Account of the Working Capital Fund; (vi) making a deposit to the Operating Reserve Fund; (vii) making a deposit to the Allocation Fund; and (viii) paying costs of issuance of the Series 2016 Bonds.

**Equity Contribution.** Upon the issuance of the Series 2016 Bonds, the total equity contribution of the Obligated Group is expected to equal $4,200,000 consisting of cash contributed by or on behalf of the Obligated Group. In addition, affiliates of Members of the Obligated Group are deferring approximately $500,000 of development fees. See “SOURCES AND USES OF FUNDS” herein.

**Allocation Agreement.** The Owner has entered into an Inter-Company Allocation Agreement, dated as of October 20, 2016 (the “Allocation Agreement”), under which the Owner will make certain monthly payments to the Project Holding Company in an amount equal to eight percent (8%) per annum on the principal amount of equity contributed by the Project Holding Company to the Obligated Group as of the issuance of the Series 2016 Bonds. Upon the issuance of the Series 2016 Bonds, the Obligated Group will deposit monies into the Allocation Fund which will be part of the Trust Estate. Monies in the Allocation Fund (i) will be available for costs relating to the construction of the Project and the payment of Total Cash Operating Expenses and (ii) are included in the definition of Available Reserves. The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions unless the Obligated Group is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Days’ Cash on Hand Requirement covenant; the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information, as described in this Official Statement.

[Remainder of Page Intentionally Left Blank]
## SOURCES AND USES OF FUNDS

The following table presents the sources and uses* of funds in connection with the issuance of the Series 2016 Bonds and the funding of the Project.

<table>
<thead>
<tr>
<th>Sources:</th>
<th>Series 2016A Bonds</th>
<th>Taxable Series 2016B Bonds</th>
<th>Subordinate Series 2016C Bonds</th>
<th>Equity</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Series 2016 Bonds</td>
<td>$36,600,000</td>
<td>$4,215,000</td>
<td>$2,725,000</td>
<td>$4,700,000</td>
<td>$48,240,000</td>
</tr>
<tr>
<td>Original Issue Discount</td>
<td>(1,086,954)</td>
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<td>-0-</td>
<td>-0-</td>
<td>(1,086,954)</td>
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<tr>
<td>Total</td>
<td>$35,513,046</td>
<td>$4,215,000</td>
<td>$2,725,000</td>
<td>$4,700,000</td>
<td>$47,153,046</td>
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<table>
<thead>
<tr>
<th>Uses:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Project Fund</td>
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<td>$3,594</td>
<td>$2,402,492</td>
<td>$3,090</td>
<td>$30,760,850</td>
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<td>Capitalized Interest Fund¹</td>
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<td>2,598,293</td>
<td>227,133</td>
<td>-0-</td>
<td>5,876,095</td>
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<td>Debt Service Reserve Fund</td>
<td>2,650,663</td>
<td>305,588</td>
<td>-0-</td>
<td>-0-</td>
<td>2,956,251</td>
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<td>Working Capital Fund</td>
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<td>750,000</td>
<td>-0-</td>
<td>300,000</td>
<td>1,800,000</td>
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<tr>
<td>Operating Reserve Fund</td>
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<td>410,000</td>
<td>-0-</td>
<td>590,000</td>
<td>1,000,000</td>
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<td>Developer Fee Account</td>
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<td>-0-</td>
<td>-0-</td>
<td>1,500,000</td>
<td>1,500,000</td>
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<tr>
<td>Deferred Developer Fee</td>
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<td>-0-</td>
<td>-0-</td>
<td>500,000</td>
<td>500,000</td>
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<tr>
<td>Costs of Issuance²</td>
<td>710,040</td>
<td>147,525</td>
<td>95,375</td>
<td>906,910</td>
<td>1,859,850</td>
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<td>Allocation Fund</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Total</td>
<td>$35,513,046</td>
<td>$4,215,000</td>
<td>$2,725,000</td>
<td>$4,700,000</td>
<td>$47,153,046</td>
</tr>
</tbody>
</table>

*Preliminary, subject to change

¹ This amount, constituting approximately 26 months of interest on the Series 2016 Bonds will be deposited to the Capitalized Interest Account of the Project Fund and disbursed to pay the initial interest to accrue on the Series 2016 Bonds.

² Includes HJS’ discount, legal, accounting, and other costs of issuance.
ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the principal, including principal payable at maturity and by mandatory redemption, and interest payment requirements with respect to the Series 2016 Bonds. The principal on the Subordinate Series 2016C Bonds is the planned principal schedule. However, principal on the Subordinate Series 2016C Bonds is payable only in accordance with the terms of the Bond Indenture, Master Indenture and the operation of the Revenue Fund and Surplus Fund created pursuant to the Master Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS,” “THE SERIES 2016 BONDS – Funds Held under the Master Indenture, - Surplus Fund,” and “CERTAIN BONDHOLDERS’ RISKS – Subordination of Subordinate Series 2016C Bonds” herein.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Series 2016A Bonds</th>
<th>Taxable Series 2016B Bonds</th>
<th>Subordinate Series 2016C Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Total</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
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<td></td>
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<tr>
<td>2018</td>
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<td>2019</td>
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<tr>
<td>2051</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Series 2016 Bonds are subject to optional and extraordinary redemption prior to maturity.
THE SERIES 2016 BONDS

The following is a summary of certain provisions of the Series 2016 Bonds during such time as the Series 2016 Bonds are subject to the DTC book-entry system. See also “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in APPENDIX C hereto and “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto.

General Description

The Series 2016 Bonds will be issued as three series designated as: (i) “Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A,” (ii) “Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B” and (iii) “Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C.” The Series 2016 Bonds will be dated their date of issuance and will bear interest from their date at rates set forth on the inside cover of this Official Statement (subject to adjustment in the rate of the Subordinate Series 2016C Bonds), payable on April 1, 2017, and on each April 1 and October 1 thereafter. The Series 2016 Bonds will mature in the years and amounts as set forth on the inside cover of this Official Statement. The Series 2016 Bonds will bear interest at the rates set forth initially on the inside cover, subject to adjustment described under “Interest Rate Adjustment on the Subordinate Series 2016C Bonds” below. The Obligated Group may only pay principal on the Subordinate Series 2016C Bonds in accordance with the conditions for payment for the Subordinate Series 2016C Bonds in accordance with the operation of the Revenue Fund and Surplus Fund. See also “Redemption Prior to Maturity – Mandatory Sinking Fund Redemption” and “Subordination of Subordinate Series 2016C Bonds” below.

Bonds Not General Obligations


DTC Book-Entry System

The Series 2016 Bonds will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2016 Bonds. Beneficial Ownership Interests in the Series 2016 Bonds, in non-certificated book-entry only form, may be purchased in denominations of $25,000 and any integral multiple of $5,000 in excess thereof by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired. Transfers of Beneficial Ownership Interests will be effected by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Series 2016 Bonds mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto.
Principal and interest payments with respect to the Series 2016 Bonds will be made by the Bond Trustee to Cede & Co., as the Owner of the Series 2016 Bonds, for subsequent credit to the accounts of the Beneficial Owners as discussed in “DTC BOOK-ENTRY SYSTEM” in APPENDIX D hereto.

None of the Issuer, the Obligated Group, HJS or the Bond Trustee has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2016 Bonds under the Bond Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the Bond Indenture with respect to the Series 2016 Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2016 Bonds or (5) any other related matter.

Exchange of Series 2016 Bonds

Subject to the restrictions set forth below under “RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SERIES 2016 BONDS,” as long as the Series 2016 Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the Series 2016 Bonds through the facilities of DTC as described above in “DTC Book-Entry System” in this section. If the book-entry system is discontinued, exchanges of Series 2016 Bonds may be made at the designated corporate trust office of the Bond Trustee for an equal aggregate principal amount of other Series 2016 Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate. Upon receipt by the Issuer and the Bond Trustee of evidence satisfactory to them that any Series 2016 Bond has been mutilated, lost or destroyed, the Issuer may execute and the Bond Trustee may authenticate and deliver a new Series 2016 Bond upon receipt of payment of the reasonable expenses and charges of the Issuer and the Bond Trustee and indemnity satisfactory to them.

Optional Tender of Series 2016 Bonds Based on Change in Control

Upon the occurrence of a Change in Control, as defined below, each Holder of the Series 2016 Bonds will have the right to require the Obligated Group to repurchase all or any part (in Authorized Denominations) of its Series 2016 Bonds in connection with the terms set forth in the Bond Indenture (the “Put Option”). A Holder may exercise its Put Option by delivering a notice to the Bond Trustee, specifying the principal amount of Series 2016 Bonds to be purchased by the Obligated Group Agent (a “Put Option Notice”). A Put Option Notice must be delivered to the Bond Trustee within 60 days after receiving notice of any Change in Control from the Bond Trustee, which notice shall be sent to the Holders by the Bond Trustee within ten Business Days after receiving a notice of a Change in Control from the Obligated Group Agent.

Upon the expiration of 60 days from the time the notice of Change in Control is delivered to the Holders (“Put Option Expiration Date”), the Bond Trustee shall, at the direction of the Obligated Group Agent, specify a date which will be no earlier than 10 days and no later than 60 days after the Put Option Expiration Date, on which all Series 2016 Bonds for which the Bond Trustee has received a Put Option Notice (the “Put Bonds”) shall be purchased by the Obligated Group Agent (the “Put Option Purchase Date”). On the Put Option Purchase Date, the Obligated Group Agent shall pay the Put Option Price (defined below) for all of the Put Bonds to the Bond Trustee in immediately available funds and the Bond Trustee shall pay the same to the Holders of the Series 2016 Bonds being purchased against delivery thereof. Following such purchase, the Bond Trustee shall register such Series 2016 Bonds in accordance with the written instructions of the Obligated Group Agent.

“Change in Control” means, unless approved in writing in advance by a Majority of the Bondholders, (a) (i) the members of the Borrower on the Issue Date shall fail to own beneficially (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended) and of record, directly or indirectly, 100% of the aggregate voting and economic interests in the Obligated Group, or (ii) the Obligated Group shall cease to have the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Obligated group; or (b) (i) the Principals collectively shall fail to own beneficially (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended) and of record, directly or indirectly, more than 50% of the aggregate voting interests in the Initial Members, or (ii) the Principals collectively shall cease to have the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Initial Members.

“Principals” means, initially, Laurence J. “Larry” Pino, Charles C. “Buddy” Smith, Jr., and Sean D. Casterline.
The purchase price of any Put Bond shall be equal to the then applicable optional redemption price (as set forth in the chart below) for such Series 2016 Bond as if such Series 2016 Bond were being optionally redeemed pursuant to Section 301 of the Bond Indenture; provided, however, that if the Put Option Purchase Date occurs prior to October 1, 20__, the Obligated Group must obtain prior approval of a Majority of the Bondholders. If the Put Option Purchase Date occurs on or after October 1, 20__, the purchase price for any Series 2016 Bond shall be equal to the lesser of the optional redemption price as set forth in Section 301 of the Bond Indenture or the amounts in the chart set forth below, plus accrued interest (the “Put Option Price”).

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>%</td>
</tr>
</tbody>
</table>

No Holder of a particular series of Series 2016 Bonds shall have a Put Option with respect to a Change in Control that is consented to in advance by a Majority of the Bondholders (as defined in the Bond Indenture).

The Bond Trustee may pay the Put Option Price from moneys provided to it by the Obligated Group Agent, and shall not be required to expend funds of the Bond Trustee, pursuant to the Bond Indenture.

**Subordination of Subordinate Series 2016C Bonds**

The security for and payment of the principal of, premium, if any, and interest on the Subordinate Series 2016C Bonds is subordinated to the security for and payment of the principal of, premium, if any, and interest on the Senior Bonds as well as to the payment of Total Cash Operating Expenses and deposits to various reserve funds. Interest on the Subordinate Series 2016C Bonds is payable as described in clause NINTH in the Revenue Fund created under the Master Indenture. Regularly scheduled mandatory sinking fund redemption payments on the Subordinate Series 2016C Bonds is also payable under certain circumstances from the operation of the Surplus Fund, which is funded pursuant to clause TWELFTH in the Revenue Fund. See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture – Revenue Fund.”

On January 1, April 1, July 1 and October 1 of each year (each, a “Member Distribution Date”), after making the deposits and transfers described above, the Master Trustee shall transfer the amount held in the Surplus Fund to the Obligated Group; provided that, in either case, the Master Trustee will make such transfers only if as of such Member Distribution Date: (i) to the Master Trustee’s knowledge (as determined in accordance with the Master Indenture) no Event of Default has then occurred and is then continuing, and (ii) after taking into account the distributions contemplated by this paragraph, (a) the Obligated Group is in compliance with the Long-Term Debt Service Coverage Ratio covenant, the Days’ Cash on Hand covenant and the Occupancy Requirement, all as set forth in the provisions of the Master Indenture and (b) there are no due and payable distributions as set forth in the Master Indenture.

Notwithstanding anything in the Master Indenture, the Bond Indenture or in the Loan Agreement to the contrary, so long as any Senior Bonds remain Outstanding, it shall not be an Event of Default for failure by the Issuer to make due and punctual payment of the principal of any Subordinate Series 2016C Bond (whether at maturity, upon acceleration, or call for redemption or otherwise). In the event of a failure to make due and punctual payment of any principal on the Subordinate Series 2016C Bonds, the Bond Trustee shall notify the Series 2016C Bondholder Representative and the Project Monitor.

In the event that the Issuer fails to pay any interest or principal on the Outstanding Subordinate Series 2016C Bonds when due, the Obligated Group shall, at the direction of Series 2016C Bondholder Representative, hire a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Facilities (as defined in the Master Indenture) and with respect to improvements or changes in the operations and scope of the services delivered by the Obligated Group so as to enable the Obligated Group to make future punctual payments of interest or principal on the Subordinate Series 2016C Bonds. At the direction of the Series 2016C Bondholder Representative, the Obligated Group 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 Obligated Group Agent) and permitted by applicable Legal Requirements, including without limitation the
Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

In the Bond Indenture, the Bond Trustee and the Holders of the Subordinate Series 2016C Bonds
acknowledge and agree that the Subordinate Series 2016C Bonds shall in all respects and at all times be subject to
and subordinate to the Senior Bonds, notwithstanding the occurrence of an Event of Default with respect to the
shall be subject to the terms of Article IX of the Bond Indenture. Neither the Bond Trustee nor the Series 2016C
Bondholder Representative shall have any liability or responsibility to the Holders of the Subordinate Series 2016C
Bonds for any action taken in accordance with the terms of the Bond Indenture, even if such action is to the
detriment of the Holders of the Subordinate Series 2016C Bonds.

Each Holder of the Subordinate Series 2016C Bonds, by its acceptance thereof:

(i) acknowledges and agrees to the subordination provisions of the Bond Indenture applicable to the
Subordinate Series 2016C Bonds, and that the actions of the Bond Trustee to enforce the rights or to realize the
return on the investment of the Holders of the Senior Bonds under the Bond Indenture may prejudice the interests
and rights of the Holders of the Subordinate Series 2016C Bonds, and waives any and all claims against the Bond
Trustee, the Master Trustee and the Holders of the Senior Bonds, related to any action taken under the Bond
Indenture notwithstanding any conflict of interest between the Bond Trustee or Holders of the Senior Bonds, and the
Holders of the Subordinate Series 2016C Bonds;

(ii) agrees that it shall not initiate, prosecute or participate in, any claim, action or other proceeding
challenging the enforceability, validity, perfection or priority of the Senior Bonds, or any liens and security interests
securing the Series 2016 Bonds;

(iii) agrees that it shall not institute against, or join any other person in instituting against, the
Obligated Group any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other
proceeding under any bankruptcy or similar law, while any Senior Bonds are Outstanding, except as provided in the
Bond Indenture;

(iv) agrees that it shall not assume, liquidate, foreclose upon or take any other action to enforce its
rights under any mortgage, credit enhancement or other security document securing repayment of the indebtedness
evidenced by the Subordinate Series 2016C Bonds, which rights such Holder agrees and acknowledges must be
exercised by the Bond Trustee in accordance with the terms of the Bond Indenture; and

(v) appoints the Bond Trustee to take such actions as are necessary for all purposes of enforcement
actions, decisions, consents, waivers, agreements or restructurings under the Bond Indenture or in respect of the
Obligated Group or any Affiliate thereof.

No Holder of the Senior Bonds shall be prejudiced in its right to priority of payment over the Subordinate
Series 2016C Bonds by any act or failure to take action on the part of the Bond Trustee, the Issuer, the Obligated
Group, or any other person in custody of its assets or property. Notwithstanding anything to the contrary in the Bond
Indenture, any and all costs and expenses incurred by the Holders of the Senior Bonds in connection with the
enforcement of its rights under the Bond Indenture, including such Holder’s right to priority of payment, shall be
reimbursed to such Holder or Holders from the Trust Estate prior to any payment of interest, principal, or premium,
if any, on the Subordinate Series 2016C Bonds, but after payments to the Issuer and to the Bond Trustee specified in
Section 905 of the Bond Indenture.

The Subordinate Series 2016C Bonds are expected to be redeemed on the dates and in the amounts as
described in “ANNUAL DEBT SERVICE REQUIREMENTS” herein. A failure to make any debt service payments
on the Subordinate Series 2016C Bonds does not constitute an Event of Default with respect to the Senior Bonds for
so long as any Senior Bonds are Outstanding or an Event of Default under the Bond Indenture. See “CERTAIN
BONDHOLDERS’ RISKS – Subordination of Subordinate Series 2016C Bonds” herein.
Interest Rate Adjustment on the Subordinate Series 2016C Bonds

The Subordinate Series 2016C Bonds will initially bear interest at the Initial Rate set forth on the inside cover hereof until October 1, 2026, the Initial Reset Date therefor. Thereafter, the Subordinate Series 2016C Bonds will bear interest at an interest rate, which will become effective on each subsequent reset date, as determined by the Obligated Group, which shall be April 1 or October 1 (each a “Reset Date”). The period beginning on each Reset Date and ending on the day preceding the next Reset Date is referred to herein as a “Reset Period;” provided that the Reset Period shall be the same for all Subordinate Series 2016C Bonds. No less than 60 days prior to the end of each Reset Period, the Obligated Group shall deliver to the Bond Trustee and HJS, as Remarketing Agent for the Subordinate Series 2016C Bonds (the “Remarketing Agent”) written notice of the Obligated Group’s determination of the next succeeding Reset Period for such Subordinate Series 2016C Bonds, which Reset Period shall end on a April1 or October 1, but not later than the maturity date of the Subordinate Series 2016C Bonds; provided, however, that if the Obligated Group fails to specify the next succeeding Reset Period, such Reset Period shall be the same length as the preceding Reset Period, or until the maturity date of the Subordinate Series 2016C Bonds, whichever is shorter.

Except as described below, the interest rate applicable to the Subordinate Series 2016C Bonds on and after the Initial Reset Date shall be the Reset Rate determined by the Remarketing Agent on a date not less than 45 days prior to such Reset Date. The Reset Rate applicable to the Subordinate Series 2016C Bonds shall be the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable the Subordinate Series 2016C Bonds to be sold at par on the Reset Date, provided that such Reset Rate may not exceed the Maximum Rate. The Maximum Rate is an interest rate equal to the lesser of (a) the 30 year MMD (which means as of any particular date an interest rate equal to the Municipal Market Data Index for general obligation bonds having an “Aaa” or “AAA” credit rating from Moody’s, S&P or Fitch, respectively, having a term equal to 30 years, published on the most recent date on or prior to such date by Thomson Reuters in the Thomson Municipal Market Monitor, or if such index is not available, another comparable index determined by the Remarketing Agent, plus ten percent (10%), and (b) the maximum rate permitted by law.

On the date of such determination of a Reset Rate for the Subordinate Series 2016C Bonds, the Remarketing Agent shall notify the Bond Trustee and the Obligated Group of the Reset Rate. No less than 40 days prior to the Reset Date, the Bond Trustee shall promptly notify each Holder of Subordinate Series 2016C Bonds of the Reset Rate which will be applicable to such Subordinate Series 2016C Bonds during the next Reset Period and the length of the next Reset Period. If Subordinate Series 2016C Bonds are tendered for purchase by the Holders thereof as described below under “Optional Tender of Subordinate Series 2016C Bonds” and the Remarketing Agent is unable to remarket all of such tendered bonds at the Reset Rate determined as described in the preceding paragraph, the Remarketing Agent may, as described below, increase the Reset Rate for the Subordinate Series 2016C Bonds to that rate of interest which is the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable all of the Subordinate Series 2016C Bonds to be sold at par on the Reset Date, provided that such adjusted Reset Rate shall not exceed the Maximum Rate. The Remarketing Agent shall not increase the Reset Rate within 10 days of the Reset Date. The notice of such increased Reset Rate shall be given no less than 10 days preceding the Reset Date and shall be given by the Remarketing Agent concurrently to the Bond Trustee and the Obligated Group. No more than three Business Days after receiving written notice of an adjustment to the Reset Rate, the Bond Trustee shall notify by mail the Obligated Group and each Holder of Subordinate Series 2016C Bonds of any such adjustment in the Reset Rate. If for any reason the Reset Rate for the Subordinate Series 2016C Bonds is not or cannot be determined by the Remarketing Agent in the manner specified in the preceding paragraph, the Reset Rate will be the interest rate currently in effect on the Subordinate Series 2016C Bonds, provided that such rate may not exceed the Maximum Rate.

The Subordinate Series 2016C Bonds may, at the option of the Holder, be tendered for purchase by the Bond Trustee on behalf of the Obligated Group on each Reset Date. If a Holder of Subordinate series 2016C Bonds exercises such option, the Subordinate Series 2016C Bonds shall be purchased by the Bond Trustee on behalf of the Obligated Group, but solely from the proceeds of the remarketing of the Subordinate Series 2016C bonds or moneys provided by the Obligated Group, in accordance with and subject to the terms of the Bond Indenture. In order to exercise this option, the Holder shall deliver a tender notice to the Bond Trustee and the Remarketing Agent not later than 4:00 p.m., Eastern Time, on a Business Day not less than 25 calendar days prior to the end of a Reset Period (the “Reset Tender Notice”). The Reset Tender Notice must state the principal amount of the Subordinate Series 2016C Bonds which are to be purchased (which amount shall be in Authorized Denominations) and the
principal amount retained, if any (which amount shall be in Authorized Denominations). The delivery of the Reset Tender Notice by an owner of Subordinate Series 2016C Bonds in connection with a Reset Date shall be irrevocable and binding on such Holder and cannot be withdrawn, unless the Reset Rate is increased as described above.

Delivery of a Reset Tender Notice by the Registered Holder of any Subordinate Series 2016C Bonds to the Bond Trustee while DTC is the sole registered Holder of the Subordinate Series 2016C Bonds shall occur when the Holder of such Subordinate Series 2016C Bonds irrevocably authorizes (pursuant to the Reset Tender Notice described above) the Bond Trustee, directly or through its DTC Participant, to make appropriate entries on the books of DTC, any Direct Participant or any Indirect Participant; provided however, the Bond Trustee shall have no obligation to make or accept such entries, if at the time that such entry is made, the Bond Trustee has not yet received funds necessary to honor such entry. At no time shall the Bond Trustee be required to advance its own funds as a result of a tender by a beneficial owner under the Bond Indenture, to receive payment of the Purchase Price on or after the Reset Date. Interest will cease to accrue on the Reset Date on Subordinate Series 2016C Bonds designated to be purchased in a Reset Tender Notice and for which sufficient funds are set aside with the Bond Trustee on the Reset Date to pay the Purchase Price of such tendered Subordinate Series 2016C Bonds, whether or not such Subordinate Series 2016C Bonds have been presented for payment. All other Subordinate Series 2016C Bonds shall bear interest from and after the Reset Date at the Reset Rate determined for the new Reset Period. See “Book-Entry Only System” herein.

Purchase of Subordinate Series 2016C Bonds on Reset Date

The Remarketing Agent shall offer for sale and use its best efforts to remarket the tendered Subordinate Series 2016C Bonds to third parties for purchase at their principal amount on each Reset Date. Such Subordinate Series 2016C Bonds shall be purchased from the proceeds of the remarketing of the Subordinate Series 2016C Bonds held in the Bond Fund established pursuant to the Bond Indenture or moneys provided by the Obligated Group. In the event that there are not sufficient funds to purchase all tendered Subordinate Series 2016C Bonds, such failure to purchase tendered Subordinate Series 2016C Bonds is an Event of Default with respect only to the Subordinate Series 2016C Bonds. In such event, such Subordinate Series 2016C Bonds will be returned to the Holders thereof.

The Bond Indenture provides that the Holders of the Senior Bonds have a first right of refusal to purchase tendered Subordinate Series 2016C Bonds on each Reset Date.

THE FAILURE TO PURCHASE ANY OR ALL SUBORDINATE SERIES 2016C BONDS TENDERED FOR PURCHASE ON A RESET DATE BECAUSE OF A FAILURE TO REMARKET ALL THE SUBORDINATE SERIES 2016C BONDS TENDERED FOR PURCHASE CONSTITUTES AN EVENT OF DEFAULT UNDER THE BOND INDENTURE.

Optional Tender of Subordinate Series 2016C Bonds

In addition to the right of the Holder of any Subordinate Series 2016C Bond to tender all or a part of the Subordinate Series 2016C Bonds pursuant to the Bond Indenture, the Holder of any Subordinate Series 2016C Bonds may, at its option, tender in whole or in part any of its Subordinate Series 2016C Bonds for purchase by the Bond Trustee on behalf of the Obligated Group at a purchase price equal to the principal amount thereof plus accrued interest to the Tender Date (the “Purchase Price”) at any time on and after October 1, 2026. The Holder shall give written notice to the Issuer and the Bond Trustee (an “Optional Tender Notice”) of its intention to tender any of its Subordinate Series 2016C Bonds not less than one hundred eighty (180) days prior to the proposed tender date (an “Optional Tender Date”). Upon receipt by the Issuer and the Bond Trustee of an Optional Tender Notice identifying the Subordinate Series 2016C Bonds to be tendered, such tendered Subordinate Series 2016C Bonds shall be subject to mandatory tender for purchase by the Bond Trustee on behalf of the Obligated Group at the Purchase Price on the Optional Tender Date designated in the Optional Tender Notice.

If the tendered Subordinate Series 2016C Bonds are not purchased by the Bond Trustee on behalf of the Obligated Group on the Tender Date, such failure to purchase the tendered Bonds will constitute an Event of Default on the Subordinate Series 2016C Bonds. The Bond Trustee shall only pay the Purchase Price of tendered Subordinate Series 2016C Bonds from moneys provided to it by the Obligated Group or from the Remarketing Agent pursuant to the Bond Indenture, and shall not be required to expend the funds of the Bond Trustee to pay such Purchase Price.
Notwithstanding anything in the Bond Indenture to the contrary, the Holders of the Senior Bonds have a first right of refusal to purchase any Series 2016C Bonds tendered pursuant to Section 305 of the Bond Indenture.

**Redemption Prior to Maturity**

**Mandatory Sinking Fund Redemption**

**Series 2016A Bonds.** The Series 2016A Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
</table>

The Series 2016A Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
</table>

The Series 2016A Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
</table>

**Taxable Series 2016B Bonds.** The Taxable Series 2016B Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Taxable Series 2016B Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
</table>

25
Subordinate Series 2016C Bonds. The Subordinate Series 2016C Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Subordinate Series 2016C Bonds to be redeemed plus accrued interest thereon to the redemption date, to be paid solely from amounts on deposit in the Surplus Fund, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Bond Indenture provides for a pro rata reduction against sinking fund redemption requirements of a series of Bonds that, prior to any sinking fund redemption date, have been partially redeemed and cancelled or surrendered for cancellation and which have not previously been applied as a credit against any sinking fund redemption requirement. The Subordinate Series 2016C Bonds are subject to mandatory redemption solely from monies deposited in the Bond Fund under the Bond Indenture from the operation of the Surplus Fund. Notwithstanding anything to the contrary in the Bond Indenture, Master Indenture or elsewhere, except with respect to extraordinary mandatory redemption pursuant to a conveyance under Section 3.9(v) of the Master Indenture, no Subordinate Series 2016C Bonds may be redeemed or purchased so long as any Senior Bonds remain Outstanding. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture – Surplus Fund” and “CERTAIN BONDHOLDERS’ RISKS – Subordination of Subordinate Series 2016C Bonds” herein.

Optional Redemption

Series 2016A Bonds. The Series 2016A Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 1 relating to the Series 2016A Bonds by the Obligated Group, the maturities of such Series 2016A Bonds to be redeemed to be selected by the Obligated Group Agent at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>___%</td>
</tr>
</tbody>
</table>

Taxable Series 2016B Bonds. The Taxable Series 2016B Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 2 relating to the Taxable Series 2016B Bonds by the Obligated Group, the maturities of such Taxable Series 2016B Bonds to be redeemed to be selected by the Obligated Group Agent at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>___%</td>
</tr>
</tbody>
</table>
**Subordinate Series 2016C Bonds.** The Subordinate Series 2016C Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 3 relating to the Subordinate Series 2016C Bonds by the Obligated Group, the maturities of such Subordinate Series 2016C Bonds to be redeemed to be selected by the Obligated Group Agent, at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>___%</td>
</tr>
</tbody>
</table>

**Extraordinary Mandatory Redemption**

The Series 2016 Bonds are subject to redemption by the Issuer, in whole or in part, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, without premium, plus accrued interest to, but not including, the redemption date, on the earliest date for which notice of redemption can be given, (i) to the extent the Obligated Group makes a prepayment on Series 2016 Obligations under the circumstances required thereby and by the Loan Agreement and the Master Indenture for extraordinary mandatory redemption, and (ii) under the circumstances set forth in the Bond Indenture. The Series 2016 Bonds are be subject to extraordinary mandatory redemption in an amount that bears the same pro rata relationship to the aggregate principal amount of the Series 2016 Bonds then Outstanding as that portion of the Property (as defined in the Master Indenture) financed with the proceeds of the Series 2016 Bonds (the “Bond Financed Property”) with respect to which the net proceeds that have been received bears to all Bond Financed Property, such calculation as certified to the Bond Trustee by an Authorized Representative (as defined in the Bond Indenture) of the Obligated Group Agent. In the event of a partial extraordinary mandatory redemption, (i) an Authorized Representative may direct the Bond Trustee to redeem the Series 2016 Bonds from each maturity then Outstanding, to the extent practicable, in the proportion that the principal amount of Series 2016 Bonds of such maturity bears to the total principal amount of Outstanding Bonds or in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions or (ii) if the partial extraordinary mandatory redemption is pursuant to a conveyance under Section 3.9(v) of the Master Indenture, the Bond Trustee shall apply the proceeds derived therefrom to first redeem the Subordinate Series 2016C Bonds and then if no Subordinate Series 2016C Bonds are then Outstanding, then the Series 2016A Bonds. Notwithstanding the foregoing, no Subordinate Series 2016C Bonds shall be redeemed pursuant to Section 301(a) of the Bond Indenture so long as any Senior Bonds remain Outstanding. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

**Special Mandatory Redemption**

All proceeds of the Series 2016 Bonds remaining in the Project Fund on the Completion Date, less amounts that the Obligated Group Agent has directed the Bond Trustee to retain or set aside to meet costs not then due and payable or which are being contested (i) shall be transferred to the Bond Fund by the Bond Trustee and used for the redemption of Series 2016 Bonds pursuant to the Bond Indenture or (ii) if the Bond Trustee receives an Opinion of Bond Counsel, (a) transferred to the Bond Fund by the Bond Trustee and used to pay principal of or interest on the Series 2016 Bonds, or (b) used to pay Qualified Costs of the Project.

Following a Determination of Taxability, the Series 2016 Bonds are subject to mandatory redemption in whole on the earliest practicable date for which notice can be given in accordance with the Bond Indenture at a redemption price equal to 105% of the principal amount Outstanding plus accrued interest to the redemption date. “Determination of Taxability” means a determination that interest accrued or paid on any Tax-Exempt Bond is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which any Owner is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; (b) the date on which the Issuer or the Obligated Group receives notice from an Owner that the Owner has been advised in (i) writing that the Internal Revenue
Service has issued a statutory notice of deficiency or similar notice to such Owner which asserts, in effect, that interest on the Tax-Exempt Bonds received by such Owner is included in the gross income of such Owner for federal income tax purposes; or (ii) by an Opinion of Counsel (approved by the Issuer) received by the Owner which concludes, in effect, that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; (c) the day on which the Issuer is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; or (d) the day on which the Issuer is advised in writing by counsel to an Owner that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Issuer and the Obligated Group have been given written notice and an opportunity to participate and defend that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes.

**Notice and Manner of Redemption**

Whenever Series 2016 Bonds are redeemed, whether by mandatory sinking fund redemption, optional redemption, extraordinary redemption or otherwise, the Bond Trustee shall cause notice of the call for redemption identifying the Series 2016 Bonds to be redeemed to be sent by first class mail not less than 30 nor more than 60 days prior to the redemption date to the Holder of each Series 2016 Bond to be redeemed at such owner’s address as it appears on the Bond Register; provided, however, that except in the case of a mandatory sinking fund redemption, the Obligated Group shall have given the Bond Trustee notice to send the redemption notice at least forty-five (45) days prior to the date the Bond Trustee is to send such notice. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2016 Bonds with respect to which no such failure or defect shall have occurred. Each notice shall be given in the Issuer’s name, identify the Series 2016 Bonds to be redeemed by name, certificate number, CUSIP number, interest rate, maturity date and any other descriptive information determined by the Bond Trustee to be needed to identify the Series 2016 Bonds. All such notices shall also state that on the redemption date the Series 2016 Bonds called for redemption (except as provided in Section 302(c) of the Bond Indenture) will be payable at the Bond Trustee’s designated corporate trust office and that from that date interest will cease to accrue. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if any, unless the Series 2016 Bonds are registered to Cede & Co., will be made upon presentation and surrender of the Series 2016 Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Series 2016 Bond to be redeemed and that interest thereon will cease to accrue on and after such date.

Notwithstanding the foregoing, upon the written direction of the Obligated Group, the notice of redemption for optional redemption may contain a statement to the effect that the redemption of the Series 2016 Bonds is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date, and that if such moneys shall not have been so received, the notice will be of no further force and effect, the Issuer will not be required to redeem such Series 2016 Bonds and such Series 2016 Bonds will not be due and payable.

During the period that DTC or its nominee is the registered owner of the Series 2016 Bonds, the Bond Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners of the Series 2016 Bonds. See “DTC Book-Entry System” above.

**Acceleration Upon Default; Other Remedies**

All principal and accrued interest on the Series 2016 Bonds may become immediately due and payable upon an Event of Default under the Bond Indenture if the Bond Trustee (1) exercises its option to so declare or (2) is directed to so declare by the Majority of Bondholders. The Bond Trustee’s receipt of proceeds upon acceleration may be dependent upon the Bond Trustee and the Master Trustee taking certain action. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Bond Indenture” in APPENDIX C hereto.

**RESTRICTIONS ON OWNERSHIP AND TRANSFER OF SERIES 2016 BONDS**

Each Beneficial Owner of the Taxable Series 2016B Bonds will be required to deliver an Investor Letter in the form attached to this Official Statement as APPENDIX G. The Series 2016 Bonds may be transferred only (1) to Accredited Investors or to Qualified Institutional Buyers. Certain bondholders which are non-affiliates of the Obligated Group may be able to transfer their Taxable Series 2016B Bonds after holding such Taxable Series 2016B Bonds for at least one year, in accordance with Rule 144 and the investor letter attached as APPENDIX G hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS

General

The principal of, premium, if any, and interest on the Series 2016 Bonds will be payable solely from moneys paid by the Obligated Group Agent on behalf of the Obligated Group pursuant to the Series 2016 Obligations. The Series 2016 Obligations initially are the only obligations of the Obligated Group. The Series 2016 Senior Obligations will be secured on a parity basis with all other Obligations hereafter issued under the Master Indenture and the Mortgage, except Subordinate Obligations and Contract Obligations.

Pursuant to the Bond Indenture, the Issuer will assign to the Bond Trustee (a) the Issuer’s right, title and interest in and to the Series 2016 Obligations, including all of its rights under the Master Indenture and the Mortgage as owner of the Series 2016 Obligations, together with (b) the Issuer’s right, title and interest in and to the Loan Agreement, including the right to receive loan payments thereunder (except for certain reserved rights, including its rights to indemnification and the payment of certain expenses, its rights to give certain approvals and consents and its right to receive certain documents, information and notices). The Series 2016 Bonds will further be secured by the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture, including the Debt Service Reserve Fund described below. The Subordinate Series 2016C Bonds are not secured by the Debt Service Reserve Fund.

Limited Obligations


Loan Agreement

Pursuant to the Loan Agreement, the Obligated Group agrees to make loan payments to the Bond Trustee in such amounts and at such times as will pay, when due, the principal or redemption price of and interest on the Series 2016 Bonds. The Obligated Group’s payment obligations with respect to the Series 2016 Bonds under the Loan Agreement will be a general obligation of the Obligated Group. Pursuant to the Bond Indenture, the Issuer has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.
Bond Indenture

The Series 2016 Bonds are issued pursuant to the Bond Indenture. Pursuant to the Bond Indenture, the Issuer has assigned to the Bond Trustee all right title and interest in the payments to be made by the Obligated Group Agent pursuant to the Loan Agreement and has granted to the Bond Trustee a security interest in the funds and accounts created by the Bond Indenture.

Master Indenture

The Master Indenture is intended to provide assurance for the repayment of obligations entitled to its benefits by imposing financial and operating covenants that restrict the Obligated Group and any other future Members of the Obligated Group and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such obligations. The Series 2016 Obligations are the only obligations presently entitled to the benefits of the Master Indenture. The holders of all Series 2016 Obligations entitled to the benefit of the Master Indenture, with the exception of any Subordinate Obligations, such as Obligation No. 3, will be on parity with respect to the benefits of the Master Indenture.

Pursuant to the Master Indenture, the Obligated Group and any future Members of the Obligated Group have or will pledge and grant to the Master Trustee a continuing security interest in (i) the Pledged Assets, (ii) all monies and securities held by the Master Trustee or any other depositories in any and all of the funds and accounts established under the Master Indenture, and (iii) all property which is required to be subject to the Lien of the Master Indenture by the Members of the Obligated Group, or anyone on their behalf. The lien and security interests created by the Master Indenture may become subject to additional Permitted Liens, as defined in “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

The Obligations will constitute joint and several obligations of each Member of the Obligated Group. Currently, only the Obligated Group Agent, the Operator and the Master Trustee are parties to the Master Indenture and the Obligated Group Agent and the Operator are the only Members of the Obligated Group. The Obligated Group Agent, the Operator and each Member of the Obligated Group admitted in the future will be jointly and severally liable for the payment of all Series 2016 Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto for a description of the limitations on admission (which includes the written consent of a Majority of the Holders approving the admission into the Obligated Group) and release of the Members of the Obligated Group.

In addition to the covenants described herein, the Master Indenture contains additional covenants relating to, among other matters, the maintenance of the Obligated Group’s property, existence, the maintenance of certain levels of insurance coverage, the incurrence of additional indebtedness, the sale or lease of certain property, and permitted liens. For a full description of these and other covenants, see “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Mortgage

To secure the payment of the Obligations payable under the Master Indenture, including the Series 2016 Obligations, the Obligated Group will grant to the Master Trustee under the Mortgage, a mortgage lien on and security interest in the Mortgaged Property and other property as described in the Mortgage, subject only to certain Permitted Encumbrances identified therein. The Mortgaged Property includes generally all the land, buildings, fixtures and equipment comprising the Project, including the Obligated Group’s interest in the Property.

“Mortgaged Property” means, the Facilities subject to the liens of the Mortgage, as they may at any time exist, but excluding Excluded Property and subject to Permitted Liens.

The holders of Obligation No. 1 and Obligation No. 2 will have a senior lien and security interest in the Mortgaged Property to secure the payment of the Senior Bonds and the holders of Subordinate Obligations, such as Obligation No. 3, are granted a subordinate lien on and security interest in the Mortgaged Property to secure the payment of the Subordinate Series 2016C Bonds. Simultaneously with the execution and delivery of the Obligations and the Mortgage, the Obligated Group will deliver to the Master Trustee a mortgagee title insurance policy, or commitment therefor, in an aggregate amount equal to the aggregate principal amount of the Obligations to insure
that the Master Trustee will have a valid first priority lien on the real property portion of the Mortgaged Property, subject only to Permitted Liens and the standard exclusions from the coverage of such policies.

The site of the Project is part of an approximate 71.54-acre tract. The Mortgage encompasses 16.50 acres which is planned to be developed with two phases of senior housing. The first phase is the Project, which will be located on an approximate 11.00-acre portion of the site. The Developer is considering developing age restricted independent living apartments on the remaining approximate 5.50 acres but has not made any decisions to pursue any development at this time.

The Obligated Group Agent shall have the right, at any time and in its sole and absolute discretion, to sell, transfer, lease or otherwise convey, either directly or indirectly, the approximately 5.50 acre portion of the Mortgaged Property that is not being utilized for the Project (the “Unimproved Land”) for a purchase price equal to the greater of (A) $1,450,000 (which equals the appraised value of the 5-acre portion based on that certain Appraisal (as defined below) delivered to the Project Monitor) or (B) the appraised value of the Unimproved Land at the time of conveyance as determined by an appraiser reasonably acceptable to the Project Monitor. Upon receipt of an Officer’s Certificate stating that the Unimproved Land has been conveyed in accordance with the requirements of the Master Indenture, the Master Trustee shall, without any further approval or action required of any Person, release the Unimproved Land from the lien of the Mortgage and, at the direction of the Obligated Group Agent, shall execute any agreements listed in Section 6.4 of the Master Indenture. All proceeds received by the Obligated Group Agent in connection with a conveyance of the Unimproved Land shall be deposited in the applicable redemption account or sub-account of the Bond Fund to be used for extraordinary mandatory redemption of the Subordinate Series 2016C Bonds and then if no Subordinate Series 2016C Bonds then outstanding, then the Series 2016A Bonds pursuant to the Bond Indenture.

See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Mortgage, - The Master Indenture” in APPENDIX C hereto.

Pledged Assets

The Master Indenture also creates a lien and security interest in the Pledged Assets.

“Pledged Assets” means (a) the Mortgaged Property; (b) the Gross Receipts of the Obligated Group Agent and each Member of the Obligated Group and all personal property, inventory, accounts (including accounts receivable and contract rights), documents, instruments, other moneys, chattel paper and general intangibles, now owned or hereafter acquired by any Member of the Obligated Group, and all proceeds thereof, all as may be defined in the Florida Uniform Commercial Code (the “UCC”); and (c) the moneys on deposit in the funds and accounts created thereunder; provided, however, that Pledged Assets does not include any assets derived from certain property as may be specifically excluded under the Master Indenture.

“Gross Receipts” means all receipts, revenues, income (including investment income) and other money received or receivable by or on behalf of any Member of the Obligated Group derived from all sources including, without limitation, the operation or ownership of the Facilities (as defined in the Master Indenture), and including, without limitation, proceeds of any license, lease or sublease, disposition of assets or borrowings, fees paid or payable by or on behalf of users of the Facilities, and any insurance proceeds and condemnation awards, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, investment property, instruments or other rights and the proceeds thereof; whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Obligated Group; provided, however, that there shall be excluded from Gross Receipts, gifts, bequests, donations and contributions made to the Facilities, designated at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of amounts due under the Series 2016 Obligations or the Loan Agreement related to the Related Bonds (as defined in the Master Indenture) or not subject to pledge, and any income derived therefrom to the extent required by such designation or restriction.

“Facilities,” as used in the Master Indenture, means, collectively, the real and personal properties owned and operated by a Member of the Obligated Group, and all leasehold interests of a Member of the Obligated Group, from time to time, but excluding certain excluded property. Initially, the Facilities include only the Project.
Developer Guaranty of Construction

Pursuant to the Development Agreement, the Developer absolutely and unconditionally guarantees to the Owner that (i) the actual total cost of the completed Project will not exceed the total amount of the costs of the Project as set forth in the Development Budget (as such term is defined in the Development Agreement) and (ii) on or before the final completion date set forth in the Progress Schedule (as such term is defined in the Development Agreement), the Project will be fully completed (as evidenced by a certificate of substantial completion delivered by the Architect) without any mechanics’ or materialmen’s liens by any contractor or other party supplying labor or materials to the Project (collectively, the “Guaranteed Obligations”). The Guaranteed Obligations will terminate upon the issuance of a certificate of occupancy for the Project. The Development Agreement requires the Developer to advance funds to the Obligated Group if needed to satisfy the Guaranteed Obligations within 10 days written notice from the Obligated Group Agent.

Guaranty of Non-Recourse Carveouts Agreement

In connection with the issuance of the Series 2016 Bonds, as security for the payment of principal and interest on the Series 2016 Bonds, Laurence J. “Larry” Pino, Charles C. “Buddy” Smith, Jr., and Sean D. Casterline (each a “Guarantor” and collectively, the “Guarantors”) will execute a Guaranty of Non-Recourse Carveouts Agreement (the “Guaranty Agreement”), for the benefit of the Master Trustee, dated on or about the date of issuance of the Series 2016 Bonds. Pursuant to the Guaranty Agreement, each Guarantor, as surety, will absolutely, unconditionally, and irrevocably guarantee to the Master Trustee (for the benefit of the Holders) (collectively, the “Guaranteed Parties”), the full, complete and prompt payment of the principal and redemption price, if any, of and interest on the Series 2016 Obligations when due, whether at stated maturity, by optional tender, upon redemption (including, but not limited to, any optional redemption, mandatory redemption, extraordinary or special mandatory redemption), acceleration or otherwise, including any claim or other type of right arising from such principal amount such as any deficiency judgment upon foreclosure or claim in bankruptcy, and any other sums incurred by the Guaranteed Parties in enforcing the Guaranty Agreement and repayment of the Series 2016 Bonds (collectively, the “Guaranteed Obligations”), in the event that:

(a) The Obligated Group fails after the occurrence and during the continuance of any default (without benefit of any applicable grace or cure period) to apply any portion of the Gross Receipts from the Project to the payment of the Series 2016 Obligations as required per the Loan Agreement and the Bond Indenture or to customary Total Cash Operating Expenses of the Project;

(b) The Obligated Group commits fraud;

(c) The Obligation Group causes the misapplication, misappropriation or conversion of any rents, proceeds or funds deriving from (i) the Project, but only if a Guarantor Party is serving as property manager, (ii) any insurance proceeds paid by reason of any loss, damage or destruction to the Project and not used by Obligated Group for restoration or repair of the Project; and/or (iii) any awards or amounts received in connection with condemnation of all or a portion of the Project and not used by the Obligated Group Agent for restoration or repair of the Project;

(d) A material misrepresentation or failure to disclose a material fact by Guarantor or an Affiliate of Guarantor;

(e) Any material waste, arson, damage or abandonment of the Project;

(f) Failure by the Obligated Group to keep the Project insured in accordance with the terms of the Loan Agreement;

(g) Any fees paid to the Guarantor or any Affiliate of the Guarantor after any default under the Loan Agreement, Bond Indenture and/or Master Indenture;

(h) Any breach of the covenants or any representation or warranty contained in the Loan Agreement, Bond Indenture or Master Indenture relating to environmental matters, but only if the Guarantor is serving as property manager;
(i) Failure by the Obligated Group Agent to pay the annual premiums for property insurance required to be maintained pursuant to the Loan Agreement and the annual real estate taxes and assessments due and payable with respect to the Project;

(j) The filing against the Obligated Group Agent by any Guarantor or any Affiliate of the Obligated Group Agent or Guarantor, of any proceeding for relief under any federal or state bankruptcy, insolvency or receivership laws or any assignment for the benefit of creditors made by the Obligated Group Agent;

(k) The filing by a member of the Obligated Group Agent, Guarantor or any Affiliate of the Obligated Group Agent or Guarantor of an answer consenting to, or otherwise acquiescing or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law, or soliciting or causing to be solicited petitioning creditors for any involuntary petition from any Person; or

(l) Failure to preserve any stormwater retention ponds on the Mortgaged Property.

Funds Held under the Master Indenture

The Series 2016 Bonds are secured by funds and accounts held under the Master Indenture, including the following:

Revenue Fund. The Master Indenture requires all Gross Receipts received by or on behalf of the Obligated Group to be transferred, on the last Business Day of each week, to the Master Trustee for deposit to the Revenue Fund. On each Weekly Disbursement Date beginning the first week after which moneys are deposited in the Revenue Fund and on each Weekly Disbursement Date thereafter, the Master Trustee will make the following payments and transfers from the Revenue Fund in the following order of priority, provided that (1) in the event funds on any Weekly Disbursement Date are insufficient to make any one or more of such transfers, any and all of such deficiencies will be remedied prior to making any transfers to any subordinated funds (based on the following order of priority) in such month or any future month, (2) although funds in the Revenue Fund will be applied on a weekly basis on each Weekly Disbursement Date, the order of priority for application of funds in the Revenue Fund shall be calculated and applied on a monthly basis, as described below (i.e., funds will be applied to each item until the amount required for the current month is achieved, and the amount required for each item will be reset on the first day of each calendar month) and (3) during any occurrence of an Event of Default, the Master Trustee at the written discretion of a Majority of the Holders of Obligations relating to the Related Bonds may modify the application of this section:

FIRST: to the Insurance and Tax Escrow Fund, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to (a) one-twelfth (1/12th) of the amount for the current year for annual premiums for property insurance required to be maintained pursuant to the Master Indenture and for annual real estate taxes, or other charges for governmental services for the current year, as provided in the Annual Budget and (b) unpaid insurance premiums, real estate taxes or other governmental service charges from any prior month;

SECOND: to the Related Bond Trustee for deposit to the Rebate Fund, to the extent of any deposit required to be made thereto pursuant to the Tax Agreement, as defined in the Related Bond Indenture;

THIRD: to (a) the Issuer, the Annual Issuer’s Fee and Issuer’s Fees and Expenses; provided, however, the amount of Annual issuer’s Fee shall be adjusted for any Annual Issuer’s Fee paid from the Senior Bonds Capitalized Interest Account pursuant to the Bond Indenture, and (b) the Operating Account held by the Obligated Group Agent, the amount necessary to accumulate, during the month during which the transfer is made, the amount for (i) Total Cash Operating Expenses for the month (which does not include the Subordinated Manager Fee), in which such transfer is made by the Master Trustee and for payroll due during the first five (5) Business Days of the following month, as set forth in the then-current Annual Budget, and (ii) unpaid Total Cash Operating Expenses from any prior month;
FOURTH: to the payment of interest on all Obligations (other than Subordinate Obligations and Contract Obligations) in (a) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the interest on such Obligations (other than Subordinate Obligations and Contract Obligations) bearing interest payable semi-annually due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligations (other than the Subordinate Obligations and Contract Obligations), an amount not less than the interest on such Obligations (other than the Subordinate Obligations and Contract Obligations) coming due on the immediately succeeding interest payment date for such Obligations (other than the Subordinate Obligations and Contract Obligations), (b) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-fourth (1/4th) of the interest on such Obligations (other than Subordinate Obligations and Contract Obligations) bearing interest payable quarterly due on the next succeeding interest payment date with respect to such Indebtedness, so that there will be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligations (other than Subordinate Obligations and Contract Obligations), an amount not less than the interest on such Obligations (other than Subordinate Obligations and Contract Obligations) coming due on the immediately succeeding interest payment date for such Obligations (other than Subordinate Obligations and Contract Obligations), or (c) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to the interest on all such Obligations (other than Subordinate Obligations and Contract Obligations) bearing interest payable monthly;

FIFTH: to the payment of principal for any Obligations (other than the Subordinate Obligations and Contract Obligations), (a) payable annually the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-twelfth (1/12th) of the principal amount such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date, so that there shall be accumulated in the such fund or account, taking into account interest earnings on amounts held in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date, (b) payable semi-annually, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the principal amount of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date, so that there will be accumulated in the such fund or account, taking into account interest earnings on amounts held in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date, (c) payable quarterly, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-fourth (1/4th) of the principal amount of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date, so that there will be accumulated in the such fund or account, taking into account interest earnings on amounts held in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date, so that there will be accumulated in the such fund or account, taking into account interest earnings on amounts held in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date or (d) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to
the principal on all such Obligations (other than Subordinate Obligations and Contract Obligations) coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date;

SIXTH: reserved;

SEVENTH: to the Related Bond Trustee, to the debt service reserve fund for any Related Bonds, any amount required to be paid pursuant to the Related Bond Indenture until such requirement is satisfied;

EIGHTH: commencing on the first Weekly Disbursement Date following the one year anniversary of the Completion Date of the Project, to the Repair and Replacement Fund, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-twelfth (1/12th) of the Repair and Replacement Fund Requirement until such requirement is satisfied;

NINTH: to the payment of interest on Obligation No. 3 in (a) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the interest on such Obligation No. 3 bearing interest payable semi-annually due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on the Obligation No. 3, an amount not less than the interest on Obligation No. 3 coming due on the immediately succeeding interest payment date for such Obligation No. 3, (b) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-fourth (1/4th) of the interest on such Obligation No. 3 bearing interest payable quarterly due on the next succeeding interest payment date with respect to such Indebtedness, so that there will be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligation No. 3, an amount not less than the interest on such Obligation No. 3 coming due on the immediately succeeding interest payment date for such Obligation No. 3, or (c) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to the interest on all such Obligation No. 3 bearing interest payable monthly;

TENTH: commencing on the first Weekly Disbursement Date following the Completion Date of the Project, to the Operating Reserve Fund, an amount necessary to cause the balance of the Operating Reserve Fund to equal the Operating Reserve Requirement until such requirement is satisfied;

ELEVENTH: to the Manager, payment of the Subordinate Manager Fee and any unpaid Subordinate Manager Fee from any prior month; and

TWELFTH to the Surplus Fund the balance (if any) remaining after the payments identified above have been made.

The Obligated Group covenants to enter into a Deposit Account Control Agreement (the “Deposit Account Control Agreement”) with respect to the Operating Account upon opening of the Project.

**Operating Reserve Fund.** The Master Indenture will establish an Operating Reserve Fund. Commencing on the first Weekly Disbursement Date following the Completion Date of the Project, amounts in the Revenue Fund will be deposited in the Operating Reserve Fund until its balance equals the Operating Reserve Fund Requirement of $1,000,000. Amounts on deposit in the Operating Reserve Fund shall be applied only after all money has been withdrawn from the Working Capital Fund. Moneys in the Operating Reserve Fund are to be disbursed to pay (a) the maintenance and repair costs related to the Facilities, (b) the principal of, premium, if any, and interest on any Obligations (not including the Subordinate Obligations and Contract Obligations) and (c) Total Cash Operating Expenses not directly paid out of the Operating Account.
**Working Capital Fund.** The Master Indenture will establish a Working Capital Fund and a “Developer Fee Account” therein. The Obligated Group will deposit $1,800,000 into the Working Capital Fund and $1,500,000 into the Developer Fee Account upon the issuance of the Series 2016 Bonds. Amounts on deposit in the Working Capital Fund will be delivered to the Obligated Group upon written request of the Obligated Group to the Master Trustee stating that such amounts will be used solely (i) for Total Cash Operating Expenses, (ii) to make payments on the Series 2016 Obligations (other than Obligation No. 4). Amounts on deposit in the Developer Fee Account of the Working Capital Fund may be used by the Obligated Group (i) for Total Cash Operating Expenses, (ii) to make payments on the Series 2016 Obligations (other than Obligation No. 4) and/or (iii) only from the Developer Fee Account, to pay compensation to the Developer. Monies in the Developer Fee Account are available to pay Total Cash Operating Expenses and payments on the Series 2016 Obligations. See “TUSCAN GARDENS OF PALM COAST – The Project – The Development Agreement” in APPENDIX A hereto for a description of the compensation and payment terms of the Developer.

Moneys in the Working Capital Fund for the purpose described in (i) and (ii) of the first sentence of this paragraph will only be disbursed upon receipt of a requisition for payment executed by the Obligated Group Agent and the Project Monitor (with the exception of the payments on the Obligations which may be made without the need for any direction or requisition). The Master Trustee will disburse payments for debt service pursuant to (ii) of the first sentence of this paragraph to the Bond Trustee without the need for any direction or requisition. Upon the receipt of evidence of achievement of Stable Occupancy, if there is no Event of Default under the Master Indenture and the Obligated Group is compliant with the Long-Term Debt Service Coverage Ratio and the Days’ Cash on Hand Requirement, all as set forth in the Master Indenture, the Master Trustee will disburse all remaining monies in the Working Capital Fund that are not in the Developer Fee Account to the Operating Reserve Fund in as much as necessary to meet the Operating Reserve Fund Requirement, with any surplus to be disbursed to the Revenue Fund.

**Repair and Replacement Fund.** In the Master Indenture, the Obligated Group has agreed that, commencing on the first Weekly Disbursement Date following the one year anniversary of the Completion Date of the Project and on the first day of each month thereafter, it will deliver to the Master Trustee for deposit in the Repair and Replacement Fund the amount necessary to accumulate, during the month during which the transfer is made, one-twelfth (1/12th) of the Repair and Replacement Fund Requirement, which is an amount equal to $300 per unit in the Project per year or such additional amount as shall be determined by the Needs Assessment Analysis required by the Master Indenture, that provides, commencing on the eighth year anniversary of the date of the Series 2016 Bonds and every five years thereafter, the Obligated Group shall order or cause to be conducted and delivered a Needs Assessment Analysis from a consulting engineer that, in the objective and reasonable opinion of the Obligated Group Agent, is experienced in conducting needs assessment analyses for assisted living facilities or other similar housing and healthcare facilities specifically designed for the aged. The Needs Assessment Analysis shall include recommendations for (i) the monthly amount to be deposited to the Repair and Replacement Fund, and (ii) a statement as to the amount of the Repair and Replacement Fund Requirement. The Obligated Group may use the moneys in the Repair and Replacement Fund to pay (a) the maintenance and repair costs and capital expenditures related to the Project, (b) the principal of, premium, if any, and interest on any Obligations (not including the Subordinate Obligations and Contract Obligations), or (c) to pay Total Cash Operating Expenses.

**Surplus Fund.** The Master Indenture will establish a Surplus Fund which will be used on the Weekly Disbursement Date to make the following payments in the following order of priority:

(a) to pay any of the Total Cash Operating Expenses if there are insufficient amounts held in the Operating Account to fully fund such payments on such date; then

(b) to pay, equally and ratably, interest on the Obligations (other than Subordinate Obligations and Contract Obligations) on any interest payment date or principal of the Obligations (other than Subordinate Obligations and Contract Obligations) at any maturity or mandatory redemption date if there are insufficient moneys otherwise available to pay such amounts; then

(c) to deposit into each other fund or account under the Master Indenture an amount necessary to bring such account to the balance required to be maintained therein and to deposit into the debt service reserve fund for each series of Related Bonds an amount necessary to bring such fund to the balance required to be maintained therein; then
(d) to pay Total Cash Operating Expenses of the Obligated Group that will be due in the month the payment is made, whether or not included in the Annual Budget; then

(e) to pay the interest then due on Obligation No. 3; then

(f) to pay the principal then due on Obligation No. 3; then

(g) to the interest due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in the Master Indenture; then

(h) to pay principal due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in the Master Indenture; then

(i) to the payments on Contract Obligations (except Obligation No. 4) due and payable.

To the extent that the moneys are available to make a partial payment of any of the items listed above, the Master Trustee will make such partial payment to the extent moneys are available. The Master Trustee may, without the consent of the Obligated Group, disburse funds from the Surplus Fund to pay principal, premium, if any, and interest on any Obligations then due on any interest payment date or principal of any Obligations at any maturity or mandatory redemption date if there are insufficient moneys otherwise available to pay such amounts.

When the Obligated Group has presented a written certificate to the Project Monitor and the Master Trustee that all payments required to be made into the funds and accounts held under the Master Indenture as of the applicable Member Distribution Date (as defined below) have been made and the items listed above which are due and payable as of the applicable Member Distribution Date have been paid, and provided no Event of Default has then occurred and is then continuing and provided further after taking into account such distribution the Obligated Group is in compliance with the provisions of the Master Indenture relating to the Long-Term Debt Service Coverage Ratio covenant and the Days’ Cash on Hand Requirement, moneys on deposit in the Surplus Fund will then be distributed to the Obligated Group on January 1, April 1, July 1, and October 1 of each year (each, a “Member Distribution Date”). Moneys will not be distributed to the Obligated Group and will be retained in the Surplus Fund and used for the purposes described above in the event that any items listed above, which are due and payable as of the applicable Member Distribution Date, have not been paid.

**Allocation Fund.** Upon the issuance of the Series 2016 Bonds, the Obligated Group will deposit monies into the Allocation Fund which will be part of the Trust Estate. Monies in the Allocation Fund will be available for costs relating to the construction of the Project and the payment of Total Cash Operating Expenses. Monies in the Allocation Fund are included in the definition of Available Reserves.

The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions and other lawful purposes unless the Obligated Group is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Days’ Cash on Hand Requirement covenant; the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information described in this Official Statement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture” herein.

No distributions from the Allocation Fund shall be made more often than once every ninety (90) days and there shall not be an Event of Default resulting from the making of such distributions. The Obligated Group may not withdraw, per annum, more than 8.00% of the aggregate amount of cash equity contributed or on behalf of the Obligated Group.

The Obligated Group has no obligation to replenish the Allocation Fund. All future equity distributions made by the Obligated Group after the Allocation Fund is exhausted will be made in accordance with the covenant regarding distributions as described in the Official Statement.

**Insurance and Tax Escrow Fund.** The Master Indenture will establish an Insurance and Tax Escrow Fund. Moneys on deposit in the Insurance and Tax Escrow Fund will be disbursed by the Master Trustee to the Obligated
Group Agent to pay, or as reimbursement for the payment of taxes, assessments and insurance premiums with respect to the Project.

**Funds Held under the Bond Indenture**

*Project Fund.* Proceeds of the Series 2016 Bonds and equity contributions will be deposited into the Project Fund. Before any payment shall be made from the Project Fund for Qualified Costs of the Project, there shall be filed with the Bond Trustee a Disbursement Request, as defined in and attached to the Disbursement Agreement.

*Project Fund - Capitalized Interest Accounts.* Proceeds of the Senior Bonds, proceeds of the Subordinate Series 2016C Bonds and equity contributions will fund capitalized interest on the Series 2016 Bonds and any Annual Issuer’s Fee when payable. Prior to each Interest Payment Date, the Bond Trustee is to transfer funds first from the respective Capitalized Interest Accounts of the Project Fund to the Bond Fund to pay interest on the Series 2016 Bonds due on such Interest Payment Date without submission of any requisition, until the Capitalized Interest Accounts are depleted.

*Debt Service Reserve Fund for the Senior Bonds.* The Debt Service Reserve Fund for the Senior Bonds is created pursuant to the Bond Indenture and includes two accounts: (i) the Series 2016A Debt Service Reserve Account and (ii) the Series 2016B Debt Service Reserve Account. The Series 2016A Debt Service Reserve Account will be funded in the amount of $2,650,663 and the Series 2016B Debt Service Reserve Account will be funded in the amount of $305,588.

The amounts on deposit in the Debt Service Reserve Fund are to be funded at the Required Debt Service Reserve. “Required Debt Service Reserve” means, with respect to the Series 2016A Bonds, an amount equal to the Maximum Annual Debt Service (but not including amounts related to Indebtedness evidenced by Obligation No. 3), less the amount on reserve with respect to the Taxable Series 2016B Bonds; and with respect to the Taxable Series 2016B Bonds, an amount equal to the maximum annual interest payment on the Taxable Series 2016B Bonds; provided, however, that the amount of principal due in any Bond Year shall be determined, in the case of Series 2016 Bonds subject to mandatory redemption pursuant to Section 303 of the Bond Indenture, by the principal amount of Series 2016 Bonds to be redeemed by mandatory redemption in such Bond Year. For purposes of the foregoing calculation, the final maturity amount shall be reduced by the amount in the Debt Service Reserve Fund at the time of such calculation is made.

The accounts of the Debt Service Reserve Fund are available to pay the principal of and interest on the applicable series of the Series 2016 Bonds, if payments by the Borrower are insufficient therefor. The Subordinate Series 2016C Bonds are not secured by the Debt Service Reserve Fund for the Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Bond Indenture - Debt Service Reserve Fund” and “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Bond Indenture” in APPENDIX C hereto.

**Joint and Several Obligations of the Members of the Obligated Group**

Each Obligation issued by the Members of the Obligated Group will be a joint and several general obligation of each Member of the Obligated Group obligating all Members to make payments sufficient to pay all Obligations when due. All Obligations, including the Series 2016 Obligations, but other than the Subordinate Obligations, will rank on a parity basis with each other and will be equally and ratably secured by the Master Indenture.

Each Member will jointly and severally covenant to pay or cause to be paid the principal of, premium, if any and interest on all Obligations issued under the Master Indenture and to perform any and all other covenants, agreements and obligations under the Master Indenture, subject to the right of such Member to withdraw from the Obligated Group under certain circumstances. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto. The enforceability of the Obligations of Members of the Obligated Group may be limited in certain circumstances. See “CERTAIN BONDHOLDERS’ RISKS – Bankruptcy – Limitation on Enforceability of Remedies.”

* Preliminary, subject to change
Disbursement Agreement

The Obligated Group Agent has entered into a Construction Disbursement and Monitoring Agreement on or about the date of issuance of the Series 2016 Bonds (the “Disbursement Agreement”) among the Obligated Group Agent, HJS Advisors, Inc. (the “Project Monitor”) and Appono Consulting, LLC (the “Construction Consultant”). Pursuant to the Disbursement Agreement, the Construction Consultant is responsible for monitoring the construction of the Project on behalf of the holders of the Series 2016 Bonds and the Bond Trustee. See “TUSCAN GARDENS OF PALM COAST – The Project – The Disbursement Agreement” in APPENDIX A hereto.

Assignment of Contract Documents

The Obligated Group Agent has also executed the Assignment of Contract Documents (the “Assignment of Contract Documents”) for the benefit of the Master Trustee, as secured party. Under the Assignment of Contract Documents, the Obligated Group has collaterally assigned to the Master Trustee its rights under the contracts, including the Design Build Agreement, the Disbursement Agreement, the Development Agreement, the Management Agreement, the Project Management Agreement and the Project Monitor Agreement, relating to the Project. Each of the other parties to such agreements have consented to the assignment and agreed that upon an Event of Default under the Master Indenture, such agreements may be enforced by the Master Trustee.

Additional Indebtedness

Except for the Series 2016 Obligations and the obligations under the Related Loan Documents applicable to the Series 2016 Obligations, the Obligated Group shall incur any Indebtedness only if, after giving effect to all other Indebtedness incurred by the Obligated Group and then Outstanding, such Additional Indebtedness can be incurred pursuant to at least one of subsections (a) through (g), inclusive, as set forth below. Each Member covenants and agrees that it will not incur any Additional Indebtedness without the written consent of the Obligated Group Agent, as evidenced by an Officer’s Certificate or a copy of the resolution of the Obligated Group Agent to be delivered to the Master Trustee and the written consent of the Holders of Obligation No. 3 prior to the incurrence of such Additional Indebtedness. If any Additional Indebtedness is so incurred to finance or refinance the acquisition of Property that is not Mortgaged Property and such additional Indebtedness is to be evidenced by an Obligation, such Property must be subjected to a first mortgage Lien under the Mortgage pursuant to the Master Indenture.

(a) Long-Term Indebtedness may be incurred if prior to the incurrence thereof, there exists no Event of Default and one of the following conditions is met:

(i)  **Historical Pro Forma Test.** There is delivered to the Master Trustee an Officer’s Certificate certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness to be incurred as if it had been incurred at the beginning of such period, for the most recent Fiscal Year preceding the date of delivery of the Officer’s Certificate for which Financial Statements are available is not less than 1.30:1 and the Obligated Group is in compliance with the Days’ Cash on Hand Requirement and the Occupancy Requirement; or

(ii) **Historical Test and Forecast.** In lieu of the requirements of paragraph (i) above, there is delivered to the Master Trustee:

(A) an Officer’s Certificate certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term Indebtedness then proposed to be incurred, for the most recent rolling Fiscal Year preceding the date of delivery of the Officer’s Certificate, for which Financial Statements are available is not less than 1.20:1, and

(B) a report of a Consultant stating that the forecasted Long-Term Debt Service Coverage Ratio (taking the proposed Long-Term Indebtedness into account) is expected not to be less than 1.30:1 for (1) in the case of Long-Term Indebtedness to finance capital improvements, the Fiscal Year immediately succeeding the year in which such capital improvements are expected to be placed in operation or (2) in the case of Long-Term Indebtedness not financing capital improvements, the Fiscal Year immediately succeeding the year in which the Long-Term Indebtedness is incurred; or
(iii) **Pro Forma Test.** In lieu of the requirements of paragraphs (i) and (ii) above, a written report of a Consultant (prepared in accordance with industry standards) to the effect that the estimated Long-Term Debt Service Coverage Ratio of the Obligated Group will be not less than 1.35:1 for the first full Fiscal Year following the later of (1) the estimated completion of the development, marketing, acquisition, construction, renovation or replacement of facilities being paid for with the proceeds of such additional Long-Term Indebtedness, or (2) the first full Fiscal Year following the attainment of Stable Occupancy in the case of construction, renovation or replacement of senior living facilities being financed with the proceeds of such additional Long-Term Indebtedness, provided that the attainment of Stable Occupancy is projected to occur no later than during the third (3rd) full Fiscal Year following the facilities being placed in service, or (3) following the incurrence of Long-Term Indebtedness for other purposes; provided that such report shall include forecast balance sheets, statements of revenues and expenses and statements of changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group’s proposed and existing Facilities and the debt service on the Obligated Group’s other existing Indebtedness during such Fiscal Year.

(iv) Notwithstanding the foregoing, Long-Term Indebtedness may be incurred if prior to the incurrence thereof Majority of the Holders approve such Long-Term Indebtedness.

In addition to satisfying one of the conditions set forth in (i) through (iii) above, if Long-Term Indebtedness is incurred for the purpose of completing the construction or equipping of facilities for which Long-Term Indebtedness has theretofore been incurred, the Obligated Group shall first provide the Master Trustee prior to the incurrence thereof a written statement of the architect for such facility setting forth the architect’s estimate of the cost of completing the facility and the date on which the facility will be completed and an Officer’s Certificate stating that the proceeds of such additional Long-Term Indebtedness, together with any other moneys available for such purpose, will be sufficient to cover the cost of completing the facility.

(b) Long-Term Indebtedness may be incurred to refund, refinance or replace any Outstanding Long-Term Indebtedness if prior to the incurrence thereof: (i) either (A) the Master Trustee receives an Officer’s Certificate stating that, taking into account the Long-Term Indebtedness proposed to be incurred, and the existing Long-Term Indebtedness to remain Outstanding after the refunding of the Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than ten percent (10%) or (B) the conditions described in subsection (a)(i) or (ii) above are met with respect to such proposed Long-Term Indebtedness, (ii) the Long-Term Debt Service Coverage Ratio after refunding any Outstanding Long-Term Indebtedness will not be lower than it would be assuming no refunding of such Outstanding Long-Term Indebtedness and (iii) the Master Trustee receives an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded will no longer be Outstanding.

(c) Subordinate Indebtedness may be incurred without limit, so long as all Subordinate Indebtedness complies with the provisions contained in EXHIBIT D to the Master Indenture as evidenced by an Officer’s Certificate upon which the Master Trustee may conclusively rely.

(d) Short-Term Indebtedness may be incurred without limit if immediately after the incurrence of such Indebtedness the Obligated Group shall have delivered to the Master Trustee an Officer’s Certificate that the aggregate Outstanding principal amount of Short-Term Indebtedness of the Obligated Group does not exceed ten percent (10%) of the Total Operating Revenues for the twelve (12)-month period or Fiscal Year immediately preceding the date of calculation at the option of the Obligated Group Agent; provided, however, that for a period of at least thirty (30) consecutive calendar days in each twelve (12)-month period or Fiscal Year, Short-Term Indebtedness of the Obligated Group shall be reduced to or below, or shall otherwise be not more than, three percent (3%) of the Total Operating Revenues for the twelve (12)-month period or Fiscal Year immediately preceding the date of calculation. For the purposes of this subsection, Short-Term Indebtedness shall not include overdrafts to banks to the extent there are immediately available funds of the Obligated Group sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business.

(e) Indebtedness may be incurred without limitation by the Members of the Obligated Group under a line of credit, letter of credit, standby bond purchase agreement or credit enhancement or similar facility (and any
reimbursement agreement relating thereto) established in connection with the incurrence of any Indebtedness; provided, however, that any liabilities resulting from the use of or drawing under such credit enhancement or similar facility shall be included in Indebtedness for all other purposes of the Master Indenture. If a facility is used or drawn upon to purchase, but not retire, Indebtedness, then an amount equal to the outstanding principal balance owed under such facility shall be excluded from Indebtedness.

(f) In the case of Completion Indebtedness, in lieu of meeting the requirements set forth above, the Obligated Group may incur Long-Term Indebtedness upon the presentation to the Master Trustee of (1) either (a) an Officer’s Certificate showing the principal amount of the proposed Long-Term Indebtedness does not exceed ten percent (10%) of the principal amount of the Long-Term Indebtedness originally incurred to finance the Project or (b) a report of a Consultant stating that the forecasted Long-Term Debt Service Coverage Ratio for each of the two (2) Fiscal Years immediately following the completion of a Project will not be less than what such Long-Term Debt Service Coverage Ratio would have been without the incurrence of such Indebtedness and (2) a certificate of the Architect or the Construction Consultant to the effect that the amount of the Completion Indebtedness is sufficient to complete the Project.

(g) Notwithstanding the foregoing, the Obligated Group may incur Indebtedness, prior to Stable Occupancy for a Project, in an amount of not to exceed $150,000 per twelve (12)-month period and not to exceed an aggregate of $250,000 of Long-Term Indebtedness for the purpose of financing the costs of equipment, vehicles, and other tangible personal property necessary for the operation of the Project.

Long-Term Debt Service Coverage Ratio Covenant

Under the Master Indenture, each Member agrees to set rates and collect charges for its facilities, services and products, without considering any forecasted capital gains or losses, and exercise such skill and diligence in the operation of the Facilities, such that the Long-Term Debt Service Coverage Ratio on each Ratio Evaluation Date, which is March 31, June 30, September 30 and December 31 of each year (a “Quarterly Evaluation Date”) based on unaudited financial statements for the four preceding quarters, will not be less than 1.10 for each Ratio Period commencing June 30, 2020, and will not be less than 1.20 for each Ratio Period commencing June 30, 2021 (the “Long-Term Debt Service Coverage Covenant”). The first three quarters that a Long-Term Debt Service Coverage Ratio of 1.10:1 is required, the Long-Term Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group, on an annualized basis based for the quarter ending March 31, the two quarters ending June 30 and the three quarters ending September 30 and thereafter based on the four preceding quarters. The first three quarters that a Long-Term Debt Service Coverage Ratio of 1.20:1 is required, the Long-Term Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group, on an annualized basis based on the quarter ending March 31, the two quarters ending June 30, and the three quarters ending September 30 and thereafter on the four preceding quarters. The Long-Term Debt Service Coverage Ratio shall also be calculated for the twelve months ending on each Annual Evaluation Date, based on audited financial statements.

“Long-Term Debt Service Coverage Ratio” means, for any period of determination, the ratio determined by dividing the Cash Available for Debt Service by the Maximum Annual Debt Service for Indebtedness, but excluding Subordinate Indebtedness, other than Obligation No. 3.

“Cash Available for Debt Service” means, with respect to the Obligated Group for any date of determination, the difference of Total Operating Revenues less Total Cash Operating Expenses to which shall be added interest expense on Indebtedness and from which shall be excluded (a) any extraordinary items, (b) any gain or loss resulting from the extinguishment of Indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business, and (c) unrealized gains or losses on securities.

“Maximum Annual Debt Service” means, at the time of calculation, the largest Long-Term Debt Service Requirement for the current or any future Fiscal Year, which calculation shall not include (i) Subordinate Indebtedness (except of Indebtedness evidenced by Obligation No.3, and which is included in the calculation), (ii) Contract Obligations and (iii) the final payment on the Related Bonds relating to Obligation No. 1.

The Obligated Group shall submit to the Master Trustee a report evidencing its compliance or noncompliance with the Long-Term Debt Service Coverage Ratio covenant set forth in Section 3.8(a) of the Master Indenture within forty-five (45) days of the Ratio Evaluation Date for the Ratio Period in question based on the unaudited financial statements of the Obligated Group. In addition, the Accountant preparing the annual audited
financial report of the Obligated Group is required to calculate the historical Debt Service Coverage Ratio of the Obligated Group as of the Annual Evaluation Date based on audited financial statements.

If the Obligated Group fails to meet the Long-Term Debt Service Ratio covenant set forth in Section 3.8(a) of the Master Indenture on any Ratio Evaluation Date, the Obligated Group shall, within ten (10) Business Days of submitting the report required by Section 3.8(a) of the Master Indenture, immediately retain a consultant approved by the Project Monitor (the “Consultant”) to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Facilities and with respect to improvements or changes in the operations and scope of the services delivered by the Obligated Group so as to permit the Obligated Group to comply with the Long-Term Debt Service Coverage Ratio, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Obligated Group. A copy of such report shall be sent by the Obligated Group to the Master Trustee and the Project Monitor as soon as practicable but in no event later than 30 days following the retention of the Consultant. The Obligated Group 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 permitted by law and other Legal Requirements, including, without limitation, the Land Use Restriction Agreement and 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 Master Trustee and the Project Monitor progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Obligated Group continuously complies with the recommendations of the Consultant, failure to comply with the Long-Term Debt Service Coverage Ratio for any Ratio Period will not constitute an Event of Default thereunder. However, should the Long-Term Debt Service Coverage Ratio (i) on any Annual Evaluation Date; or (ii) for four consecutive Ratio Evaluation Dates, be below 1.00:1, shall such constitute an Event of Default under the Master Indenture. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Days’ Cash on Hand Requirement

Under the Master Indenture, each Member of the Obligated Group covenants to conduct its business so that the Obligated Group will have 30 Days’ Cash on Hand as of June 30, 2018, December 31, 2018, June 30, 2019, and December 31, 2019, 45 Days’ Cash on Hand as of June 30, 2020, December 31, 2020, June 30, 2021, and December 31, 2021, and 60 Days’ Cash on Hand as of June 30, 2022, and on each Liquidity Testing Date thereafter (the “Days’ Cash on Hand Requirement”). Each June 30 and December 31 is a “Liquidity Testing Date,” commencing June 30, 2018.

“Days’ Cash on Hand” means, as of any date of determination, as derived from the quarterly financial statements for the immediately preceding quarter delivered pursuant to the Master Indenture, (a) the product of (i) three hundred sixty-five (365) and (ii) the Available Reserves, divided by Total Cash Operating Expenses of the Obligated Group, including interest expense, but excluding any interest funded from the proceeds of an Obligation or Related Bonds.

“Available Reserves” means the fair market value of all unrestricted and liquid cash and investments of the Obligated Group determined as set forth in an Officer’s Certificate, plus the amounts on deposit in the Insurance and Tax Escrow Fund, the Operating Reserve Fund, the Repair and Replacement Fund, the Working Capital Fund, the Developer Fee Account of the Working Capital Fund, the Surplus Fund, the Allocation Fund and any special trust fund with respect to insurance or condemnation proceeds established pursuant to Section 3.5 of the Master Indenture, 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 the Obligations or Related Bonds, but in any event excluding amounts in a debt service reserve fund.

“Total Cash Operating Expenses” means, with respect to the Obligated Group, as of any date of determination, total cash operating expenses for such period, as determined in accordance with GAAP consistently applied, including without limitation legal and accounting fees and expenses and the reasonable fees and expenses of the Master Trustee, the Related Bond Trustee and the Series 2016C Bondholder Representative, the Project Monitor Fees, the Management Fees, and on a parity with the Project Monitor Fees and Management Fees, the fees, expenses and indemnity payment owing to the Related Bond Issuer pursuant to any Related Loan Document, but excluding (i) non-cash expenses such as depreciation, amortization and other non-cash operating expenses, (ii) the Subordinate Management Fee, (iii) amounts owed or paid between Members and (iv) the Annual Issuer’s Fee.
If the Obligated Group has not met the Days’ Cash on Hand Requirement on a Liquidity Testing Date, the Obligated Group shall, within ten (10) Business Days of delivery of the Officer’s Certificate required by Section 3.14(a) of the Master Indenture, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group, and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to meet 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 Obligated Group with the Master Trustee and the Project Monitor within sixty (60) days after the date such Consultant is retained. The Obligated Group 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 Obligated Group Agent) and permitted by applicable Legal Requirements, including, without limitation, the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

Failure of the Obligated Group to achieve 30 Days’ Cash on Hand Requirement for any two consecutive Liquidity Testing Dates shall constitute an Event of Default under the Master Indenture; otherwise, failure of the Obligated Group to achieve the Days’ Cash on Hand Requirement for any Liquidity Testing Date shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for adopting a plan and follows each recommendation contained in such plan or Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements, including, without limitation, the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Rating Solicitation Covenant

The Obligated Group Agent agrees that it will, not later than 120 days after each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, retain a Consultant, which may be HJS, that has expertise in the assisted living industry to assess the likelihood of whether the Obligated Group could obtain from S&P, Moody’s or Fitch a rating not less than the lowest investment grade rating of such rating agency. Such assessment is to be delivered to the Master Trustee. The Obligated Group agrees to provide to such Consultant such information as it may reasonably request in order to assist it in making such assessment. If such Consultant determines that such rating is obtainable, the Obligated Group agrees that it will, at the Obligated Group’s sole expense, solicit and make a good faith effort to obtain such rating, and the Obligated Group Agent is to notify the Master Trustee if a rating has been obtained or not.

Occupancy Requirement

Under the Master Indenture, the Obligated Group covenants that for each fiscal quarter starting with the fiscal quarter which ends not less than sixty (60) days following the issuance of a Completion Certificate, and ending (the “Ending Quarter”) with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use commercially reasonable efforts to have occupied during the relevant Occupancy Quarter the percentage of the total number and percentage of the number of units included within the Available Units at or above the applicable occupancy requirements set forth below, which levels shall be measured within five Business Days after the last day of the applicable Occupancy Quarter for the relevant Occupancy Quarter (the “Occupancy Requirement”):
## Occupancy Requirement

<table>
<thead>
<tr>
<th>Occupancy Quarter</th>
<th>Percentage</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>19%</td>
<td>30</td>
</tr>
<tr>
<td>Second</td>
<td>32%</td>
<td>50</td>
</tr>
<tr>
<td>Third</td>
<td>46%</td>
<td>73</td>
</tr>
<tr>
<td>Fourth</td>
<td>56%</td>
<td>88</td>
</tr>
<tr>
<td>Fifth</td>
<td>66%</td>
<td>105</td>
</tr>
<tr>
<td>Sixth</td>
<td>75%</td>
<td>118</td>
</tr>
<tr>
<td>Seventh</td>
<td>82%</td>
<td>129</td>
</tr>
<tr>
<td>Eighth</td>
<td>85%</td>
<td>134</td>
</tr>
<tr>
<td>Ninth and thereafter</td>
<td>87%</td>
<td>137</td>
</tr>
</tbody>
</table>

Notwithstanding the foregoing, beginning with the second Occupancy Quarter, the Obligated Group shall be deemed to be in compliance with the Occupancy Requirement if, during the relevant Occupancy Quarter, the percentage of the total number of Available Units occupied at the end of such Occupancy Quarter is at or above the applicable overall occupancy requirement set forth above.

Within five (5) Business Days following the end of each Occupancy Quarter through the Ending Quarter, the Obligated Group is required to provide the Master Trustee with (i) the percentage of the total number of assisted living units included within the Available Units occupied at the end of such Occupancy Quarter, and (ii) the percentage of the total number of Available Units occupied at the end of such Occupancy Quarter.

If the Occupancy Requirement set forth above for that Occupancy Quarter is not met, the Manager shall within ten (10) Business Days provide recommendations to the Obligated Group regarding the actions to be taken to increase the percentage of Available Units occupied to at least the Occupancy Requirement within thirty (30) days thereafter. If the Occupancy Requirement is not met for the next successive Occupancy Quarter, the Obligated Group shall within ten (10) Business Days retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the percentage of Available Units occupied to at least the Occupancy Requirement set forth above for future periods. Within sixty (60) days of retaining any such Consultant, the Obligated Group shall cause a copy of the Consultant’s report and recommendations, if any, to be filed with the Master Trustee and the Project Monitor. The Obligated Group will follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements including, without limitation, the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid. The Obligated Group will not be required to obtain a Consultant’s report in any two consecutive Occupancy Quarters.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for obtaining a Consultant’s report and adopting a plan and follows each recommendation contained in such Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements, including, without limitation, the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

The Occupancy Requirement does not apply after the Project has achieved four consecutive quarters in which the average occupancy of units in the Project is equal to or greater than eighty-seven percent (87%) and evidence that the Obligated Group is in compliance with the Days’ Cash on Hand covenant and the Long-Term Debt Service Coverage Ratio covenant, as evidenced by a certificate executed by the Obligated Group Agent and delivered to the Master Trustee.

### Management

The Obligated Group is required to engage a Manager or Marketing Consultant for operation of the Facilities at all times so long as the Series 2016 Obligations remain outstanding. Life Care Services, LLC is serving as the Manager. See “TUSCAN GARDENS OF PALM COAST – The Project – The Manager” in APPENDIX A hereto for more information about the Manager.
Except as provided below, the Obligated Group shall be required to retain a new Manager for operation of

the Facilities if:

(1) the Obligated Group fails to make any payment required pursuant to the Series 2016 Obligations (excluding the Subordinate Obligations other than Obligation No. 3);

(2) the Obligated Group fails to maintain a Long-Term Debt Service Coverage Ratio of at least 1.00 as shown on any Annual Evaluation Date;

(3) the Obligated Group fails to meet the required Occupancy Requirement by the end of the second Occupancy Quarter following the date a report and plan are required as described under “Occupancy Requirement” above; or

(4) the Obligated Group fails to meet or maintain the Days’ Cash on Hand Requirement for any two successive Liquidity Testing Dates.

Whenever the Obligated Group is required to retain a new Manager and/or Marketing Consultant, as described above, the Obligated Group shall, within ten (10) Business Days, retain a Consultant, who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Obligated Group Agent, with a copy to the Master Trustee, a list of two or more Persons experienced in the management, or marketing, as the case may be, of assisted living facilities of a type and size similar to the Facilities. If the Obligated Group is required to retain a new Manager and/or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and approved by the Project Monitor. In the event that a new Manager and/or Marketing Consultant is appointed by the Obligated Group at any time when the Long-Term Debt Service Coverage Ratio or the Occupancy Requirement is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Manager and/or Marketing Consultant until the new Manager and/or Marketing Consultant has been employed for at least 12 months.

In lieu of meeting the requirements of the previous paragraph, the Obligated Group may engage a replacement Manager and/or Marketing Consultant upon the written approval of the Project Monitor.

Notwithstanding the foregoing, the Obligated Group will not be required to retain a new Manager and/or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager (i) a written report (prepared by a Consultant, but not by the Manager and/or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Long-Term Debt Service Coverage Ratio and/or the Occupancy Requirement is primarily due to factors outside the control of the present Manager and/or Marketing Consultant, or (b) that retaining a new Manager and/or Marketing Consultant is not likely to materially improve the Obligated Group’s ability to comply with such requirements; and (ii) a certificate signed by the Obligated Group Agent stating that the performance by the Manager and/or Marketing Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager and/or Marketing Consultant.

Effect of Noncompliance

Notwithstanding any other provision of the Master Indenture, the failure of the Obligated Group to comply with the Long-Term Debt Service Coverage Ratio, the Occupancy Requirement and/or the Days’ Cash on Hand Requirement will not be an Event of Default, so long as the Obligated Group materially complies with the written recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group); provided that if the Long-Term Debt Service Coverage Ratio is less than 1.00 for any Fiscal Year end, such Long-Term Debt Service Coverage Ratio will constitute an Event of Default with the giving of notice as provided in the Master Indenture. Failure of the Obligated Group to achieve 30 Days’ Cash on Hand Requirement for any two consecutive Liquidity Testing Dates shall constitute an Event of Default under the Master Indenture.
Filing of Annual Budget

Under the Master Indenture, the Obligated Group shall prepare or have prepared, at least thirty (30) days prior to the Completion Date and at least thirty (30) days prior to the first day of each Fiscal Year, the Annual Budget for the next succeeding Fiscal Year, which Annual Budget shall identify Total Cash Operating Expenses for such Fiscal Year on a monthly basis. The Annual Budget is to be subject to written approval of the Manager. If the Obligated Group fails to prepare or have prepared the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year is to continue in effect until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. Promptly following preparation by the Obligated Group and approval by the Manager, a copy of each Annual Budget or amendment thereto shall be furnished to the Master Trustee, the Related Bond Trustee and the holders of all other Obligations. The Annual Budget is to be accompanied by an Officer’s Certificate, indicating whether the Obligated Group expects to comply with the Day’s Cash on Hand Requirement summarized under the heading “Days’ Cash on Hand Requirement” above, the Long-Term Debt Service Coverage Ratio summarized under the heading “Long-Term Debt Service Coverage Ratio Covenant” above and the Occupancy Requirement summarized under the heading “Occupancy Requirement” above for the Fiscal Year to which such Annual Budget relates and any changes in the Repair and Replacement Fund Requirement.

The Annual Budget may be amended from time to time, by the Obligated Group, during the course of the Fiscal Year, and such amendments shall be certified and submitted in the same manner as the Annual Budget. Aggregate increases in a new or amended Annual Budget in the category of costs to be paid or reimbursed shall not exceed 10% of Total Cash Operating Expenses on an annual basis unless the Obligated Group Agent provides to the Master Trustee a statement of an Accountant or Consultant to the effect that the increase is reasonable under the circumstances and the such amendment does not appear to violate the Long-Term Debt Service Coverage Ratio, Occupancy Requirement and Days’ Cash on Hand Requirement.

If the Annual Budget for a particular Fiscal Year indicates that the Long-Term Debt Service Coverage Ratio, Occupancy Requirement or Days’ Cash on Hand Requirement will not be met, the Obligated Group shall employ a Consultant to review such Annual Budget and shall certify to the Master Trustee that the Annual Budget, revised to reflect such recommendations or variations as may be presented in writing by the Consultant, is reasonable, and that the Long-Term Debt Service Ratio, Occupancy Requirement and/or Days’ Cash on Hand Requirement for the Fiscal Year to which such revised Annual Budget relates will be met based on the rates, fees and charges recommended, and the Total Cash Operating Expenses projected by the Consultant or the Long-Term Debt Service Coverage Ratio cannot be met but a Long-Term Debt Service Coverage Ratio of at least 1.00:1 will be maintained.

The Obligated Group’s Covenant Regarding Distributions

The Obligated Group covenants not to distribute any cash to any Member or any Affiliate, except for fees payable to (i) the Developer pursuant to the Development Agreement (excluding any deferred Developer Fee payments that might otherwise be due), (ii) payments pursuant to the Allocation Agreement from the Allocation Fund, and (iii) the Project Manager pursuant to the Project Management Agreement, unless the Obligated Group has 60 Days’ Cash on Hand and is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information described below and there is not then existing an Event of Default or if the Obligated Group has not made a regularly scheduled interest on principal payments on Obligation No. 3, or if there is then outstanding any deferred or accrued interest payments outstanding and due on Obligation No. 3. No such distributions shall be made, including payments pursuant to the Development Agreement or Project Management Agreement, more often than once every ninety (90) days and there shall not be an Event of Default resulting from the making of such distributions and such distribution shall not result in the Obligated Group having less than 60 Days’ Cash on Hand as evidenced by a certificate of an Accountant.

Obligated Group’s Covenants Regarding Competition

The Obligated Group hereby agrees not to own and to not permit any Affiliates of the Obligated Group to own any new assisted living or memory care facility other than the Project and any expansion thereof within the primary market for the Project, as defined in the CliftonLarsonAllen LLP financial feasibility study prepared in regard to the Project. This covenant shall not apply if a Majority of the Holders consent to such ownership.
Engagement of Manager, Consultant, Architect and Design Builder

Whenever the Obligated Group is required to engage a Manager, Consultant, Architect or Design Builder pursuant to the Master Indenture, the selection of the Consultant must be approved by the Project Monitor. Pursuant to the Project Monitor Agreement, the Project Monitor is obligated to provide notice of the selection of the Manager, Consultant, Architect or Design Builder to the Master Trustee, the Related Bond Trustee, the Holders of the Obligations and the Holders of any Related Bonds. If the Master Trustee is the Related Bond Trustee, the Master Trustee should post, and if the Master Trustee is not the Related Bond Trustee, the Master Trustee shall require the Related Bond Trustee to post such information from the Project Monitor on the website maintained by the Municipal Securities Rulemaking Board. So long as any Related Bonds remain Outstanding, the Holders of the Obligations relating to Related Bonds and the Holders of such Related Bonds are deemed to approve the selection of the Manager, Consultant, Architect or Design Builder unless a Majority of Holders of Obligations object in writing as delivered to the Related Bond Trustee, the Master Trustee and the Project Monitor within 10 days of notice of the engagement of such Manager, Consultant, Architect or Design Builder. A notice of the delivery of Consultant reports delivered pursuant to the Master Indenture must be posted to EMMA as described in the Disclosure Dissemination Agent Agreement (as defined herein). The form of the Disclosure Dissemination Agent Agreement has been included as APPENDIX E hereto. See “DISCLOSURE DISSEMINATION AGENT AGREEMENT” herein.

Insurance

The Members of the Obligated Group will keep the Facilities or cause the same to be kept continuously insured against such risks as are customarily insured against with respect to facilities of like size and type, as recommended by the Insurance Consultant (as defined in the Master Indenture), paying as the same become due all premiums in respect thereto. In addition, the Obligated Group will cause the Design Builder to provide payment and performance bonds, builder’s risk and liability insurance. For more details of the insurance requirements of the Obligated Group, see “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Filing of Financial Information

The Obligated Group Agent will furnish or cause to be furnished to each Required Information Recipient (and the Master Trustee shall have no duty or obligation to review or examine the contents thereof), all of the following:

(a) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than forty-five (45) days after the completion of such month, including (i) prior to the issuance of a certificate of occupancy for the first building, (A) a summary statement as to the status of construction including the report of any Construction Consultant; (B) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis; and (C) statements of the balances for each fund and account required to be established under the Master Indenture or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Agent, and (ii) after the issuance of a certificate of occupancy for the first building, (A) occupancy levels of the Project as of the end of such month; (B) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (C) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (D) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month compared to the approved budget for that month and an unaudited balance sheet of the Obligated Group as of the end of such month; and (E) statements of the balances for each fund and account required to be established under the Master Indenture or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Agent.

(b) Commencing the first full quarter after issuance of the last certificate of occupancy and all required licenses, quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than forty-five (45) days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, and a calculation of Days’ Cash on Hand, of Long-Term Debt Service Coverage Ratio and of occupancy as set forth in
Section 3.16 of the Master Indenture, each for such fiscal quarter and all prepared in reasonable detail and certified by an officer of the Obligated Group Agent. Such financing statements and calculations will be accompanied by a comparison to the Annual Budget and management’s discussion and analysis of results for the applicable Fiscal Year.

(c) If the Long-Term Debt Service Coverage Ratio of the Obligated Group for the last two (2) consecutive Ratio Testing Dates is less than 1.10:1 or 1.20:1, as the case may be, and Days’ Cash on Hand Requirement for any Liquidity Testing Date, the Obligated Group will deliver the financial information and the calculations described in the above paragraph on a monthly basis within forty-five (45) days of the end of each month until either the Long-Term Debt Service Coverage Ratio of the Obligated Group is at least 1.10:1 or 1.20:1 as the case may be or Days’ Cash on Hand of the Obligated Group is at least equal to the applicable Days’ Cash on Hand Requirement.

(d) Prior to Stable Occupancy, the Obligated Group Agent shall organize and hold quarterly conference calls in the same manner as described in Section (h) below. The requirements of paragraph (a) will cease upon the achieving in which the average occupancy of the units in the Project for three consecutive months is equal to or greater than eighty-five percent (85%), as evidenced by a certificate executed by the Obligated Group Agent delivered to the Master Trustee.

(e) Within one hundred twenty (120) days of the end of each Fiscal Year, beginning the Fiscal Year ending December 31, 2018, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants preparing such report (or another firm of certified public accountants) containing calculations of the Obligated Group’s Long-Term Debt Service Coverage Ratio and Days’ Cash on Hand of the Obligated Group at the end of such Fiscal Year and a statement that such accountants have no knowledge of any default under the Master Indenture insofar as it relates to accounting matters or to the Obligated Group’s financial covenants, or if such accountants have obtained knowledge of any such default or defaults, they are required to disclose in such statement the default or defaults and the nature thereof.

(f) On or before the date of delivery of the financial reports referred to in paragraphs (b) and (c) above, an Officer’s Certificate of the Obligated Group Agent (i) stating that the Obligated Group is in compliance with all of the financial terms, provisions and conditions of the Master Indenture, and Related Loan Agreement, and any Related Bond Indenture or, if not, specifying all such financial defaults and the nature thereof, (ii) calculating and certifying the Long-Term Debt Service Coverage Ratio, Days’ Cash on Hand and occupancy level (as set forth in Section 3.16 of the Master Indenture) as of the end of such month, quarter or Fiscal Year, as appropriate, and (iii) attaching a summary of the Obligated Group’s annual operating and capital budget for the coming Fiscal Year, sources of revenue for such units, turnover statistics and any changes in services offered at the Obligated Group Facilities.

(g) On or before the date of delivery of the financial report referred to in paragraph (c) above, a management’s discussion and analysis of results for the applicable Fiscal Year.

(h) The Obligated Group Agent shall make available one or more representatives for a telephone conference call which shall occur: (i) in the event the Long-Term Debt Service Coverage Ratio covenant and Days’ Cash on Hand Requirement are met or in the event the Long-Term Debt Service Coverage Ratio covenant and Days’ Cash on Hand Requirement are not met, at least every other fiscal quarter; and (ii) in the event all Related Bonds maintain ratings in one of the three highest rating categories assigned by such Rating Agency, no conference call is required. The Obligated Group Representative shall post notice of such calls to EMMA at least two (2) weeks prior to the scheduled date of each call. The Master Trustee shall have no obligation to participate in any such conference calls.

(i) Such additional information as the Master Trustee, the Related Bond Trustee or the Project Monitor may reasonably request.
No Credit Enhancement

There is no credit enhancement facility securing the Issuer’s obligations under the Bond Indenture or the Series 2016 Bonds, nor is there any requirement that a credit enhancement facility for the Series 2016 Bonds ever be provided.

Defeasance

When the interest on, and the principal and redemption premium (as the case may be) of all Series 2016 Bonds have been paid, or there have been deposited with the Bond Trustee an amount of money or other qualifying obligations (“Defeasance Obligations,” as defined in the Master Indenture) the interest on and maturing principal of which, when due and payable, will provide sufficient amounts to pay the principal of, premium, if any, and interest due and to become due on the Series 2016 Bonds on or prior to the redemption date or maturity date thereof, and certain other fees and expenses relating to the Series 2016 Bonds, such Series 2016 Bonds are no longer to be secured by or entitled to the benefits of the Bond Indenture, except for payment from moneys or Defeasance Obligations and except that they may be transferred, exchanged, registered, discharged from registration or replaced and the Bond Trustee is to cancel the obligations of the Issuer to the Owners of the Series 2016 Bonds. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Bond Indenture” in APPENDIX C hereto.

Amendments to Covenants and Security Provisions

Subject to certain exceptions, the covenants and other security provisions of the Loan Agreement, Master Indenture and Series 2016 Obligations may be amended with the consent of a Majority of the Holders pursuant to the Master Indenture. Such amendments may alter or eliminate the covenants and security provisions described in this Official Statement.

See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture, - The Bond Indenture” in APPENDIX C hereto.

CERTAIN BONDHOLDERS’ RISKS

The purchase and ownership of the Series 2016 Bonds involves investment risks and considerations, and prospective purchasers of the Series 2016 Bonds should carefully consider all possible factors that may affect an investment in the Series 2016 Bonds. Legal counsel to the Obligated Group, the Issuer and HJS do not represent potential investors in the Series 2016 Bonds, and such investors must rely upon their own legal, tax and financial advisors when evaluating an investment in the Series 2016 Bonds.

AN INVESTMENT IN THE SERIES 2016 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK AND IS NOT APPROPRIATE FOR UNSOPHISTICATED INVESTORS. NO RATING OF THE SERIES 2016 BONDS HAS BEEN APPLIED FOR. PROSPECTIVE INVESTORS ARE ADVISED TO READ THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO. SPECIAL REFERENCE IS MADE TO “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS” FOR A DISCUSSION OF OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2016 BONDS.

General Risk Factors

Payment of the principal of and interest on the Series 2016 Bonds will depend on the ability of the Obligated Group to generate sufficient Gross Receipts to pay such debt service on the Series 2016 Bonds and any other indebtedness while paying Total Cash Operating Expenses in connection with the Project. The ability of the Obligated Group to construct and lease up and maintain occupancy of the Project sufficient to generate necessary Gross Receipts may be adversely affected by unforeseen events and conditions, lack of or changes in demand for the Project, competition, fluctuations in public confidence, both in the Project and in the services provided by the Project, and changes in government licensing procedures, regulation and competition. No representation or assurances can be made that the receipts derived from the operation of the Project, as presently estimated or otherwise, will be realized in amounts necessary to pay debt service on the Series 2016 Bonds as well as the Total Cash Operating Expenses of the Project.
The following are some of the factors that may affect the development, construction, operations and economic well-being of the Obligated Group and should be considered by prospective purchasers. The following discussion is not intended to be exhaustive, but includes certain significant factors that should be considered along with other factors set forth elsewhere in this Official Statement, including the appendices hereto. The order of inclusion of these risks and other investment considerations is not intended to be representative of the importance or probability of such risks or investment considerations. In order for prospective purchasers of the Series 2016 Bonds to identify risk factors and make an informed investment decision, prospective purchasers should be thoroughly familiar with this entire Official Statement and the appendices hereto so as to make a judgment as to whether the Series 2016 Bonds are an appropriate investment. Prospective investors should obtain such additional information as they deem advisable in connection with their evaluation of the suitability of the Series 2016 Bonds for investment.

**Limited Obligations**


**Limited Sources of Payment**

The Series 2016 Bonds are payable, principally, from the following sources: (1) loan payments received by the Bond Trustee pursuant to the Loan Agreement and the Series 2016 Obligations, (2) revenues received by a receiver from the operation of the Project upon the occurrence of an Event of Default under the Bond Indenture; and (3) proceeds realized from the foreclosure, sale or lease of the Project. Certain risks and other investment considerations related to each of these three sources of payment of debt service on the Series 2016 Bonds are described below:

1. **Loan payments received by the Bond Trustee from the Obligated Group pursuant to the terms of the Loan Agreement and the Obligated Group pursuant to the Series 2016 Obligations.** The Issuer has no obligation to pay the Series 2016 Bonds except from payments derived under the Loan Agreement and the Series 2016 Obligations. The Series 2016 Bonds are limited obligations of the Issuer and will never constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation and will never constitute or give rise to a pecuniary liability of the Issuer or the State or any political subdivision thereof or a charge against the general credit or taxing powers, if any, of any of them. The Issuer is not authorized to exercise its taxing power to pay the Series 2016 Bonds. The Series 2016 Bonds are secured solely by the Trust Estate granted by the Issuer to the Bond Trustee under the Bond Indenture (for a definition thereof, see “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Bond Indenture” in APPENDIX C hereto), payment of the Series 2016 Obligations by the Obligated Group, and the security for the Series 2016 Obligations. Under the Loan Agreement, the Obligated Group is required to make payments directly to the Bond Trustee, as assignee of the Issuer, in amounts sufficient to enable the Bond Trustee to pay debt service on the Series 2016 Bonds. Such payments will be derived solely from the operation of the Project by the Obligated Group and investment earnings. No assurance can be given that revenues will be realized by the Obligated Group in the amounts necessary to pay debt service on the Series 2016 Bonds.
Revenues received from operation of the facilities of the Obligated Group by a receiver upon a default under the Master Indenture or the Bond Indenture. Attempts to appoint a receiver to take charge of properties pledged to secure loans are frequently met with defensive measures such as the initiation of protracted litigation or the initiation of bankruptcy proceedings. Such defensive measures may prevent the appointment of a receiver or greatly increase the expense and time involved in achieving a sale or other realization of the Project should an Event of Default occur under the Bond Indenture.

Proceeds realized from the sale or lease of the facilities of the Obligated Group to a third party by the Bond Trustee or Master Trustee. Attempts to sell or foreclose on commercial property or otherwise realize upon security for obligations may be met with defensive measures such as protracted litigation or bankruptcy proceedings, and such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization of the Project should an Event of Default occur under the Bond Indenture. The Project is designed for use as a senior living community and licenses are required to operate the Project. As a result of the nature and special purpose of the Project, the Bond Trustee or the Master Trustee could experience difficulty in selling or leasing any of the Project upon an Event of Default under the Bond Indenture. In addition, the proceeds of any such sale may not be sufficient to pay the Owners of the Series 2016 Bonds.

The best prospects for uninterrupted payment of principal and interest on the Series 2016 Bonds in accordance with their terms is the source described in (1) above, which is wholly dependent upon the success of the Obligated Group in constructing the Project timely and within the budgeted cost and in operating the Project in a profitable manner. Even if the Project is operating profitably, other factors could affect the ability of the Obligated Group to make payments under the Loan Agreement and the Series 2016 Obligations.

Limited Assets of the Obligated Group

The Project is initially the only asset of the Obligated Group. The Obligated Group Members have been formed and established in connection with the Project described herein, and the only business of the Obligated Group will consist of owning the Project and overseeing the operation and management thereof. The Obligated Group currently has no other sources of funds should revenues from the operation of the Project become insufficient to cover the expenses relating to the Project, including the payment of principal of and interest on the Series 2016 Bonds when due. No representations or assurances can be made that revenues will be realized by the Obligated Group in amounts necessary to enable the Obligated Group to make payments pursuant to the Loan Agreement and the Series 2016 Obligations.

Appraisal

Appraisals are estimates of value and not an assurance of what any particular property would bring on sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the value described above under “APPRAISAL” herein represents a reliable estimate of what the Project would bring in liquidation following an Event of Default.

Financial Feasibility Study

The financial forecasts contained in the Financial Feasibility Study are based on certain information and assumptions provided by the Obligated Group and its agents, including the Manager. Any projection or forecast is subject to uncertainties, and inevitably some assumptions used to develop the Financial Feasibility Study and the financial forecasts will not be realized, and unanticipated events and circumstances may occur. Actual operating results may be affected by many uncontrollable factors, including but not limited to, changes in employee relations, increased taxes or governmental controls, changes in applicable governmental regulation, changes in demographic trends, changes in the expected primary market area, increased competition which may affect occupancy levels, changes in the retirement living and health care industries, changes in general economic conditions, changes in management and increased inflation, all of which could result in changes in, or failure to execute, the Obligated Group’s plans as reflected in the forecast and result in increased costs and/or lower than anticipated revenues. Therefore, there are likely to be differences between projected and actual results, and such differences may be material. In addition, the financial forecasts prepared by the Obligated Group and its agents cover a limited period, ending 2021, and consequently do not cover the entire period during which the Series 2016 Bonds will be outstanding. The Financial Feasibility Study should be read in its entirety for a description of and an
understanding of the forecasts, the primary market area and the underlying assumptions contained therein.
None of the Issuer, Bond Counsel, Underwriter (other than the assumed interest rates on the Series 2016 Bonds) or any other party other than the Obligated Group and the Manager, have participated in developing and formulating the assumptions and the disclosures contained in the Financial Feasibility Study. See “CAUTIONARY STATEMENTS REGARDING FORWARD LOOKING STATEMENTS.”

Construction Risks

Construction of the Project is subject to the usual risks associated with construction projects, including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Obligated Group or its contractors. Such events could result in delayed marketing, substantial completion, and/or occupancy of the Project and thus negatively impact the revenue flow therefrom. In addition, the substantial completion, marketing and occupancy of the Project may be delayed by reason of changes authorized by the Obligated Group, delays due to acts or neglect of the Obligated Group, or by independent contractors employed by the Obligated Group. Cost overruns could also result in the Obligated Group not having sufficient money to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay the Series 2016 Bonds.

The Obligated Group anticipates that the proceeds from the sale of the Series 2016 Bonds will be sufficient to complete the construction and equipping of the Project based upon the guaranteed maximum price obtained from the Design Builder and the construction guarantee provided by the Developer. Cost overruns for projects of this magnitude may occur due to change orders and other factors. The agreement with the Design Builder provides for liquidated damages in the amount of $7,600 per day if the Project is not completed by the date specified in the agreement as a result of the Design Builder’s failure to perform, subject to extension under conditions set forth in the Design Build Agreement. The Design Builder is required to furnish or cause to be furnished payment and performance bonds in the full amount of its Construction Contract for the Project. If the Obligated Group makes claims under the liquidated damages provisions of the Design Build Agreement or under the payment and performance bonds, there can be no assurance that such claims could be collected without litigation. Furthermore, there may be cost increases because of extraordinary events that may not give rise to claims for liquidated damages. See “TUSCAN GARDENS OF PALM COAST – The Project - The Design Builder” in APPENDIX A hereto.

Construction Draws

The ability of the Obligated Group to cause disbursements to be made from the Project Fund held under the Bond Indenture is subject to compliance by the Obligated Group with various requirements of the Disbursement Agreement by and among the Obligated Group, the Construction Consultant, and the Project Monitor. If the conditions to receipt of disbursements are not met, construction draws may be temporarily suspended. A temporary suspension of funding might cause delay in completion and related cost overruns. Proceeds remaining in the Project Fund together with other funds held under the Bond Indenture would not be sufficient to pay the principal of the Series 2016 Bonds upon acceleration.

Guaranty of Non-Recourse Carveouts Agreement

The Guarantors are executing and delivering the Guaranty Agreement in connection with the issuance of the Series 2016 Bonds for the benefit of the holders of the Series 2016 Bonds. The Guaranty Agreement is in effect only in certain limited circumstances. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Guaranty of Non-Recourse Carveouts Agreement” herein. No representation or warranty is made that the Guarantors will have sufficient funds to honor requests under the Guaranty Agreement in whole or in part on a timely basis or that the Guarantors will not contest any requests for funds under the Guaranty Agreement. In the event that the Guarantors do not honor requests made pursuant to the Guaranty Agreement, such event may have an adverse impact on the holders of the Series 2016 Bonds. As of the date of issuance of the Series 2016 Bonds, the Obligated Group and Guarantors have provided unaudited personal financial statements of Laurence J. “Larry” Pino, Charles C. “Buddy” Smith, Jr., and Sean D. Casterline (the “Guarantor Financial Statements”) to HJS. The Obligated Group and the Developer represents that they each have sufficient resources to honor any claims on the Guaranteed Obligations or pursuant to the Guaranty Agreement. The amount of the net worth of the Guarantor(s)
may not be sufficient to honor requests under the Guaranty Agreement and therefore holders of the Series 2016 Bonds should not rely on the Guarantor(s) to make payment of debt service on the Series 2016 Bonds.

Risk of Tender

The holder of any Subordinate Series 2016C Bonds may, at its option, tender in whole or in part any of its Subordinate Series 2016C Bonds for purchase by the Bond Trustee on behalf of the Obligated Group at a purchase price equal to the principal amount thereof plus accrued interest to the Tender Date (the “Purchase Price”) at any time on or after October 1, 2026.

Upon receipt by the Issuer and the Bond Trustee of a notice identifying the Subordinate Series 2016C Bonds to be tendered, such tendered Subordinate Series 2016C Bonds shall be subject to mandatory tender for purchase by the Bond Trustee on behalf of the Obligated Group at the Purchase Price on the Tender Date designated in such notice.

The Obligated Group may need to find alternative financing to pay the Purchase Price of any tendered Subordinate Series 2016C Bonds. No representation or warranty is made that the Obligated Group will have funds necessary to pay the Purchase Price of the tendered Subordinate Series 2016C Bonds. If the tendered Subordinate Series 2016C Bonds are not purchased by the Bond Trustee on the Tender Date, such failure to purchase the tendered Subordinate Series 2016C Bonds will constitute an Event of Default under the Bond Indenture.

Subordination of Subordinate Series 2016C Bonds

The security for and payment of the principal of, premium, if any, and interest on the Subordinate Series 2016C Bonds is subordinated to the security for and payment of the principal of, premium, if any, and interest on the Senior Bonds as well as to the payment of Total Cash Operating Expenses and deposits to various reserve funds. In addition, interest on the Subordinate Series 2016C Bonds is only payable from the Revenue Fund created under the Master Indenture. See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture – Revenue Fund.” See also “THE SERIES 2016 BONDS – Subordination of Subordinate Series 2016C Bonds” herein.

Principal on the Subordinate Series 2016C Bonds is only payable as described in the Surplus Fund created under the Master Indenture. For the list of all Master Indenture requirements for the payment of Subordinate Indebtedness, see Exhibit D to the Master Indenture in “FORMS OF PRINCIPAL FINANCING DOCUMENTS – Master Indenture” in APPENDIX C hereto. See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Funds Held under the Master Indenture – Surplus Fund.” The Subordinate Series 2016C Bonds are expected to be redeemed on the dates and in the following amounts as described in “ANNUAL DEBT SERVICE REQUIREMENTS” herein. A failure to make any principal payments on the Subordinate Series 2016C Bonds does not constitute an Event of Default on the Senior Bonds or an Event of Default under the Bond Indenture. However, in the event of a failure to make due and punctual payment of any interest on the Subordinate Series 2016C Bonds does constitute an Event of Default under the Bond Indenture.

Purchase Price of Subordinate Series 2016C Bonds

The registered owners of Subordinate Series 2016C Bonds have the option to tender their Subordinate Series 2016C Bonds to the Bond Trustee for purchase on each Reset Date as described above under “THE SERIES 2016 BONDS – Interest Rate Adjustment on the Subordinate Series 2016C Bonds,” “- Optional Tender of Subordinate Series 2016C Bonds,” and “-Purchase of Subordinate Series 2016C Bonds on Reset Date.” If any of the Subordinate Series 2016C Bonds tendered on any Optional Tender Date are not remarketed at par or the Obligated Group does not otherwise advance monies to pay the purchase price of the tendered Series 2016C Bonds, the Tender Agent may not have available funds with which to purchase Subordinate Series 2016C Bonds that have been tendered. In the event sufficient funds are not available, the registered owners of the tendered but unpurchased Subordinate Series 2016C Bonds will be required to retain their Subordinate Series 2016C Bonds at the new interest rate determined by the Remarketing Agent. However, failure to purchase Subordinate Series 2016C Bonds tendered for purchase on any Optional Tender Date will constitute an event of default with respect to the Subordinate Series 2016C Bonds under the Bond Indenture or the Loan Agreement. See “THE SERIES 2016 BONDS – Interest Rate Adjustment on the Subordinate Series 2016C Bonds,” “- Optional Tender of Subordinate Series 2016C Bonds,” and “-Purchase of Subordinate Series 2016C Bonds on Reset Date” herein.
The Reset Dates are selected by the Obligated Group and the Obligated Group is under no obligation to select a Reset Date. If the Obligated Group fails to specify the next succeeding Reset Period, such Reset Period shall be the same term as the preceding Reset Period, or until the maturity date of the Subordinate Series 2016C Bonds, whichever is shorter, which may result in a higher interest rate on the Subordinate Series 2016C Bonds.

In addition, there can be no assurance that any higher Reset Rate with respect to the Subordinate Series 2016C Bonds will not cause a material burden on the financial condition of the Obligated Group. The interest rates on the Subordinate Series 2016C Bonds may be materially higher than the interest rates projected in the Financial Feasibility Study.

State Regulation of Project; License Required to Operate Project

The Obligated Group is required to secure licenses from the Florida Agency for Health Care Administration ("AHCA") to operate the Project. Assisted living facilities in the State are licensed facilities which undertake through their ownership or management to provide, for a period exceeding 24 hours, housing, food service, and one or more personal services for one or more adults, not related to the owner or the administrator by blood or marriage. In addition, assisted living facilities may provide extended congregate care, limited nursing services or limited mental health services when specifically licensed to do so. Assisted living facilities are subject to various licensure requirements, including requirements regarding design of facilities, maintenance of facilities, preparation and annual updating of a comprehensive emergency maintenance plan, number and qualification of personnel, sanitary conditions and care and maintenance of patients.

The success of the Obligated Group and the Project will be dependent in a large part upon the timely and successful development of the Project in accordance with applicable standards imposed by AHCA so as to be able to obtain the appropriate permits and authority to open the Project as planned. Failure to successfully develop the Project and begin operations as planned will result in the failure of the Obligated Group’s plan of business and result in the loss of the investment. Although the Obligated Group believes that the Project will receive such approvals, there can be no assurance that such approvals will be obtained in a timely fashion or that changes in the Project, which may result in additional costs, will not be required.

The timeline to achieve licensure for assisted living may be longer than expected and negatively impact occupancy levels and revenues of the Obligated Group. Any delay in the licensing and full operation of the Project would result in losses in excess of those projected in the Financial Feasibility Study in APPENDIX B to this Official Statement. The Obligated Group will apply to AHCA for licenses to operate the Project and anticipates licensure shortly after completion of the Project.

AHCA may revoke or suspend a license for a number of reasons, including: (a) an intentional or negligent act seriously affecting a facility resident’s health, safety or welfare; (b) misappropriation or conversion of resident property; (c) a determination by AHCA that the project owner lacks the financial ability to provide continuing adequate care to residents; or (d) a licensee’s failure during re-licensure to meet minimum licensing standards or applicable rules. Furthermore, AHCA may seek an injunction in various circumstances, including to enforce applicable requirements against an assisted living community when a violation has not been corrected by the imposition of administrative fines or when the violation materially affects resident health, safety or welfare. See “TUSCAN GARDENS OF PALM COAST – The Project – Regulations, Permits and Licensure” in APPENDIX A hereto.

Other Regulation of the Health Care Industry

In addition to the licensure requirements for assisted living communities operating in the State as described under the heading “State Regulation of Project; License Required to Operate Project,” the Project and the Members of the Obligated Group may in the future become subject to regulation and certification by various additional federal, state and local government agencies. No assurance can be given as to the effect on future operations of the Project or the Members of the Obligated Group of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations or standards. Any such changes could negatively impact occupancy levels and revenues of the Obligated Group.
Failure to Achieve or Maintain Occupancy and Service Fee Collection

The economic feasibility of the Project and its ability to provide revenues to the Obligated Group sufficient to make payments on the Series 2016 Bonds depends on the Project, when completed, achieving the forecasted level of occupancy and continuing to be substantially occupied by residents who are financially capable of paying the full amount of the monthly service fees. For purposes of the pro-forma projections included herein, the Obligated Group has assumed a fill-up period of 22 months for assisted living and 25 months for memory care and a projected final occupancy rate for the Assisted Living Units and Memory Care Units to be approximately 93% and 93%, respectively, thereafter. The projected breakeven occupancy rate, at which a 1.00 Long-Term Debt Service Coverage Ratio is projected to be achieved, is expected to be approximately 82%. See “FINANCIAL FEASIBILITY STUDY” in APPENDIX B hereto. The Obligated Group and the Manager have not commenced any marketing efforts to date and have not secured any reservations for occupancy at the Project. Fill up and occupancy of the Project may be affected by competition from existing facilities or from competing facilities that may be constructed in the areas served by the Project, including new facilities which the Obligated Group, the Manager, the Design Builder, or its affiliates, may construct. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Obligated Group’s Covenants Regarding Competition.”

In addition, the Code and Treasury Regulations restrict the income of a portion of the residents of the assisted living portion of the Project, as is more fully described in APPENDIX A hereto. See “TUSCAN GARDENS OF PALM COAST – The Project – Income Limitations” in APPENDIX A.

Circumstances may occur, including but not limited to, insufficient demand for rental housing for the aged in the locations of the Project, decreases in the population or targeted demographic, deterioration of the Project, changes in the expected primary market area of the Project and construction of competing projects for senior citizens or other more attractive living accommodations, which could adversely affect the absorption and a sustained rate of occupancy. If the Project fails to achieve significant initial occupancy and thereafter maintain significant occupancy, there may be insufficient funds to pay debt service on the Series 2016 Bonds once the funds in the Capitalized Interest Account of the Project Fund available to pay debt service have been spent.

Regular increases in monthly service fees may be necessary to offset increasing operating costs due to inflation, state regulation or other factors. There can be no assurance that such increases can or will be made, that increases in expenses will not be greater than assumed, that residents will be able to pay such increased fees or that such increases will not adversely affect the occupancy rate of the Project. If the Obligated Group does not increase its monthly services fees to match increases in the Total Cash Operating Expenses of the Project, it would be difficult for the Project to meet its Total Cash Operating Expenses which could result in a curtailment of services and decrease the desirability of the Project to existing or prospective tenants.

The number of prospective residents who can afford to pay monthly service fees may be affected by general economic conditions in the area. In particular, a depressed housing market may prevent prospective residents from selling their homes and moving into the Project. See “Sale of Homes” below.

The projected monthly fees applicable to the Project are described under the Financial Feasibility Study attached as APPENDIX B hereto. The Obligated Group has represented that it has set such fees based on, among other things, anticipated revenue needs and analysis of the market areas. If actual operating experience is substantially different from the experience anticipated by the Obligated Group as of the date of this Official Statement, the revenues of the Obligated Group could be less than needed which could have a material adverse effect on the ability of the Obligated Group to pay debt service on the Series 2016 Bonds, the Series 2016 Obligations and all other Obligations.

Health Care Reform

Recently passed health care reform law at the federal level would impose certain expanded contracting requirements on long-term care facilities regarding coordination of care with hospitals and hospital systems. In addition, legislation is periodically introduced in Congress and in the State legislature that could result in limitations on revenues, reimbursements, or charges for health care facilities. At this time, no determination can be made as to whether such federal or state legislation will be enacted or, if enacted, its impact on the Project.
Reliance on the Manager and the Marketing Consultant

The Obligated Group has no experience marketing, and managing assisted living communities, such as the Project, and as a consequence, the successful licensing from AHCA, marketing, start up and on-going management of the Project will be dependent on the efforts of the Manager and the Marketing Consultant, respectively. The Obligated Group has retained the Manager to supervise the day-to-day marketing, operation and management of the Project and will be relying on the experience and expertise of the Manager to supervise such operation and management. The Borrower has retained the Marketing Consultant to provide senior housing strategic marketing and sales consultation services and will be relying on the experience and expertise of the Marketing Consultant to oversee the marketing of the Project.

If the Obligated Group were to terminate its relationship with the Manager an/d or Marketing Consultant, it would need to hire and train a successor management company and/or marketing company for the Project. No assurance can be given that the Manager can continue to successfully manage and operate the Project or that the Marketing Consultant can successfully market the Project, that the Obligated Group will not terminate the relationship with the Manager and/or Marketing Consultant or that another experienced successor management company and/or marketing consultant could be located or would be willing to undertake the management, operation and marketing of the Project under the terms required by the Master Indenture, including subordination of a portion of the management fees. A failure to maintain the Manager as the management company for the Project or the Marketing Consultant as the marketing company for the Project or to hire, train and retain a successor management company and/or marketing company may have an adverse effect on ability of the Project to operate and could negatively impact occupancy levels of the Project and revenues of the Obligated Group. See “TUSCAN GARDENS OF PALM COAST – The Project – The Manager, - The Marketing Consultant” in APPENDIX A hereto.

Risks of Real Estate Investment

Development, ownership and operation of real estate, such as the Project, involves certain risks, including the risk of adverse changes in general economic and local conditions (such as the possible future oversupply and lagging demand for rental housing for the aged), adverse use of adjacent or neighboring real estate, initial and continued community acceptance of the Project, increased competition from other senior living communities, changes in the cost of operation of the Project, difficulties or restrictions in the Obligated Group’s ability to raise rents charged, damage caused by adverse weather and delays in repairing such damage, population decreases, uninsured losses, failure of residents to pay rent, operating deficits and mortgage foreclosure, lack of attractiveness of the Project to residents, adverse changes in neighborhood values, and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Project, or any parts of the Project, become uninhabitable during restoration after damage or destruction, the residence units or common areas affected may not be available during the period of restoration, which could adversely affect the ability of the Obligated Group to generate sufficient revenues to pay debt service on the Series 2016 Bonds and the Series 2016 Obligations. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Project difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by the Project as well as the market price received for the Project in the event of a sale or foreclosure of the Project. Many other factors may adversely affect the operation of the Project and cannot be determined at this time.

Damage, Destruction or Condemnation

Although the Obligated Group will be required to obtain and maintain certain insurance against damage or destruction as set forth in the Master Indenture, 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 Gross Receipts, will not exceed the coverage of such insurance policies.

If the Project or any portion of the Project is damaged or destroyed, or is taken in a condemnation proceeding, funds derived from proceeds of insurance or any such condemnation award for the Project must be applied as provided in the Master Indenture to restore or rebuild the Project or to redeem the Series 2016 Bonds. There can be no assurance that the amount of funds available to restore or rebuild the Project or to redeem the Series 2016 Bonds will be sufficient for that purpose, or that any remaining portion of the Project will generate Gross
Receipts sufficient to pay the expenses of the Project and the Obligated Group and the debt service on the Series 2016 Bonds remaining outstanding.

The Obligated Group has arranged for comprehensive insurance coverage that is customary for rental housing projects for the aged of a similar nature. In the event of damage or condemnation, the Obligated Group will rely on insurance proceeds and condemnation awards to pay all or part of the costs of restoring the Project. Failure of an insurer to pay a claim could result in a default on the Series 2016 Bonds and the Series 2016 Obligations and redemption of such instruments at par. There are certain types of losses that are not insured or insurable, such as losses relating to certain types of water damage. Should such a catastrophic casualty occur, the Obligated Group would suffer a loss for which insurance benefits would not be available. Further, there is no assurance that insurance proceeds where available will be sufficient to repay the Series 2016 Bonds.

Transfers of Assets Out of the Obligated Group; Permitted Liens

Under the terms of the Master Indenture, subject to certain restrictions, the Obligated Group may transfer assets to organizations outside the Obligated Group. The Master Indenture also permits certain liens to be placed on the Project. Such transfer of assets or placement of liens may have an adverse effect on the security for the Obligations issued under the Master Indenture, and, consequently on the Series 2016 Bonds issued under the Bond Indenture. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Additions to the Obligated Group

Currently, the Obligated Group is the only Member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other entities can become members of the Obligated Group. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto. The Members currently have no plans to add additional members to the Obligated Group. However, if and when new members are added, the Obligated Group’s financial situation and operations will likely be altered.

Additional Indebtedness or Permitted Liens

The Master Indenture, under certain circumstances, permits the Obligated Group to incur Additional Indebtedness that may be equally and ratably secured with the Series 2016 Obligations and all other outstanding Obligations. There can be no assurance that the incurrence of Additional Indebtedness by a Member of the Obligated Group will not materially adversely affect the payment of debt service on the Series 2016 Obligations if the Obligated Group incurs Additional Indebtedness, even if the Obligated Group complies with the conditions set forth in the Master Indenture under which such Additional Indebtedness may be incurred. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Master Indenture” in APPENDIX C hereto.

Risk of Early Redemption

Purchasers of Series 2016 Bonds, including those who purchase Series 2016 Bonds at a price in excess of their principal amount or who hold such bonds trading at a price in excess of par, should consider the fact that the Series 2016 Bonds are subject to optional and mandatory redemption at a redemption price equal to their principal amount plus accrued interest upon the occurrence of certain events. This could occur, for example, in the event the Series 2016 Obligations are prepaid as a result of a casualty or condemnation award affecting the Project or there is a default under the Mortgage. See “THE SERIES 2016 BONDS – Redemption Prior to Maturity.” Under such circumstances, a purchaser of the Series 2016 Bonds whose bonds are called for early redemption may not have the opportunity to hold such bonds for a time period consistent with such purchaser’s original investment intentions and may lose any premium paid for the Series 2016 Bonds.

Risk of Loss Upon Redemption

While, under certain circumstances, for example upon a Determination of Taxability or upon casualty loss to or condemnation of the Project, the Obligated Group is required to redeem the Series 2016 Bonds, there can be no assurance that the Obligated Group will be able to provide the funds required for such redemption. There can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Tax-Exempt Bonds taxable for federal income tax
purposes. If there is a Determination of Taxability and the Series 2016 Bonds are redeemed, the premium payable to Bondholders may not adequately compensate Bondholders for the loss of tax-exemption. Interest earned on the principal amount of the Series 2016 Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of Beneficial Ownership Interests in the Series 2016 Bonds should consult his or her own tax advisor regarding the taxable status of the Series 2016 Bonds in a particular state or local jurisdiction.

Limitation on Security

Cash held by the Obligated Group may not be subject to any perfectible security interest under the UCC. The security interest in any item of inventory will be inferior to the interest of a buyer in the ordinary course of business and will be inferior to a purchase money security interest, as defined in the UCC, perfected in connection with the sale to the Obligated Group of such item. The lien on certain other Pledged Assets may not be enforceable against third parties unless such other Pledged Assets are transferred and delivered to the Master Trustee (which transfer the Obligated Group is not required by the Master Indenture to make prior to a default thereunder and which transfer may be set aside if it occurs within 90 days of the filing of a petition of bankruptcy), is subject to exception under the UCC and may be lost if the proceeds are commingled or expended by the Obligated Group. In addition, the federal government restricts the assignment of rights arising out of Medicare, Medicaid and other federal programs.

In the event of the bankruptcy of a Member of the Obligated Group pursuant to the United States Bankruptcy Code, any receivables in favor of such bankrupt Member coming into existence and any Pledged Assets of such bankrupt Member received on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of proceedings in the Bankruptcy Court with respect to such bankrupt Member may no longer be subject to the lien granted to secure the Obligations and, with respect to the Pledged Assets, the interest of the Master Trustee holding Obligations for the benefit of the Owners would be shared with general creditors of such bankrupt Member. Under certain circumstances, a Bankruptcy Court or a court of equity may have the power to direct the use of Pledged Assets to meet expenses of the bankrupt Member before paying debt service on the Obligations. With respect to Pledged Assets not subject to the lien, the Owners of Obligations would occupy the position of an unsecured creditor.

Pledge of Gross Receipts

Certain interests and claims of others may be on a parity with or prior to the pledge of the Gross Receipts made in the Master Indenture, and certain statutes and other provisions may limit the Obligated Group’s right to make such pledges. Examples of such claims, interests and provisions are: (a) statutory liens and rights of set-off; (b) possible non-recognition under the Florida Uniform Commercial Code of a security interest in future revenues; (c) rights arising in favor of the United States of America or any agency thereof on failure of the Obligated Group to comply with federal or state statutes regarding the assignment of certain claims; (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (e) state and federal bankruptcy or insolvency laws as they affect the enforceability of the security interest in Gross Receipts earned by the Obligated Group within the statutory prescribed preference period preceding and at any time after any effectual institution of bankruptcy proceedings by or against the Obligated Group; (f) as to those items in which a security interest, lien or pledge can be perfected only by possession, including items converted to cash, the rights of third parties in such items not in the possession of the Obligated Group or any depository; (g) the security interest of third party creditors in “proceeds” of property subject to a Permitted Lien, which “proceeds” may be deemed to constitute Gross Receipts; (h) items not in possession of the Bond Trustee, the Master Trustee or any depository, the records to which are located or moved outside the State, which are thereby not subject to or are removed from the operation of the State’s laws; (i) claims that might arise if appropriate continuation statements are not filed in accordance with the Florida Uniform Commercial Code as from time to time in effect.

In addition, the pledge of the Gross Receipts may not be enforceable against third parties unless the Gross Receipts are actually transferred to the Bond Trustee, the Master Trustee or any depository. Pursuant to the Master Indenture, each Member of the Obligated Group pledges its Gross Receipts under the Master Indenture covenants and agrees to deposit the proceeds of its Gross Revenues with the Master Trustee for deposit in the Revenue Fund. Also, the Obligated Group is expected to enter into a Deposit Account Control Agreement with respect to its Operating Accounts held outside the Bond Indenture and Master Indenture upon the opening of the Project.
Sale of Homes

It is anticipated that many prospective residents of the Project will be required to sell their current homes to meet their financial obligations as residents of the Project. Housing prices have declined locally and nationally and in many areas longer time periods have been needed for homeowners to sell their homes. If prospective residents encounter difficulties in selling their current homes due to local or national economic conditions affecting the sale and finance of residential real estate, such prospective residents may not have sufficient funds to meet their financial obligations as residents of the Project, which would have an adverse impact on the occupancy of the Project and revenues of the Obligated Group. See “Real Estate Trends” in the “FINANCIAL FEASIBILITY STUDY” in APPENDIX B hereto.

Nature of Income and Assets of the Elderly

A large percentage of the monthly income of the residents of the Project is expected to be fixed in amount, consisting of income derived from savings, pensions, investments and Social Security payments. If, due to inflation or otherwise, substantial increases in monthly fees and service fees are required at the Project to cover increases in operating costs and other expenses, residents of the Project may experience difficulty paying or may be unable to pay such increased fees. In addition, some residents may need to convert assets to cash to pay the required fees, such as by selling a home. The inability of the Obligated Group to collect from residents the full amount of their payment obligations, either when due or at all, may jeopardize the ability of the Obligated Group to pay amounts due under the Loan Agreement and the ability of the Obligated Group to pay amounts due under the Series 2016 Obligations.

Limitation on Income of Residents of the Project

The Code and Treasury Regulations restrict the income of a portion of the residents of the Project, as is more fully described under “TUSCAN GARDENS OF PALM COAST – The Project – Income Limitations” in APPENDIX A hereto and “FORMS OF PRINCIPAL FINANCING DOCUMENTS – The Land Use Restriction Agreement” in APPENDIX C herein. The income restrictions, to remain in effect for a period of at least 15 years, would adversely affect the value of the Project if it were sold following an Event of Default. The economic feasibility of the Project depends upon the Project being substantially occupied. The Land Use Restriction Agreement requires that at least 20% of the units in the Project be occupied by tenants whose household income does not exceed 50% of median gross income for the area with adjustment for family size as determined in accordance with Section 142(d) of the Code (“Low-Income Tenants”). The Obligated Group has agreed that at least 20% of the units in the Project shall be occupied or reserved for occupancy by Low-Income Tenants. There can be no assurance that the Obligated Group will be able to rent units to comply with these requirements, which may adversely affect net operating income, or at rates which will enable it to make timely payments on the Series 2016 Obligations.

Delinquent and Defaulting Tenants

The Obligated Group only intends to rent to tenants that it judges to be creditworthy. Nevertheless, a portion of the tenants in the Project will be lower income persons who may not be able to make timely rental payments or will otherwise fail to make rental payments at all. To the extent possible, management intends to terminate rentals to such delinquent or defaulting tenants as soon as practicable after their default. Tenants who do not voluntarily vacate will require that the Obligated Group recover possession through legal action. Legal action is costly, both in regard to legal fees and expenses and to lost revenues during the time necessary to remove the tenant. The existence of delinquent or defaulting tenants in the Project could adversely affect the ability of the Obligated Group to make timely payments, if at all, under the Loan Agreement and the Series 2016 Obligations. Any failure by the Obligated Group to satisfy its payment obligations under the Loan Agreement and the Series 2016 Obligations will have an adverse impact on the ability of the Bond Trustee to pay, from the Trust Estate, debt service payments on the Series 2016 Bonds.

Organized Resident Activity

The Obligated Group may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of monthly service fees with respect to the Project or other charges without increase. Moreover, the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services
while others wish to hold down monthly service fees and other charges. No assurance can be given that the Obligated Group will be able to satisfactorily meet the needs of such resident groups.

**Staffing**

In recent years, the assisted living and health care industries have suffered from a shortage of skilled personnel that has forced wage scales to increase. The Obligated Group and the Manager believe that they will be able to retain personnel and hire additional staff as may be reasonably required, but the presence of other assisted living providers and other employees may make it difficult over time to attract and retain skilled and unskilled personnel. If the Obligated Group is forced to employ temporary staff through employment agencies, its employment costs may increase substantially.

**Increases of Service Costs**

The cost of providing assisted living services may increase due to many reasons, including increasing regulation by the federal government and state and local governments, increasing insurance costs and litigation and increases in salaries paid to nurses and other assisted living and healthcare personnel and due to shortages in such personnel that many require the use of employment agencies. Any increase in such costs may materially and adversely affect the ability of the Obligated Group to pay debt service on the Series 2016 Bonds and the Series 2016 Obligations.

**Competition; No Certificate of Need Requirement**

The Project is expected to face competition from several existing facilities and services for the elderly, including nursing homes, home health care, homes for the aged, continuing care retirement communities and apartment buildings for the elderly that offer similar services, as well as similar retirement facilities in the service areas in which the Project operates. The Obligated Group may face additional competition in the future from providers of new, expanded, or renovated retirement living and nursing facilities servicing the housing and health care needs of the elderly. While subject to certain licensure requirements and regulation described in the headings above, an assisted living facility operating in the State is not required to obtain a “certificate of need” that may be commonly required in other states. As a result, the barrier to entry for facilities competing with the Project is low. There can be no assurance that in the future the Project will be able to compete with other similar facilities in such service areas. For more information concerning competition in the service area of the Project, see “FINANCIAL FEASIBILITY STUDY” in APPENDIX B hereto. The Financial Feasibility Study should be read in its entirety, including management’s notes and assumptions set forth therein.

**Natural Disasters**

The Project will be located in the State of Florida, which, over the years, has suffered from natural disasters, including hurricanes, floods and windstorms. The Obligated Group believes that it maintains adequate insurance to cover any loss arising from such natural disasters. There can be no assurance that in severe circumstances that such insurance will be adequate to rebuild the Project. Additionally, there can be no assurance that after experiences with natural disasters, residents will continue to choose to live in such areas of the country. Such decisions could have an adverse impact on the financial success of the Obligated Group.

**Environmental Risks**

The Obligated Group has caused to be performed a Phase I Environmental Site Assessment (the “Site Assessment”). Based on the results of the Site Assessment, there were no environmental concerns with the Project site. The Obligated Group has represented that it is not aware of any releases of pollutants or contaminants at the Project other than as disclosed in the Site Assessment that would give rise to enforcement actions under applicable state or federal environmental statutes. However, there could be other such releases not known to the Obligated Group as of the date of this Official Statement. There can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Obligated Group could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the real property relating to the Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Master Trustee’s lien on behalf of the registered Owners of the Series 2016 Bonds could attach to the Project that would adversely affect the Master Trustee’s ability to realize
value from the disposition of the Mortgaged Property upon sale or foreclosure. Furthermore, in determining whether to exercise any sale foreclosure rights with respect to the Project under the Mortgage, the Master Trustee would need to take into account the potential liability of any owner of the Project, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

Insurance

The Master Indenture requires the Obligated Group to carry certain insurance, including malpractice insurance. Uninsured claims and increases in insurance premiums, or the unavailability of insurance, could, to the extent not covered by increased revenues, adversely affect the financial condition of the Obligated Group.

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased nationwide, resulting in substantial increases in professional and general liability insurance premiums and, at times, in difficulty obtaining such insurance. Professional liability, elder abuse and other actions alleging wrongful conduct and seeking punitive damages often are filed against health care and senior care providers such as the Obligated Group. Insurance does not provide coverage for judgments for punitive damages and may not provide coverage for allegations of elder abuse. Litigation may also arise from the corporate and business activities of the Obligated Group and from the status of the Obligated Group as an employer. As with professional liability, many of these risks are covered by insurance, but some are not.

While the Obligated Group is required by the Master Indenture to have in effect at all times comprehensive general liability insurance providing insurance against liability for personal and bodily injury including death resulting therefrom, if a claim or judgment against a member of the Obligated Group for an amount in excess of the limits of such insurance were to arise, it would likely have a material adverse effect on the financial results of the Project and the Obligated Group.

In addition, as a result of a number of recent hurricanes and other factors, the costs of casualty and windstorm insurance have risen dramatically in the State. Although recent State legislation has been enacted to ameliorate this insurance crisis in the State, the Obligated Group cannot predict the impact from the costs of such insurance or the lack of availability on the operations of the Project.

Bankruptcy

Although the security under the Mortgage and the lien on the Pledged Assets under the Master Indenture given for the benefit of Owners of Obligations are superior to the claims of other creditors (subject to the limitations set forth under “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2016 BONDS – Pledged Assets” above), bankruptcy and similar proceedings against the Obligated Group and usual equity principles may affect the enforcement of rights to such security. A court may invoke other equity principles to refuse to enforce specifically rights to such security. If such security is inadequate for payment in full of the Series 2016 Bonds and the Series 2016 Obligations, bankruptcy proceedings and usual equity principles may also limit any attempt by the Master Trustee to seek payment from other property, if any, of the Members of the Obligated Group.

If the Obligated Group were to file a petition for relief under the United States Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligated Group, and any interest it has in property. If the bankruptcy court so orders, the Obligated Group’s property, including its accounts receivable and proceeds thereof, could be used, at least temporarily, for the benefit of the bankruptcy estate despite the claims of its creditors.

Under the current United States Bankruptcy Code, a filing party could file a plan of reorganization. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against such filing party and could result in the modification of rights of any class of creditors, secured or unsecured. To confirm a plan of reorganization, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and two-thirds in amount vote in favor of a plan. Approval by classes of interests requires a vote in favor of the plan by two-thirds in amount. If these levels of votes are attained, those voting against the plan or not voting at all are nonetheless bound by the terms thereof. Other than as provided in the confirmed plan, all claims and interests are discharged and extinguished. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and the dissenting claims and interests would be bound thereby. For this to occur, one of the
impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not “discriminate unfairly” and is “fair and equitable” with respect to the non-consenting class. A plan is fair and equitable if each class is treated in accordance with its credit priority and no class receives a distribution until senior classes are paid in full. The United States Bankruptcy Code establishes different fair and equitable tests for secured claims and interest holders. To be confirmed, the bankruptcy court must also determine that a plan, among other requirements, provides creditors with more than would be received in the event of liquidation, is proposed in good faith, and that the debtor’s performance is feasible.

Bankruptcy proceedings by a Member of the Obligated Group could adversely affect Beneficial Owners of the Series 2016 Bonds by reducing or delaying payments on the Series 2016 Bonds and may impede enforcement by the Master Trustee and such Owners of their claims to the collateral assigned and pledged to secure the Series 2016 Bonds. Federal bankruptcy law also permits adoption of a reorganization plan without the approval of such Owners if they are provided with the benefit of their original security or the “indubitable equivalent.” In addition, if a bankruptcy court concludes that such registered Owners have “adequate protection,” the court may (1) substitute other security for the security of the registered Owners and (2) subordinate the security of the registered Owners to (a) claims by persons supplying goods, services or credit to the Obligated Group after bankruptcy and (b) the administrative expenses of the bankruptcy proceeding. In the event of such bankruptcy, the amount realized by the registered Owners of the Series 2016 Bonds may depend on the court’s interpretation of “indubitable equivalent” and “adequate protection” under then existing circumstances. The effect of these and other provisions of federal bankruptcy law cannot be predicted and may be significantly affected by judicial interpretation.

Furthermore, recent judicial decisions concerning the status of debt service reserve funds held by an indenture trustee have concluded that such reserves are “cash collateral” of a debtor in bankruptcy and have cast doubt on the ability of the Bond Trustee to use moneys in the Debt Service Reserve Fund to make payments on the Series 2016 Bonds in the event of a bankruptcy of a member of the Obligated Group.

Limitations on Enforceability of Remedies

The realization of any rights upon a default will depend upon the exercise of various remedies specified in the Bond Indenture, the Master Indenture, the Loan Agreement and the Mortgage. Any attempt by the Bond Trustee or Master Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law (including, without limitation, the United States Bankruptcy Code), certain of the legal and equitable remedies specified in the Bond Indenture, the Master Indenture, the Loan Agreement and the Mortgage may not be readily available or may be limited, including the right of the Obligated Group to assign any Medicare or Medicaid receivables in accordance with the current rules and regulations governing the Medicare and Medicaid program. The Obligated Group does not expect to generate significant revenues from Medicare or Medicaid.

A court may decide not to order the specific performance of the covenants contained in the Bond Indenture, the Master Indenture, the Loan Agreement and the Mortgage. The various opinions to be delivered concurrently with the delivery of the Series 2016 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors’ rights generally.

Any default in the performance of most of the covenants set forth in the Bond Indenture, the Master Indenture, the Loan Agreement or the Mortgage would constitute an Event of Default under such documents only following notice and lapse of time, as further described in “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in APPENDIX C hereto. The Bond Trustee may give notice of an Event of Default under the Bond Indenture at any time in its discretion, but is not required to give such notice without the request of the Owners of at least 25% in aggregate principal amount of the Series 2016 Bonds outstanding under the Bond Indenture. Events of Default specified by the Bond Indenture can be remedied through enforcement action taken by the Bond Trustee in its discretion or at the request of the Owners of not less than 25% in aggregate principal amount of the Series 2016 Bonds outstanding under the Bond Indenture, subject to the right of the Owners of a majority in aggregate principal amount of Series 2016 Bonds then outstanding to direct all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Indenture or any other proceedings thereunder.

Upon issuance of the Series 2016 Bonds, the Series 2016 Obligations will constitute 100% of Obligations outstanding under the Master Indenture. The Master Indenture permits the issuance of Additional Obligations under
the circumstances specified therein. As a result, the proportion of the principal amount of the Series 2016 Bonds to the principal amount of all Obligations at any time outstanding under the Master Indenture is subject to change. Upon an acceleration of the Series 2016 Obligations, after paying the expenses and other amounts due to the Bond Trustee, amounts available to pay the Series 2016 Bonds will be prorated among all Owners of Obligations without preference or priority of principal or premium over interest or of interest over principal or premium, or of any Obligation over any other Obligation, with the exception of Subordinate Obligations.

Possible Limitations on Security

The pledge of and assignment by the Obligated Group of Pledged Assets may be limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof or the State or any agency thereof; (c) present or future prohibitions against assignment contained in any federal or state statutes or regulations (including those governing Medicare and Medicaid); (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (e) federal bankruptcy or state insolvency laws affecting assignments of revenues earned after any effective institution of bankruptcy or insolvency proceedings by or against the Obligated Group; (f) rights of third parties in any revenues, including revenues converted to cash, not in possession of the Bond Trustee; (g) the requirement that appropriate continuation statements be filed in accordance with the applicable Uniform Commercial Code; and (h) rights of holders of Permitted Liens, as set forth in the Master Indenture. The priority of the Mortgage may be limited or restricted by law and as otherwise provided by the Master Indenture.

Limited Value at Foreclosure

The Project has been specifically designed and constructed as an assisted living facility for the aged, and the Project may not be practically suited for other uses. Furthermore, licenses are required to operate the Project. The number of entities that could be expected to purchase or lease the Project is limited, and thus the ability of the Master Trustee to realize funds from the sale or rental of the Project upon an Event of Default under the Master Indenture may be limited. The value of the Project at foreclosure thereof may also be limited by alleged or actual rights of residents in such facilities and may be less than the principal amount of Series 2016 Bonds and other Obligations then outstanding.

Any valuation of the Project is based on future projections of income, expenses and capitalization rates. Additionally, the value of the Project will at all times be dependent upon many factors beyond the control of the Obligated Group, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of the Project. Any weakened market condition may also depress the value of the Project. Any reduction in the market value of the Project could adversely affect the security available to the owners of the Project. There is no assurance that the amount available upon foreclosure of the Project after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Obligated Group on the Series 2016 Bonds.

Pursuant to the Master Indenture, the Obligations are secured by the Mortgage. The practical realization of value from the Project upon any default will depend upon the exercise of various remedies specified by the Mortgage and the Master Indenture. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including particularly the Federal Bankruptcy Code), the remedies specified by the Mortgage and the Master Indenture may not be readily available or may be limited. A court may decide not to order the specific performance of some or all of the covenants contained in the Mortgage or the Master Indenture. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors’ rights generally.

In the event of foreclosure, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by the Obligated Group. There can be no assurance that the Mortgaged Property could be sold at one hundred percent (100%) of its fair market value in the event of foreclosure. Although the Master Trustee will have available the remedy of foreclosure of the Mortgage in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such foreclosure, such as may be applicable in the event of the Obligor’s bankruptcy), there
are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Obligated Group’s obligations. See “Limitations on Enforceability of Remedies” herein.

Certain Matters Relating to the Enforceability of the Master Indenture

In determining whether various covenants and tests contained in the Master Indenture are met, the accounts of the Obligated Group will be combined for financial reporting purposes, notwithstanding uncertainties hereinafter described as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the revenues of the Obligated Group for payment of debt service on the Series 2016 Obligations pledged as security for the Series 2016 Bonds.

The herein described obligation of the Obligated Group to make payments of debt service on the Series 2016 Obligations issued pursuant to and under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent such payments (a) are requested to be made with respect to payments on any Obligation issued by or for any Member of the Obligated Group other than the Member of the Obligated Group from which such payment is requested which is issued for a purpose that is not consistent with the purposes of the Member, (b) are requested to be made from any property which is donor restricted or which is subject to a direct or express trust which does not permit the use of such property for such payment, (c) would result in the cessation or discontinuation of any material portion of the health-care or related services previously provided by the Obligated Group from which such payment is requested (other than the Member by or for which such Obligation was issued), or (d) are requested to be made pursuant to any loan violating applicable usury laws. Due to the absence of any clear legal precedent in this area, the extent to which the property of any present or future Member of the Obligated Group falls within category (a) referred to above cannot be determined and could be substantial.

No Member of the Obligated Group may be required to make payments on the Obligations issued by or for the benefit of another Member of the Obligated Group to the extent any such payment would render such Member of the Obligated Group insolvent or would conflict with, would not be permitted by or would be subject to recovery for the benefit of other creditors of the Obligated Group under applicable fraudulent conveyance, bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors’ rights. There is no clear precedent in the law as to whether payments by a Member of the Obligated Group in order to pay debt service on Obligations issued by or for the benefit of another Member of the Obligated Group may be avoided by a trustee in bankruptcy in the event of a bankruptcy of the Member or by third party creditors in an action brought pursuant to state fraudulent conveyances statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent conveyances statutes, a creditor of a co-obligor, may avoid any obligation incurred by a co-obligor, if, among other bases therefor, (1) the co-obligor has not received fair consideration or reasonably equivalent value in exchange for the obligation and (2) the obligation renders the co-obligor insolvent, as defined in the United States Bankruptcy Code or state fraudulent conveyances statutes, or the co-obligor is undercapitalized.

Application by courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on Obligations issued by or for the benefit of another Member of the Obligated Group, a court might not enforce such a payment in the event it is determined that such Member of the Obligated Group is analogous to a guarantor and that fair consideration or reasonably equivalent value for such guaranty was not received and that the incurrence of such obligation has rendered and will render the Member of the Obligated Group insolvent or the Member of the Obligated Group is or will thereby become undercapitalized.

Additionally, it should be noted that the Pledged Assets of the Obligated Group include certain types of items of collateral in which a security interest may only be perfected by possession by the Bond Trustee or Master Trustee, as well as other items of collateral which may be excluded from the coverage of the UCC. These portions of the Pledged Assets include, but are not limited to, cash, deposits, instruments, certain documents and governmental and private insurance arrangements. To the extent that these items of collateral are not possessed by the Bond Trustee or Master Trustee or are excluded from the coverage of the UCC, the security interest of the Bond Trustee or Master Trustee in such portion of the Pledged Assets will be unperfected.
Amendments to Documents

Certain amendments to the Master Indenture, the Bond Indenture, the Loan Agreement and the Mortgage may be made without notice to or the consent of the Holders of the Series 2016 Bonds. Such amendments could affect the security for the Series 2016 Bonds. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS” in APPENDIX C hereto.

If an Event of Default under the Bond Indenture occurs, there may be an amendment made to the Bond Indenture that provides for (i) an extension of the maturity of the principal of or the interest on any Series 2016 Bonds, or (ii) a reduction in the principal amount of any Series 2016 Bonds or the rate of interest thereon, or (iii) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Series 2016 Bonds, (iv) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Series 2016 Bonds required for consent to such supplemental indenture, or (vi) a change in the optional redemption date or price as set forth in Section 301(b) of the Bond Indenture. The Bond Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (i), (ii) (iii), (v) or (vi) above may be made with the consent of the owners of 70% in aggregate principal amount of all Outstanding Bonds; provided, however, no such amendment or supplement shall become effective unless the Bond Trustee shall have obtained an opinion of Bond Counsel to the effect that any such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2016 Bonds.

If an Event of Default under the Master Indenture occurs, there may be an amendment made to the Master Indenture that (i) an extension of the maturity of the principal of or the interest on any Obligation; (ii) a reduction in the principal amount of any Obligation or the rate of interest thereon; (iii) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Obligation; (iv) a privilege or priority of any Obligation or Obligations over any other Obligation or Obligations; provided, however, that Obligation No. 3 is, and at all times will be, subordinate to Obligation No. 1 and Obligation No. 2; (v) a reduction in the aggregate principal amount of Obligations required for consent to such Supplement; or (vi) a change in the optional redemption date or price as set forth in the Related Bond Indenture. The Master Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (i), (ii), (iii), (iv), (v) and (vi) above may be made with respect to an Outstanding Obligation with the consent of the Holders of at least 70% in aggregate principal amount of all Outstanding Related Bonds.

This provision is intended to make it easier for the Obligor to restructure its indebtedness, including the Series 2016 Bonds, if an Event of Default has occurred, without having to file for bankruptcy under the federal Bankruptcy Code. If the holders of at least 70% in aggregate principal amount of the Series 2016 Bonds and any Additional Bonds consent to an amendment described above after an Event of Default, such as an amendment reducing the interest rate on the Series 2016 Bonds or extending their maturity date, then the holders of all Bonds of that maturity would be bound by such amendment, including those who did not consent. In the absence of a provision such as this in the Bond Indenture, such a change in payment terms on the Series 2016 Bonds could only be made under a plan of reorganization approved by a Bankruptcy Court. The consent of the holders of 100% of the Series 2016 Bonds would be extremely difficult to obtain, and a bankruptcy filing would necessarily involve delay and expense which could affect the ability of the Obligor to accomplish a successful reorganization. The 70% consent requirement would only be in effect if an Event of Default occurred and was continuing.

Prospective purchasers of the Series 2016 Bonds are advised that this provision means there is a risk that if an Event of Default occurs, there may be an amendment made to the Bond Indenture which affects the payment provisions of the Series 2016 Bonds such purchaser holds, the priority of payment of such Bonds or other matters described above. This amendment may be made without the consent of such purchasers, if the holders of at least 70% in aggregate principal amount of all Outstanding Bonds of the same maturity consent to such amendment, and the other conditions to such amendment are met.

Limited Market for Series 2016 Bonds

No Rating. The Series 2016 Bonds have not received a credit rating from any securities rating agencies, and there is no assurance that the Series 2016 Bonds will ever receive such rating. The absence of any such ratings could adversely affect the ability of registered Owners of Series 2016 Bonds to sell the Series 2016 Bonds or the price at which such Series 2016 Bonds can be sold. See also “NO RATINGS” below.
**Secondary Market.** It is the present practice of HJS to make a secondary market in the bond issues it offers. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. In addition, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially lower than the original purchase price. While there can be no guarantee or assurance that HJS will always continue its present secondary marketing practices, HJS presently intends to make a secondary market in the Series 2016 Bonds, subject to the foregoing limitations. Nevertheless, there can be no guarantee that there will be a secondary market for the Series 2016 Bonds or, if a secondary market exists, that the Series 2016 Bonds can be sold for any particular price. Any prospective purchaser of Beneficial Ownership Interests in the Series 2016 Bonds should therefore undertake an independent investigation through its own advisors regarding the desirability and practicality of the investment in the Series 2016 Bonds. Any prospective purchaser should be fully aware of the long-term nature of an investment in the Series 2016 Bonds and should assume that it will have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the Series 2016 Bonds that does not intend or that is not able to hold the Series 2016 Bonds for a substantial period of time is advised against investing in the Series 2016 Bonds.

**Restrictions on Transfer.** Taxable Series 2016B Bonds may be transferred only to (1) “Accredited Investors,” as defined in Rule 501 under the Securities Act or to (2) “Qualified Institutional Buyers,” as defined in Rule 144A under the Securities Act. Certain bondholders which are non-affiliates of the Obligated Group may be able to transfer their Taxable Series 2016B Bonds after holding such Taxable Series 2016B Bonds for at least one year, in accordance with Rule 144 and the investor letter attached as APPENDIX G hereto.

**Tax-Exempt Status of Interest on the Tax-Exempt Bonds**

The tax-exempt status of interest on the Tax-Exempt Bonds is subject to continuing compliance by the Issuer and the Obligated Group with certain covenants contained in the Bond Indenture, the Loan Agreement and a Tax Regulatory Agreement and No-Arbitrage Certificate among the Issuer, the Bond Trustee and the Obligated Group Agent relating to the Tax-Exempt Bonds (the “Tax Agreement”). These covenants relate generally to ownership, use and operation of the Project, including compliance with the Land Use Restriction Agreement, arbitrage limitations related to bond proceeds, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Tax-Exempt Bonds. Failure to comply with any of these covenants could result in the treatment of interest on the Tax-Exempt Bonds, in some cases, as taxable retroactive to the date of issuance. In the event of a Determination of Taxability, the Tax-Exempt Bonds are subject to mandatory redemption in whole on the first date for which notice can be given in accordance with the Bond Indenture at 105% of the principal amount Outstanding plus accrued interest to the redemption date; however, there can be no assurance that the Obligated Group would have the reserves to redeem the Tax-Exempt Bonds.

**Bond Audits**

Officials with the Internal Revenue Service have indicated that more resources will be invested in audits of tax-exempt bonds. The Tax-Exempt Bonds may be, from time to time, subject to audits by the Internal Revenue Service (the “IRS”). The Obligated Group believes that the Tax-Exempt Bonds properly comply with applicable tax laws. In addition, Burr & Forman LLP, Orlando, Florida, as Bond Counsel, will render an opinion with respect to the tax-exempt status of interest on the Tax-Exempt Bonds, as described under the heading “TAX MATTERS” below. Such opinion speaks only as of its date and Bond Counsel has no obligation to monitor compliance following the issuance of the Tax-Exempt Bonds. No ruling with respect to the tax-exempt status of interest on the Tax-Exempt Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts and are not guarantees. There can be no assurance that an audit of the Tax-Exempt Bonds will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds.

**Earnings on Investments**

A portion of the revenues of the Obligated Group available to pay debt service is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions.
Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2016 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto so as to make a judgment as to whether the Series 2016 Bonds are an appropriate investment, and obtain such additional information as they deem advisable in connection with their evaluation of the suitability of the Series 2016 Bonds for investment.

LITIGATION

The Issuer

There is no litigation now pending or threatened against the Issuer of which the Issuer has knowledge that restrains or enjoins the issuance or delivery of the Series 2016 Bonds or questions or affects the validity of the Series 2016 Bonds or the proceedings and authority under which they are to be issued. To the Issuer’s knowledge neither the creation, organization, nor existence of the Issuer, nor the title of the present officials of the Issuer is being contested or questioned. There is no litigation pending of which the Issuer has knowledge that in any manner questions the right of the Issuer to enter into the Bond Indenture or the Loan Agreement or to secure the Series 2016 Bonds in the manner provided in the Bond Indenture.

The Obligated Group

No litigation and no proceedings are pending or threatened against the Obligated Group that would affect the sale of the Series 2016 Bonds, the security therefor, or the ability of the Obligated Group to perform its obligations under the Loan Agreement or the Master Indenture.

APPRAISAL

An appraisal of the Project has been prepared by CBRE, Inc. – Valuation and Advisory Services (the “Appraisal”). The Appraisal values the land as of July 25, 2016, at $3,300,000, values the completed Project at $34,100,000 and values the stabilized Project at $49,100,000. Copies of the Appraisal are available upon request to HJS by any prospective bondholder during the period of the offering of the Series 2016 Bonds.

FINANCIAL FEASIBILITY STUDY

CliftonLarsonAllen LLP, independent certified public accountants, prepared and examined the Financial Feasibility Study dated November 9, 2016, which is attached as “FINANCIAL FEASIBILITY STUDY” in APPENDIX B hereto. The Financial Feasibility Study was undertaken to, among other things, estimate the ability of the Obligated Group to generate sufficient revenues and other available funds to meet the debt service requirements of the Series 2016 Bonds. The financial forecasts of management of the Obligated Group are included as part of the Financial Feasibility Study and have been examined by CliftonLarsonAllen LLP. Such financial forecasts are based on certain information and assumptions provided by management of the Obligated Group, and in the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the forecasts. The Financial Feasibility Study should be read in its entirety for a description of and an understanding of the forecasts and the underlying assumptions contained therein. Any projection or forecast is subject to uncertainties, and inevitably some assumptions used to develop the Financial Feasibility Study and the financial forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the Financial Feasibility Study. Neither Bond Counsel, counsel to HJS nor counsel to the Obligated Group has not been involved in the production of the financial projections included in the Financial Feasibility Study. See “CERTAIN BONDHOLDERS RISKS – Financial Feasibility Study.”

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAW

Rule 3E-400.003, Rules for Government Securities, promulgated by the Florida Department of Banking and Finance Division of Securities, under Section 517.05(1), Florida Statues (“Rule 3E-400.003”), requires the Issuer to disclose each and every default as to the payment of principal and interest with respect to an obligation
issued by the Issuer after December 31, 1975. Rule 3E-400.003 further provides, however, that if the Issuer in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

The Issuer, in the case of the Series 2016 Bonds, is merely a conduit for payment, in that the Series 2016 Bonds do not constitute a general debt, liability or obligation of the Issuer, but are instead secured by and payable solely from payments of the Obligated Group under the Loan Agreement and the Bond Indenture (excluding any payments with respect to the Issuer’s Unassigned Rights) and by other security discussed herein. The Series 2016 Bonds are not being offered on the basis of the financial strength of the Issuer. The Issuer believes, therefore, that disclosure of any default related to a financing not involving the Borrowers or any person or entity related to the Borrowers would not be material to a reasonable investor. The Issuer has not taken affirmative steps to contact the various trustees of other conduit bond issues of the Issuer to determine the extent of prior defaults.

NO RATINGS

No application had been made to Standard & Poor’s Corporation, Moody’s Investors Service, Inc., or any other similar rating service for a rating on the Series 2016 Bonds, nor is it anticipated that any such rating will be applied for in the future.

UNDERWRITING

The Series 2016A Bonds are being purchased from the Issuer by HJS, as underwriter, at a price equal to $[______], being the aggregate principal amount of the Series 2016A Bonds less net original issue discount of $[_____] less an underwriting discount of $[_____] The Taxable Series 2016B Bonds are being placed on behalf of the Issuer by HJS, at a price equal to $[______], being the aggregate principal amount of the Taxable Series 2016B Bonds less net original issue discount of $[_____] less an underwriting discount of $[______]. The Subordinate Series 2016C Bonds are being purchased from the Issuer by HJS, as underwriter, at a price equal to $[______], being the aggregate principal amount of the Subordinate Series 2016C Bonds less net original issue discount of $[____] less an underwriting discount of $[______].

The Bond Purchase Agreement provides that HJS is obligated to take and pay for all of the Series 2016 Bonds if any are purchased, subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions. In the Bond Purchase Agreement, the Obligated Group has agreed to indemnify HJS against certain civil liabilities, including certain liabilities under the federal securities laws to the extent permitted by applicable law.

HJS intends to offer the Series 2016 Bonds to the public at the offering prices stated on the inside cover page hereof. HJS reserves the right to join with dealers and other underwriters in offering the Series 2016 Bonds to the public. HJS may offer and sell Series 2016 Bonds to certain dealers (including dealers depositing Series 2016 Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, HJS may over allot or effect transactions which stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the Series 2016 Bonds are Outstanding, the Obligated Group has agreed pursuant to a Disclosure Dissemination Agent Agreement between the Obligated Group and Digital Assurance Certification L.L.C., as dissemination agent, dated as of December 1, 2016 (the “Disclosure Dissemination Agent Agreement”), to cause certain information about the Obligated Group and the Project to be provided. The form of the Disclosure Dissemination Agent Agreement has been included as APPENDIX E hereto.

The Disclosure Dissemination Agent Agreement provides bondholders with certain enforcement rights in the event of a failure by the Obligated Group to comply with the terms thereof; however, a default under the Disclosure Dissemination Agent Agreement does not constitute a default under the Bond Indenture, the Master Indenture or the Loan Agreement. The Disclosure Dissemination Agent Agreement may be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised
that the Disclosure Dissemination Agent Agreement, copies of which are available at the office of the Bond Trustee, should be read in its entirety for more complete information regarding its contents.

The Obligated Group has not previously been subject to the Rule.

CONTINGENT FEES

Bond Counsel, Disclosure Counsel, Bryant Miller Olive P.A., as Special Counsel to the Issuer, Michael J. Stebbins, P.L., as counsel to the Issuer, the Bond Trustee and Master Trustee (who have retained Counsel to the Bond Trustee and Master Trustee) have been retained with respect to the authorization, sale, execution and delivery of the Series 2016 Bonds. Payment of the fees and expenses to such professionals and an underwriting discount to the Underwriter, including the fees of its counsel, if any, are each contingent upon the sale and delivery of the Series 2016 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 2016 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2016 Bonds are subject to the approval of Bond Counsel. Burr & Forman LLP, Orlando, Florida has acted in the capacity as Bond Counsel for the purpose of rendering an opinion with respect to the authorization, issuance, delivery, legality and validity of the Series 2016 Bonds. Burr & Forman LLP, Orlando, Florida, Bond Counsel, is expected to render an opinion on the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

Certain legal matters will be passed on for the Issuer by Michael J. Stebbins, P.L., Pensacola, Florida; for the Obligated Group by its counsel, Burr & Forman LLP, Orlando, Florida and for HJS by its counsel, Butler Snow LLP, Atlanta, Georgia.

The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Tax-Exempt Bonds

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Bonds for interest on the Tax-Exempt Bonds to be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code. Noncompliance with such requirements may cause interest on the Tax-Exempt Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Tax-Exempt Bonds, regardless of when such noncompliance occurs.

The Issuer, the Bond Trustee and the Obligated Group have covenanted to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Tax-Exempt Bonds be and remain excluded from gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Code (the “Covenants”). The Tax Regulatory Agreement and No-Arbitrage Certificate and the Land Use Restriction Agreement both entered into between the Issuer, the Bond Trustee and the Obligated Group with respect to the Tax-Exempt Bonds (the “Tax Documents”), which will be delivered concurrently with the delivery of the Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Issuer, the Bond Trustee and the Obligated Group, in executing the Tax Documents, will certify to the effect that the Issuer, the Bond Trustee and the Obligated Group expect and intend to comply with the provisions and procedures contained therein.
In rendering the opinion described below with respect to the Tax-Exempt Bonds, Bond Counsel has relied upon the covenants and has assumed the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Documents. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax-Exempt Bonds may adversely affect the tax status of interest on the Tax-Exempt Bonds.

Certain requirements and procedures contained or referred to in the Bond Indenture, the Tax Documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Tax-Exempt Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Tax-Exempt Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of Bond Counsel other than Burr & Forman LLP, Orlando, Florida.

**Tax Opinion**

In the opinion of Burr & Forman LLP, Orlando, Florida, as Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, except for interest on any Tax-Exempt Bond for any period during which such Tax-Exempt Bond is held by a “substantial user” of the facilities financed by the Tax-Exempt Bonds or a “related person” within the meaning of Section 147(a) of the Code. The opinion described in the preceding sentence assumes compliance by the Issuer and the Obligated Group with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt Bonds. Failure to comply with such requirements could cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. Bond Counsel is further of the opinion that interest on the Tax-Exempt Bonds is not a specific preference item or included in adjusted current earnings of corporations for purposes of the federal alternative minimum tax. The Issuer and the Obligated Group have covenanted to comply with such requirements. Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is exempt from present State of Florida income taxation under existing statutes, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, and interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220. A copy of the opinion of Bond Counsel for the Tax-Exempt Bonds is set forth in APPENDIX F.

**Original Issue Discount**

The Series 2016A Bonds maturing in [_______], the Taxable Series 2016B Bonds maturing in [_______] and the Subordinate Series 2016C Bonds maturing in [_______] (collectively, the “Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.
Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

**Certain Federal Tax Consequences**

Although Bond Counsel has rendered an opinion that, with certain assumptions, interest on the Tax-Exempt Bonds are excludible from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Tax-Exempt Bonds may otherwise affect a Bondholder’s federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Tax-Exempt Bonds on the tax liabilities of the individual or entity.

For example, ownership or disposition of the Tax-Exempt Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code, adversely affecting the ability of taxpayers to claim the earned income credit under Section 32 of the Code and adversely affecting the ability of taxpayers to claim the refundable credit for coverage under a qualified health plan under Section 36B of the Code. Ownership of the Tax-Exempt Bonds may also result in the limitation of interest, and certain other deductions for financial institutions and certain other taxpayers under Section 265 of the Code.

**Changes in Federal Tax Law**

From time to time, legislative proposals are pending in Congress that, if enacted, would alter or amend one or more of the federal tax matters referred to above in certain respects or adversely affect the market value of the Tax-Exempt Bonds. It cannot be predicted whether or in what form any of such proposals, either pending or that could be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Tax-Exempt Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced that, if implemented or concluded in a particular manner, could adversely affect the market value of the Tax-Exempt Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Tax-Exempt Bonds or the market value thereof would be impacted thereby.

**Backup Withholding**

Interest on tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. In general, such information reporting requirements are satisfied if the Bondholder completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or the Bondholder is one of a limited class of exempt recipients, such as corporations. Backup withholding (i.e., the requirement for the payor to deduct and withhold a tax, calculated in the manner determined under the Code, from the interest payment) may be imposed on payments made to any Bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information under Section 6049 of the Code. Neither compliance with this reporting requirement nor backup withholding in and of itself affects or alters the excludability of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

THE FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BONDBINDER’S PARTICULAR SITUATION. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS.
CONCERNING THE TAX IMPLICATIONS OF PURCHASING, HOLDING AND/OR DISPOSING OF THE SERIES 2016A BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, INCLUDING THE EFFECT OF ANY PENDING OR PROPOSED LEGISLATION, REGULATORY INITIATIVES OR LITIGATION. FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO INVESTORS WHO ARE NOT U.S. PERSONS.

The opinion of Bond Counsel is based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Tax-Exempt Bonds. Such opinion is further based on the knowledge of Bond Counsel of facts as of the date of delivery of the Tax-Exempt Bonds. Bond Counsel does not assume any duty to update or supplement its opinion, respectively, to reflect any facts or circumstances that may thereafter come to the attention of Bond Counsel or to reflect any changes in any law that may thereafter occur or become effective. Moreover, the opinion Bond Counsel is not a guarantee of results and is not binding on the IRS; rather, such opinion represents the legal judgment of Bond Counsel based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinion.

The IRS has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the IRS will commence an audit of the Tax-Exempt Bonds. If an audit is commenced, in accordance with its current published procedures, the IRS is likely to treat the Issuer as the taxpayer and the Bondholders may not have a right to participate in such audit. Public awareness of any future audit of the Tax-Exempt Bonds could adversely affect the value of the Tax-Exempt Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Taxable Series 2016B Bonds

Tax Opinion

Bond Counsel is of the opinion that interest on the Taxable Series 2016B Bonds is included in gross income for federal income tax purposes. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Taxable Series 2016B Bonds. The Series 2016A Bonds and the Subordinate Series 2016C Bonds and interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

General Matters

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Taxable Series 2016B Bonds under the Code, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Taxable Series 2016B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Taxable Series 2016B Bonds.

In general, interest paid on the Taxable Series 2016B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Taxable Series 2016B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Original Issue Discount

The Taxable Series 2016B Bonds are deemed to be issued with original issue discount. Therefore, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument’s yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate original issue
discount allocable to an accrual period is allocated to each day included in such period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. The legislative history of the original issue discount provisions indicates that the calculation and accrual of original issue discount should be based on the prepayment assumptions used by the parties in pricing the transaction.

Owners of Taxable Series 2016B Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning such Taxable Series 2016B Bonds.

**Original Issue Premium**

An investor that acquires a Taxable Series 2016B Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond’s term using constant yield principles, based on the purchaser’s yield to maturity. Investors of any Taxable Series 2016B Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

**Market Discount**

An investor that acquires a Taxable Series 2016B Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a Taxable Series 2016B Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a Taxable Series 2105B Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest; and (b) in the case of a Taxable Series 2105B Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Taxable Series 2016B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond; or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis; or (b) in proportion to the accrual of stated interest or, in the case of a Series 2016B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Taxable Series 2016B Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Series 2016B Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Series 2016B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not
recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

**Unearned Income Medicare Contribution Tax**

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable Series 2016B Bonds should consult with their tax advisor concerning this additional tax as it may apply to interest earned on the Taxable Series 2016B Bonds as well as gain on the sale of a Taxable Series 2016B Bond.

**Sales or Other Dispositions**

If an owner of a Taxable Series 2016B Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner’s basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. If the terms of a Taxable Series 2016B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Taxable Series 2016B Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

**Defeasance**

The legal defeasance of the Taxable Series 2016B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Taxable Series 2016B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

**Backup Withholding**

An owner of a Taxable Series 2016B Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Taxable Series 2016B Bonds, if such owner, upon issuance of the Taxable Series 2016B Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

**Foreign Investors**

An owner of a Taxable Series 2016B Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Taxable Series 2016B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Taxable Series 2016B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.
Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Taxable Series 2016B Bonds owned by foreign investors. In those instances in which payments of interest on the Taxable Series 2016B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Taxable Series 2016B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Taxable Series 2016B Bond.

**Tax-Exempt Investors**

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity’s exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Taxable Series 2016B Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Taxable Series 2016B Bond is urged to consult its own tax advisor regarding the application of these provisions.

**ERISA Considerations**

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Taxable Series 2016B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Taxable Series 2016B Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Board or any dealer of the Taxable Series 2016B Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Taxable Series 2016B Bonds are acquired by such plans or arrangements with respect to which the Board or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Series 2016B Bonds. The sale of the Taxable Series 2016B Bonds to a plan is in no respect a representation by the Board or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Taxable Series 2016B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.
Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Taxable Series 2016B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Taxable Series 2016B Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Taxable Series 2016B Bonds or the market value thereof would be impacted thereby. Purchasers of the Taxable Series 2016B Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Taxable Series 2016B Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

REMARKETING AGENT

The Obligated Group Agent has appointed Herbert J. Sims & Co., Inc. (in such capacity, the “Remarketing Agent”), having its principal office in Fairfield, Connecticut, as the initial Remarketing Agent for the Subordinate Series 2016C Bonds, pursuant to the Bond Indenture and a Remarketing Agreement dated as of December 1, 2016, between the Remarketing Agent and the Obligated Group Agent (the “Series 2016 Remarketing Agreement”). The Remarketing Agent will agree to perform certain duties and obligations imposed upon the Remarketing Agent under the Bond Indenture including, among other things, establishing the interest rate to be borne by the Subordinate Series 2016C Bonds and using its best efforts to remarket the Subordinate Series 2016C Bonds tendered for purchase, subject to the terms of the Remarketing Agreement.

The Remarketing Agent may resign at any time and be discharged of its duties and obligations as Remarketing Agent by giving at least 30 days’ prior notice to the Obligated Group Agent and the Bond Trustee whereupon the Obligated Group Agent shall appoint a successor Remarketing Agent which meets the requirements set forth in the Bond Indenture. The Remarketing Agent may be removed at any time by the Obligated Group Agent subject to the terms and conditions of the Series 2016 Remarketing Agreement, by written instrument signed by the Obligated Group Agent and filed with the Remarketing Agent and the Bond Trustee. Successor remarketing agents may be appointed from time to time by the Obligated Group Agent.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2016 Bonds, copies of the Bond Indenture, Loan Agreement, Mortgage, Land Use Restriction Agreement and Master Indenture may be obtained from HJS.

So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

* * *
APPENDIX A
TUSCAN GARDENS OF PALM COAST

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TUSCAN GARDENS OF PALM COAST

The Obligated Group

Tuscan Gardens of Palm Coast Properties, LLC (the “Owner” and the “Obligated Group Agent”) and Tuscan Gardens of Palm Coast Management Company, LLC (the “Operator” and, collectively with the Owner, the “Obligated Group”) were organized on July 22, 2015, and on August 25, 2015, respectively, and are each Florida limited liability companies. The Operator is a member of the Owner, holding approximately 1% of the issued and outstanding membership units in the Owner. The manager of the Owner is the Operator and the manager of the Operator is Tuscan Gardens Management Corporation (“TGMC’’). TGMC is also a member of the Operator, owning approximately 1% of the issued and outstanding membership units in the Operator.

The following chart details the ownership structure of the Obligated Group.
The other member of each of the Owner and the Operator is Tuscan Gardens of Palm Coast, LLC, a Florida limited liability company (the “Project Holding Company”), which was organized on August 25, 2015. The Project Holding Company is owned, directly or indirectly, inter alia, by various individuals and entities that have made capital contributions to the Project Holding Company or its members. Tuscan Gardens Holding Company, LLC, a Florida limited liability company (the “Management Holding Company”), which was organized on September 6, 2016, ultimately controls the management of the Obligated Group. The Management Holding Company is owned by: (i) Tuscan Gardens Group, LLC, a Florida limited liability company, an entity controlled by Laurence J. Pino (45%); (ii) Delta Tuscan, LLC, a Florida limited liability company, an entity controlled by Charles C. Smith and Sean Casterline (45%); and (iii) Senior Resource Development, LLC, a Florida limited liability company, an entity controlled by Christopher P. Young (10%). (Laurence J. Pino, Charles C. Smith, Sean Casterline and Christopher P. Young are collectively referred to herein as the “Management Team”). The Management Team, through their ownership and control of the Management Holding Company, have the ability to appoint, remove and replace the manager of the Obligated Group, and therefore control the Obligated Group. In the Master Indenture, Mr. Pino, Mr. Smith and Mr. Casterline have agreed not to undertake any actions that would result in a Change in Control of the Obligated Group.

The Obligated Group has raised capital from third-party investors through private solicitations and offerings. Third-party investors have invested in the various investment fund members described in the chart above. The Obligated Group has contributed approximately $900,000 to date toward predevelopment costs and expenses in pursuit of the hereinafter defined Project which is expected to be reimbursed upon the issuance of the Series 2016 Bonds. Upon the issuance of the Series 2016 Bonds, the total equity contribution of the Obligated Group is expected to equal $4,200,000 of cash contributed by or on behalf of the Obligated Group. In addition, affiliates of Members of the Obligated Group are deferring approximately $500,000 of development fees.

The Owner will own the real and personal property included in the Project and the Operator will hold the licenses for the Project. The Owner will lease all of the real and personal property included in the Project to the Operator pursuant to a triple net lease described below under “THE PROJECT – The Lease.”

Tuscan Gardens of Palm Coast Development Company, LLC (the “Developer”) will serve as the developer of the Project pursuant to a Master Development Agreement dated as of October 20, 2016 (the “Development Agreement”), between the Owner and the Developer. The Developer is an affiliate of the Obligated Group. See “THE PROJECT – The Developer” herein.

**Tuscan Gardens of Venetia Bay.** Affiliates of the Obligated Group (the “Affiliates”) also control special purpose entities that own and operate Tuscan Gardens of Venetia Bay (“Venetia Bay”), an assisted living and memory care facility that opened in October 2016. Venetia Bay consists of 136 units, including 78 assisted living units comprising 90 licensed beds, 58 memory care units and related common areas on property located at 841 Venetia Bay Boulevard, in the City of Venice, Sarasota County, Florida. The Affiliates closed the financing for Venetia Bay in May 2015. Construction for Venetia Bay was completed on schedule in September 2016, materially meeting its construction budget and utilizing the same general contractor that is associated with the Project. Venetia Bay received its license from the Florida Agency for Health Care Administration (“AHCA”) on October 24, 2016. As of November 9, 2016, 20 prospective residents have executed deposit agreements five of which have moved in to Venetia Bay and the remaining are scheduled to move in the next few weeks. In addition, Venetia Bay is actively working with 39 prospective residents who have expressed interest in executing a deposit agreement and identified 619 prospective residents who have expressed interest in living at Venetia Bay.

In December 2015, affiliates of the Obligated Group (the “Lodges Affiliates”) acquired three additional senior living facilities as described below from unrelated sellers. The communities were constructed in 2011, 2012 and 2013, respectively. Each community used the proceeds of certain tax-exempt and taxable revenue bonds to provide a portion of the funds to acquire, construct, install and equip those communities and therefore, each community is subject to affordability restrictions similar to the Project. At the time of purchase by the Lodges Affiliates, these communities were in financial distress and were in default of certain of their financial and operating covenants. The Lodges Affiliates executed a tender and purchase of the outstanding bonds and installed new capital, including a conventional bank loan and private equity. The bondholders for these communities received principal payments in the amount of the original issue price of these revenue bonds plus accrued interest to the date of purchase.
Osprey Lodge at Lakeview Crest. Osprey Lodge at Lakeview Crest is a senior living community consisting of 76 assisted living units and related improvements and 48 memory support units and related improvements (the “Osprey Project”), located in Tavares, Lake County, Florida. The Osprey Project was completed and occupancy by residents began in September 2012, and as of October 1, 2016, is approximately 80% occupied (which is 92% against budgeted projections). The Osprey Project is currently managed by Life Care Services, LLC, dba Life Care Services™ (“LCS”), a national management company that, along with its affiliates, are currently managing approximately 149 retirement communities, serving approximately 34,000 residents in 31 states and the District of Columbia.

Crane’s View Lodge. Crane’s View Lodge is senior living community consisting of 80 assisted living units and related improvements and 48 memory support units and related improvements (the “Crane’s View Project”), located in Clermont, Lake County, Florida. The Crane’s View Project was completed and occupancy by residents began in August 2014, and as of October 1, 2016, is approximately 70% occupied (which is 94% against budgeted projections). The Crane’s View Project is currently managed by LCS.

Stuart Lodge. Stuart Lodge is a senior living community consisting of 95 assisted living units and related improvements (the “Stuart Project”), located in Stuart, Martin County, Florida. The Stuart Project was completed and occupancy by residents began in June 2014, and as of October 1, 2016, is approximately 92% occupied. The Stuart Project is currently managed by LCS.

Management of the Obligated Group

The Management Team of the Obligated Group, each of which reside in Orlando, Florida, have experience in the finance and development of senior living projects, commercial mixed use projects, shopping centers, office buildings, and single and multi-family residential properties. The officers and directors have also been involved in the formation, development and growth of companies in the healthcare, finance and insurance industries. The following are biographies of the Management Team of the Obligated Group:

Laurence J. “Larry” Pino, Esquire, Chairman and CEO, age 65. Mr. Pino is an attorney by background, having graduated with a Bachelor’s degree from the University of Notre Dame and a J.D. degree from New York University School of Law. He also received Certificates of Study from the University of Madrid, L’Alliance Francaise in Paris and the Centro Linguistico Italiano Dante Alighieri in Rome, Italy. Subsequently, he was admitted to practice law and is in good standing as a member of the bars in Florida, New York, and California, as well as in various federal courts across the country. Mr. Pino has operated and assisted in the creation of many small businesses. In particular, Mr. Pino was the founder of The Dynetech Group (“Dynetech”), a private equity management company that focused on starting, developing and growing business enterprises. Following the recession in 2010, Dynetech’s business operations failed, it was dissolved and its intellectual property was sold to a company controlled by Mr. Pino.

Charles C. “Buddy” Smith, Jr., President, age 68. Mr. Smith is the CEO and founder of Delta Advisory Group, Inc., an investment advisory firm and a co-founder and partner of Delta Realty Advisors, Inc., a real estate investment company. He has 40 years of business experience including acting as principal party in the formation, capitalization and operational aspects of several business enterprises within banking, retail, multifamily residential development, commercial retail development, marina services and radio station syndication. Mr. Smith is a graduate of the University of South Carolina and undertook post-graduation studies in philosophy and apologetics at L’Abri Fellowship in Huemoz, Switzerland.

Sean D. Casterline, CFA, MBA, Vice President of Private Equity, age 47. Mr. Casterline is founder and President of Delta Capital Management, LLC; President of Delta Advisory Group, Inc.; and a partner of Delta Realty Advisors, Inc. (collectively, the “Delta Companies”). He specializes in the areas of asset management and alternative real estate investments for clients in different industries. Mr. Casterline began his career in 1992 as an asset manager with the Delta Companies. By 1998, he was a senior portfolio manager. In that same year he accepted an executive position with Wealth Management Financial Group, where he managed client assets in excess of $200 million. He has also previously served as a certified NASD securities arbitrator as well as the director of the CFA Orlando Society. Mr. Casterline received his bachelor’s degree in finance and master’s degree in business administration from the University of Florida.
Christopher P. Young, Chief Operating Officer, age 58. Mr. Young is a principal for Senior Resource Development LLC (the “Project Manager”), a consulting company that advises on the development and financing of senior living communities in the United States. See “THE PROJECT – The Project Manager” herein. He has previously served as the chief operating officer for a regional senior living developer based in central Florida, where he was in charge of the day-to-day operations of the companies and the development of assisted living division. As chief operating officer, he created the business model for the site acquisition and market penetration criteria, along with operational pro formas. While there, he was responsible for the development of three assisted living facilities with an approximate value of $100 million. Mr. Young’s financing experience includes the use of tax-exempt bonds, taxable bonds, EB-5, bank debt, HUD financing programs, and mezzanine debt and equity. He has over 30 years of operational and executive-level experience with small and large corporations, including General Motors and General Dynamics. This experience also includes small and large-scale construction projects, with up to $300 million in total construction cost. Mr. Young earned a Bachelor of Arts degree in administration and pre-law from Michigan State University and is finishing his Master of Science in acquisition and contracts from the University of West Florida. Mr. Young resides in Orlando, Florida.

The Management Team of the Obligated Group has experience in raising capital for a variety of their previous real estate development and business ventures. With respect to the Project, the Management Team of the Obligated Group has formed various real estate investment funds to raise equity from unaffiliated third-party investors for the Project and other projects. The funds are called (1) Tuscan Gardens Holding Company, LLC, (2) Tuscan Garden Real Estate Fund, LLC, (3) Tuscan Gardens Income Fund, LLC, (4) Tuscan Gardens Income Fund II, LLC, (5) Tuscan Gardens Income Fund III, LLC and (6) Tuscan Gardens Growth & Income Fund, LLC. These funds have raised monies for the Project through private placement offerings and collectively the funds have raised an aggregate amount of approximately $10,000,000. These funds own 99% of the issued and outstanding membership units in the Project Holding Company. The management of the Obligated Group expects to have the ability to raise or advance additional capital, if needed, for the Project; however, no representation or warranty is made that such funds could be raised or advanced, when and if needed, or that the Obligated Group has committed funds in excess of the equity contribution. Management of the Obligated Group maintains control over the corporate and business matters affecting the Project, the Obligated Group and the funds described above.

THE PROJECT

The Project will be known as Tuscan Gardens of Palm Coast Senior Housing Project and will consist of 130 units (and 166 beds) which includes 86 assisted living units comprising 110 licensed beds (the “Assisted Living Units”), 44 memory care units comprising 56 licensed beds (the “Memory Care Units”) and related common areas on undeveloped land in the City of Palm Coast, Flagler County, Florida (the “Project”).

The Project will consist of the construction of three buildings connected by corridors totaling approximately 152,000 square feet on an approximate 16-acre site (the “Property”). The assisted living community (the “Assisted Living Community”) will be a four-story building, consisting of two wings with a total of 86 Assisted Living Units with 110 beds and common areas. The memory care community (the “Memory Care Community”) will be a two story building and will contain 44 Memory Care Units with 56 beds. The common area building, located between the Assisted Living Community and the Memory Care Community and connected via interior corridors to both the assisted living and memory care areas, will contain the main entryway, the library, dining rooms, activities areas, the exercise area, a beauty shop, the kitchen and administrative offices. The buildings will be constructed on a reinforced concrete slab with reinforced concrete block walls. The Property is located in the City of Palm Coast, Florida. See “THE PROJECT – The Surrounding Community” herein.

The table below shows the number and square footage for each type of unit in the Project and the expected, approximate fee schedule (upon opening) for basic services, including three meals daily, 24-hour access to care staff, weekly housekeeping and bed linen laundry; all utilities except phone and cable (which can be purchased separately); 24-hour security and emergency alert system; maintenance of common areas and grounds; scheduled local transportation; social, recreational, educational, cultural, and wellness programs; and use of common areas.
<table>
<thead>
<tr>
<th>Assisted Living</th>
<th>Number of Units</th>
<th>Number of Licensed Beds</th>
<th>Unit Size (Square Feet)</th>
<th>Monthly Rate Effective Upon Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petite Bedroom</td>
<td>11</td>
<td>11</td>
<td>451</td>
<td>$3,925</td>
</tr>
<tr>
<td>One Bedroom/One Bath</td>
<td>43</td>
<td>43</td>
<td>617</td>
<td>$4,986</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>8</td>
<td>8</td>
<td>641</td>
<td>$5,305</td>
</tr>
<tr>
<td>Two Bedroom/One Bath - Shared</td>
<td>16</td>
<td>32</td>
<td>754</td>
<td>$3,289*</td>
</tr>
<tr>
<td>Two Bedroom/Two Bath</td>
<td>8</td>
<td>16</td>
<td>873</td>
<td>$8,169</td>
</tr>
<tr>
<td>Total/Weighted Average</td>
<td>86</td>
<td>110</td>
<td>647</td>
<td>$4,614**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Memory Care</th>
<th>Number of Units</th>
<th>Number of Licensed Beds</th>
<th>Unit Size (Square Feet)</th>
<th>Monthly Rate Effective Upon Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom/One Bath</td>
<td>32</td>
<td>32</td>
<td>306</td>
<td>$6,684</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>12</td>
<td>24</td>
<td>452</td>
<td>$5,623*</td>
</tr>
<tr>
<td>Total/Weighted Average</td>
<td>44</td>
<td>56</td>
<td>346</td>
<td>$6,229***</td>
</tr>
</tbody>
</table>

* Monthly rate per resident.  
** Calculated based on 32 shared ‘units’ and the related monthly service fees.  
*** Calculated based on 24 shared ‘units’ and the related monthly service fees.

**Level of Care Fees.** Assisted living residents may be charged a level of care fee based on the services needed by the resident. Following are the levels of care and related fees expected when the Project opens:

**Level 1**  
Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day, including eye drops, nebulizer treatments, topical ointments and as needed medications; occasional life enrichment and dining participation reminders; one load of personal laundry each week; monthly weight and vitals check; personal response pendant; response to emergency requests; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.  
$318 per month/45% utilization

**Level 2**  
Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day, including eye drops, nebulizer treatments, topical ointments and as needed medications; administration of routine monthly injections such as B-12; regular reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; partial or full bath/shower assistance up to twice weekly; dressing and grooming assistance up to twice weekly; incontinence care is self-managed with reminders and minimal assistance no more than 3 times per week; one load of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.  
$637 per month/30% utilization

**Level 3**  
Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminder more than 4 times per day, including eye drops, nebulizer treatments, topical ointments and as needed medications; administration of routine monthly injections such as B-12; assistance with glucose monitoring up to twice daily; daily reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; partial or full bath/shower assistance up to three times weekly; dressing and grooming assistance daily (either a.m. or p.m.); incontinence care is  
$849 per month/15% utilization
self-managed with reminders and minimal assistance no more than 3 times per week; ambulation assistance provided including escorts; assistance with toileting; one load of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.

Level 4 Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day, including eye drops and topical ointments and as needed medications; administration of routine monthly injections such as B-12; diabetic management including blood glucose monitoring and administration of injections; more than daily reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; bathing/shower assistance more than three times weekly; dressing and grooming assistance twice per day; complete continence care; walking and escort assistance to life enrichment and activities; transfer assistance; two loads of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.

The Assisted Living Units include a full bathroom and a kitchenette with a microwave, a refrigerator and a sink. Each Memory Care Unit will include a full bathroom and furniture for storing clothing, dry food and other personal effects. Each Assisted Living Unit and Memory Care Unit in the Project will contain cable television, individually controlled heating and air conditioning systems and a closet. Washing and dryer machines will be provided on each floor for resident use. The Project will have sprinklers and smoke detectors throughout. The Assisted Living Units will have an emergency call system in each room, which alert staff personnel to resident problems.

The Obligated Group will provide three meals a day in the dining room at the Assisted Living Community, weekly linens and housekeeping service, medical transportation if appointments are scheduled, Wi-Fi service throughout the building, use of resident laundry facilities on each floor, and activity programs including shopping and recreational trips. There are extra charges for physician services, physical therapy, oxygen, medications, laboratory, medical equipment and medical supplies and incontinence products. The staff in the Memory Care Units will carry smart phones to promptly communicate resident problems in the Memory Care Community.

If a resident’s physical condition is such that continuous nursing care is required, the resident will be required to move from the Project.

**Assisted Living Units.** The Assisted Living Units provide a level of care between independent living apartments and a skilled nursing facility (“Assisted Living”). Residents will receive three meals a day. The Obligated Group expects to provide activities seven days a week and individualized service plans as developed by the staff of the Manager. See “The Manager” herein. The Obligated Group will provide assistance to persons who need occasional help with some or all of the following: dressing, self-care and other activities of daily living, assistance in attending meals, increased assistance in housekeeping, and assistance with monitoring personal status, medication reminding and cueing. The Project will include licensed nurses on duty to provide limited, periodic nursing services. There is a nurse call system in each Assisted Living Unit, which alerts the nurse that the resident needs assistance. The following is a more detailed description of services to be provided to residents of the Assisted Living Units.

1) Personal Care Assistance

   a) Bathing, grooming, dressing
   b) Toileting and incontinence care
   c) Transferring and ambulation, one person assist. Resident must be capable to propel his/her own wheelchair.
   d) Staff/services available 24-hours per day

   $1,061 per month/10% utilization
e) Temporary or intermittent nursing services accessible 24-hours a day  
f) Coordination of care with supplementary service providers  
g) Supervision of mildly cognitively impaired focusing on abilities and preservation of dignity

2) Medication Assistance
   a) Monitoring of residents who self-administer medications  
   b) Medication reminders and supervision  
   c) Medication administration (if permitted)  
   d) Disposal of medications  
   e) Coordination with family to help maintain medication supply

3) Meals and Nutrition
   a) Three meals prepared and served daily  
   b) Supplemental snacks/beverages  
   c) Therapeutic diets (as allowed)  
   d) Registered dietitian consultation  
   e) Hydration program

4) Life Enrichment Program
   a) Lifestyle programming designed to include daily routines  
   b) Health maintenance and promotion programs  
   c) Socialization programs  
   d) Choice and Empowerment practices  
   e) Coping strategies  
   f) Cognitive enhancement programs  
   g) End of life care strategies  
   h) Self-actualization interventions  
   i) Depression Management  
   j) Therapeutic Recreation  
   k) Social Services  
   l) Transportation to Medical Appointments

5) Housekeeping/Maintenance
   a) Weekly cleaning of apartment  
   b) Laundering of personal laundry (additional fee)  
   c) Weekly linen change  
   d) Apartment and community maintenance

6) Security/Safety
   a) Fire and smoke detection, notification and containment systems  
   b) Staff accessible 24-hours a day, trained in emergency response procedures  
   c) Risk Management program  
   d) Fall prevention strategies  
   e) Door alarms, monitored/secured access  
   f) Hazard Management

Memory Care Units. The Memory Care Community will have three neighborhoods. Each neighborhood will have a dining area where residents will have their meals, as well as designated activity and recreational space. Residents may also prepare their own light meals and snacks in three country kitchens strategically located in each neighborhood. The Memory Care Units will offer a safe environment as well as an activity focused therapeutic program for residents suffering from dementia, Alzheimer’s disease and other related disorders.
Residents in the Memory Care Units may exhibit symptoms of mild to severe cognitive impairment caused by Alzheimer’s Disease, Parkinson’s Disease, Multi-infarct Dementia, Pick’s Disease, Lewy Body Disease or other conditions that may cause dementia. Residents in the Memory Care Units will typically exhibit at least two symptoms that include, but are not limited to: memory loss, confusion, disorientation, emotional outbursts, depression, loss of social restraint, wandering, loss of control of intellectual functioning or body movements, and loss of speech or communicative ability. Residents in the Memory Care Units are expected to need periodic assistance with bathing, dressing, grooming, oral care, toileting or incontinence, or reminders to help prevent incontinence, medication supervision/administration, movement/ transferring/ambulation, routine skin care, temporary, intermittent or unscheduled nursing care, meals and/or cueing of eating, behavior management, socialization, participation in purposeful activities and supervision for maintaining safety.

The services provided in the Memory Care Units are similar to those that are provided in the Assisted Living Units, but offer specific therapeutic interventions to meet the needs of residents with dementia. The goal of the Project is to maintain the resident’s independence, function ability and personhood for as long as possible. The following is a more detailed description of services to be provided to residents of the Memory Care Units.

1) Personal Care Assistance
   a) Bathing, dressing, grooming, transfers and mobility, toileting and incontinence care
   b) Temporary or intermittent nursing care and coordination of services
   c) Monitoring of residents’ medical condition
   d) Staff/services available 24-hours a day
   e) Supervision of the cognitively impaired focusing on abilities, preservation of dignity and natural life flow

2) Medication Assistance
   a) Medication Administration
   b) Observation and monitoring of resident’s conditions
   c) Disposal of medications
   d) Coordination with family to help maintain medication supply

3) Meals and Nutrition
   a) Modified Food to Meet Needs
   b) Family Style Dining
   c) Therapeutic Nutrition and Hydration
   d) Dietitian Counseling

4) Life Enrichment Program
   a) 24-hour daily individualized schedule
   b) Health maintenance and promotion
   c) Socialization environment
   d) Choice and empowerment practices
   e) Person-Centered Care
   f) Coping strategies
   g) Activity-focused program
   h) Validation therapy
   i) End of life care strategies
   j) Therapeutic recreation designed for dementia residents
   k) Social Services
   l) Natural life flow environment
   m) Outdoor therapeutic/healing gardens
   n) Transportation to medical appointments
5) Housekeeping/Maintenance
   a) Weekly cleaning of apartment
   b) Daily bed-making
   c) Laundering of personal laundry
   d) Weekly linen change
   e) Apartment and community maintenance

6) Security/Safety
   a) Staff available 24-hours a day, trained in emergency response procedures
   b) Risk management program
   c) Fall prevention strategies
   d) Door alarms, monitored/secured access
   e) Hazard management
   f) Exposure control plan
   g) Fire and smoke detection, notification and containment systems

The pricing for the Memory Care Units is all-inclusive with no additional level-of-care expenses even when residents may require more care.

Licensing. In connection with completion of construction of the Project, the Obligated Group will apply to the Florida Agency for Health Care Administration (“AHCA”) for the necessary licenses to open the Project and accept residents. The Manager (defined below) and the Project Manager (defined below) are contractually bound to assist the Obligated Group with such application. See “Regulations, Permits and Licensure” herein. The Obligated Group will require each prospective resident of the Project to enter into an agreement for residency that entitles a resident to services provided by the Obligated Group at the Project.

The Lease

The Owner and the Operator have entered into a Lease Agreement dated on or about the date of issuance of the Series 2016 Bonds (the “Lease”), under which the Owner will lease the Project to the Operator for a term that ends in 2056 unless sooner terminated or extended pursuant to the Lease terms. The Operator agrees to pay the Owner ten dollars per month in rent plus additional rent equal to the amounts payable by the Obligated Group Agent under the Loan Agreement. The Lease is a “triple-net” lease under which the Operator is obligated to pay all operating expenses, taxes, insurance premiums, the costs of maintaining the Project, and other costs relating to the operation of the Project. Upon an event of default under the Lease, the Lease is subject to termination, but only upon the written consent of U.S. Bank, National Association, as master trustee (the “Master Trustee”). The rights of the Owner under the Lease will be collaterally assigned to the Master Trustee pursuant to the Mortgage.

The Allocation Agreement

The Owner has entered into an Inter-Company Allocation Agreement, dated as of October 20, 2016 (the “Allocation Agreement”), under which the Owner will make certain monthly payments to the Project Holding Company in an amount equal to eight percent (8%) per annum on the principal amount of equity contributed by the Project Holding Company to the Obligated Group as of the issuance of the Series 2016 Bonds. Payments to the Project Holding Company shall commence on the date that the Project has received both a Certificate of Occupancy and AHCA licensure, and payments shall be payable in monthly installments of the total yearly contribution amount. Upon issuance of the Series 2016 Bonds, the Obligated Group will deposit $900,000 into the Allocation Fund created and held pursuant to the Mater Indenture. The Allocation Fund will be part of the Trust Estate and will be available for costs relating to the construction of the Project and the payment of Total Cash Operating Expenses. Monies in the Allocation Fund are included in the definition of Available Reserves. The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions and other lawful purposes unless the Obligated Group is in compliance with the following covenants: the Long-Term Debt Service Coverage Ratio covenant; the Days’ Cash on Hand Requirement covenant; the Occupancy Requirement covenant; the Management covenant; the Annual Budget covenant; and the covenant regarding filing Financial Information. See “PLAN OF
The Surrounding Community

The Project is located in the City of Palm Coast (the “City”) in Flagler County, Florida (the “County”). The estimated current population of the City is approximately 81,000 and the estimated population of the County is 102,000. The site of the Project (the “Series 2016 Project Site”) is within a mixed-use planned unit development (“PUD”) site consisting of approximately 72 acres known as Tuscan Gardens of Palm Coast. It is located on Colbert Lane approximately 1.25 miles south of Palm Coast Parkway and approximately 30 miles from Daytona Beach, Florida. The City is adjacent to the community of Grand Haven.

Grand Haven is a master-planned community of approximately 1,478 total acres originally approved for 1,901 dwelling units. It is located on the eastern side of the City along the Intracoastal Waterway (“ICW”). The Property is adjacent to the approximate 5,000-acre Graham Swamp conservation area and two county waterfront parks with connections to public pedestrian trail systems. The Series 2016 Project Site is adjacent to Grand Haven, approximately one-half of a mile from the north entrance to Grand Haven. Residents of the Project will also have access to the amenities within Grand Haven. Grand Haven is a country club community featuring a broad offering of homes in 19 neighborhoods including condominiums, villas, and single-family dwellings. It features amenity-rich environment with a variety of recreational opportunities, including a signature Jack Nicklaus golf course and 17,000 square foot clubhouse overlooking the ICW. Within Grand Haven, there is a “Village Center” with dining, activity rooms, aquatics center, fitness center, tennis facility, bocce courts, croquet courts, playgrounds and open space. On the north side of Grand Haven is the Creekside Athletic Center with indoor lounge and game room, fitness center, swimming pool and cabana, tournament-scale croquet court, volleyball and basketball courts and multi-use ball fields.

A large portion of Grand Haven remains as preservation and open space. An extensive pedestrian trails system runs throughout the community and connects to the greater Palm Coast Trail System. The Esplanade, a wide walkway component of the Grand Haven pedestrian system, follows along the ICW for approximately two miles. Grand Haven features several pocket parks along the pedestrian trail and throughout the many neighborhoods within the community. Grand Haven commenced sales in 1998. As of July 30, 2016, all original 1,901 developer lots within Grand Haven are closed. There are currently approximately 1,700 completed and occupied dwellings. An active builder program is managed by the on-site brokerage Grand Living Realty located on Colbert Lane directly across from the Grand Haven main entrance. The Grand Living Realty office is the initial anchor for an approved 55,000 square feet of retail and commercial center at Grand Haven.

The Obligated Group is purchasing the Series 2016 Project Site from Grand Haven North, LLC, whose general partner was the development manager of the Grand Haven community. The Operator intends to pursue an affiliation agreement with Grand Living Realty to assist in the marketing of Tuscan Gardens of Palm Coast. For certain demographic information about the City and the area near the Project, see “FINANCIAL FEASIBILITY STUDY” in Appendix B to this Official Statement.

According to the Financial Feasibility Study, the 2010 population of the primary market area (the “PMA”), which included twenty (20) census tracks in the City, was 95,696 of which 23,405 were 65 years and older and 9,812 were 75 years and older. The estimated population for 2016 in the PMA for residents 65 years and older was 30,020 an expected 4.2% increase over 2010. In 2016, Florida’s population 65 years and older comprised approximately 20% of the overall population, while the PMA population of 65 years and older was 28.7%. From January 2015 to April 2016, approximately 4,699 homes in the PMA were sold with an average sale price of approximately $205,570. This is an increase in homes sold from 2013 in the PMA of approximately 101.5%, when 2,331 homes were sold at an average sales price of $170,169. See “FINANCIAL FEASIBILITY STUDY” in Appendix B to this Official Statement.

The neighborhood has immediate access to Interstate-95 via interchanges at Palm Coast Parkway and East Highway 100. Palm Coast Parkway runs east to west and intersects with Interstate 95. Florida State Road 100 (locally known as East Moody Boulevard) is a four lane divided highway and an east-west corridor for the subject neighborhood, intersecting with Interstate 95. US Highway 1 is a major north-south highway that runs 2.377 miles...
along the east coast of the United States. The Flagler County Airport is nearby and is a county-owned, public airport with two 5,000 foot runways and a 3,000 foot water runway.

There are several Healthcare facilities within close proximity to the Project. The following chart includes the hospitals near the Project:

<table>
<thead>
<tr>
<th>Hospital Name*</th>
<th>Location</th>
<th>Approx. Miles from Property</th>
<th>Type</th>
<th>Number of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Hospital Flagler</td>
<td>Flagler</td>
<td>8.0</td>
<td>STAC**</td>
<td>99</td>
</tr>
<tr>
<td>Florida Hospital Memorial Medical Center</td>
<td>Daytona Beach</td>
<td>25.0</td>
<td>STAC**</td>
<td>293</td>
</tr>
<tr>
<td>Florida Hospital Oceanside</td>
<td>Ormond Beach</td>
<td>25.0</td>
<td>STAC**</td>
<td>294</td>
</tr>
<tr>
<td>Select Specialty Hospital</td>
<td>Daytona Beach</td>
<td>25.0</td>
<td>STAC**</td>
<td>34</td>
</tr>
</tbody>
</table>

*Source: 'FINANCIAL FEASIBILITY STUDY' Appendix B to the Official Statement.
** "STAC" means Short Term Acute Care.

There are numerous shopping plazas including restaurants, pharmacies, grocery stores, churches, banks, hotels and motels located near the Series 2016 Project Site.

The Developer

Tuscan Gardens of Palm Coast Development Company, LLC (the “Developer”) is serving as the developer of the Project pursuant to the Master Development Agreement, dated as of October 20, 2016 (the “Development Agreement”) between the Developer and the Owner. The Developer is an affiliate of the Obligated Group. The Developer is owned and controlled, directly or indirectly, by Laurence J. Pino.

The Development Agreement

Pursuant to the Development Agreement, the Developer has agreed to provide the following services:

1) **Development Plan.** The Developer has developed a detailed plan (the “Development Plan”) for the Owner’s review and approval to develop a marketable assisted living and memory care community including (a) building and site plan drawings, (b) a construction and development budget (the “Development Budget”) and (c) a progress schedule (the “Progress Schedule”), which sets forth the anticipated dates for starting and completing the various stages of development and construction for the Project.

2) **Review of Development Plan.** The Developer has agreed to review and update the Development Plan and provide supportive information with respect to the Development Plan as Owner may reasonably request.

3) **Accounts, Records, Reports and Development Budget.** The Developer has agreed to maintain and deliver the accounts, records and reports pertaining to the Development Agreement. In addition, the Developer will prepare progress reports with respect to the Project on a monthly basis. The Development Budget for the Project will set forth in detail on a line item basis the “hard” and “soft” cost of constructing the contemplated improvements for the Project (the “Project Costs”).

4) **Entitlements and Permits.** The Developer has agreed to consult with, assist and advise the Owner on (i) matters relating to land use entitlements affecting the Project and compliance with outstanding requirements and conditions imposed upon such land use entitlements and (ii) required or advisable modifications to such entitlements or additional entitlements, if any. The Developer has agreed to assist or represent to the Owner in obtaining such modifications or additional entitlements. The Developer will coordinate and make recommendations regarding all permits and approvals required for the development and occupancy of the Project.

5) **Financing.** The Developer has agreed to assist the Owner in identifying potential lenders for the Project and prepare, submit and monitor the application(s) to obtain such financing. The applications...
will first be reviewed by the Owner and Developer will may any changes required by the Owner. 
The Developer will attend all the meetings with such lenders as the Owner’s agent.

6) **Consultant Selection and Contract Negotiation.** The Developer will assist the Owner in selecting an 
architect, contractor, project manager, property manager and other consultants and suppliers required 
for the Project.

7) **Design Coordination.** The Developer will coordinate and monitor the design process, review the 
design phases with the Owner and assist the Owner in its review and approval of the design 
documents for each of the phases.

8) **Construction Administration.** The Developer will work with the Owner to monitor and administer all 
aspects of the construction of the Project including the following: (i) maintain and keep updated all 
relevant documents, (ii) prepare all construction bid documents, secure bids from general contractors 
and negotiate terms, (iii) assist, review and discuss with the Design Builder its means and methods 
of construction, (iv) perform construction management and cost control services, including assisting 
Owner in approving items for construction, (v) inspect approximately every two weeks the progress 
of construction and confirm with the Architect the construction is being carried out substantially in 
accordance with contract terms, (vi) evaluate all submissions for payment by general contractor, (vii) 
review punch list items and assist in the close-out of the construction and (viii) coordinate the 
opening date of the project.

**Developer Guaranty.** Under the Development Agreement, the Developer guarantees to the Owner (i) the 
actual total cost of the Project will not exceed the total amount of Project Costs stated in the Development Budget 
and (ii) on or before the final completion date, the Project will be completed (collectively, the “Guaranteed 
Obligations”). The Developer’s Guaranteed Obligations with respect to the scheduled completion date will terminate 
upon the issuance of a certificate of occupancy. See “SECURITY AND SOURCES OF PAYMENT FOR THE 
SERIES 2016 BONDS – Developer Guaranty of Construction” in the front part of this Official Statement.

**Compensation.** Pursuant to the Development Agreement, the Owner has agreed to pay the Developer a fee 
of $2,000,000 (the “Developer Fee”). The Owner will deposit $1,500,000 into the Developer Fee Account of the 
Working Capital Fund in the Master Indenture upon the issuance of the Series 2016 Bonds. The Master Indenture 
requires the Project Monitor to approve all requisitions from the Developer Fee Account. Pursuant to the 
Development Agreement, the Developer has contracted to pay the following fees:

(a) $750,000 upon issuance of the Series 2016 Bonds (the “First Portion”);

(b) $375,000 in fourteen (14) equal monthly installments commencing thirty (30) days after the First 
Portion and continuing for thirteen (13) months thereafter;

(c) $375,000 upon receipt by the Project of the license from AHCA, a Certificate of Occupancy and 
either (i) deposit by the Obligated Group of Five Hundred Thousand Dollars ($500,000) in the Working Capital 
Fund or (ii) compliance by the Obligated Group with the Long-Term Debt Service Coverage Ratio covenant for four 
(4) consecutive Ratio Testing Dates and the Days’ Cash on Hand Requirement in the Master Indenture for four (4) 
consecutive Liquidity Testing Dates and provided that after the disbursement of the fee earned under this subsection 
(c), the Obligated Group would still be in compliance with such covenants; and

(d) Five Hundred Thousand Dollars ($500,000) upon receipt by the Project of a license from AHCA 
and a Certificate of Occupancy and either (i) deposit by the Obligated Group of Five Hundred Thousand Dollars 
($500,000) in the Developer Fee Account or (ii) from distributions made from the Surplus Fund in accordance with 
terms of the Master Indenture for distributions to the Obligated Group and its affiliates.

**The Project Manager**

The Owner has engaged Senior Resource Development LLC, a Florida limited liability company (the 
“Project Manager”), to serve as the project consultant and Project Manager pursuant to a Program Management – 
Project Management Agreement (the “Project Management Agreement”). The majority owner of the Project 
Manager is Mr. Christopher P. Young. See the subheading “– Management of the Obligated Group” herein for the 
biographical information of Mr. Young.
The Project Management Agreement

Pursuant to the Project Management Agreement, the Project Manager has agreed to provide project management services in connection with the development of the Project and has undertaken the following responsibilities among others:

1) Predevelopment Phase Services

   a. Administrative: Attend, moderate and document regular weekly/monthly progress meetings/conference calls, attend public and stakeholder meetings and team meetings, publish and maintain the project team directory.

   b. Project Development Assistance and Financing Conformance: Assist with local entitlement and stakeholder process, permitting process, the Management Agreement, development of project financial models, capital and transaction structuring, identification of incentive and tax credit programs/processes, various tax equity alternatives as part of the capital model, the construction contract, coordination and assistance with the due diligence and with project conformance to investment requirements.

   c. Program Services: Negotiate and cause to be executed the Management Agreement, negotiate and secure debt financing, assist the Owner in identifying sources of financing, establish and implement administrative and financial controls and provide such other financial services as the Developer deems appropriate.

2) Development Phase Services

   a. Project Controls: Maintenance and conformance with the Master Project Schedule, Master Project Budget and communication model, oversee maintenance of the document management system, oversight of funding and draw process, assist with the project accounting and reporting, including reporting on conformance with financing and project documents and conformance with requisite project agreements.

   b. Construction Contract: Oversight of planning, design and engineering consultants/functions, plan and contract reviews, observation and monitoring of construction managers, general contractor and subcontractors, observation and monitoring of construction schedule, cost event and change order process, jobsite health and safety performance, construction conformance to contract documents, participation in the construction pay application and financial reporting process and commissioning phase, and observation and monitoring of the project close-out phase.

Compensation. In consideration of the performance of the various services set forth in the Project Management Agreement, the Project Manager will receive a fee of $650,000 plus reimbursements. The Obligated Group will pay the Developer (i) $350,000 upon issuance of the Series 2016 Bonds; (ii) $75,000 in equal monthly installments during the period of the construction of the Project; (iii) $75,000 upon the issuance of a Certificate of Completion and receipt of a license from AHCA for the Project; and (iv) $150,000 upon the Project achieving and maintaining a stabilized occupancy level of 85% or greater for six consecutive months. The Project Manager is loaning the compensation set forth in (iv) in the previous sentence to the Obligated Group on an unsecured basis.

The Design Builder

The Developer has entered into the hereinafter defined Design Build Agreement with CORE Construction Services of Florida, LLC, with local offices in Naples, Orlando, and Sarasota, Florida, as the Design Builder to construct the Project (the “Design Builder”). The Developer will assign its interests in the Design Build Agreement to the Obligated Group Agent in connection with the issuance of the Series 2016 Bonds.

The Design Builder is a national construction firm with additional offices in Arizona, Illinois, Indiana, Louisiana, Nevada and Texas. The Design Builder has extensive experience constructing projects in Florida (the “State”). The following is a partial list of representative transactions in the State:
<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Location in Florida</th>
<th>Year of Completion</th>
<th>Type of Project</th>
<th>Approx. Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volterra at ChampionsGate</td>
<td>Championsgate</td>
<td>Under Construction</td>
<td>IL / AL / MC</td>
<td>$28,800,000</td>
</tr>
<tr>
<td>Tuscan Gardens Venetia Bay</td>
<td>Venice</td>
<td>2016</td>
<td>AL / MC</td>
<td>19,200,000</td>
</tr>
<tr>
<td>Volterra at Solivita Marketplace</td>
<td>Poinciana</td>
<td>2016</td>
<td>IL / AL / MC</td>
<td>25,600,000</td>
</tr>
<tr>
<td>Fountains of Hope</td>
<td>Sarasota</td>
<td>2015</td>
<td>AL / MC</td>
<td>12,900,000</td>
</tr>
<tr>
<td>Trio at Encore</td>
<td>Tampa</td>
<td>2014</td>
<td>Multi-Family/Mixed-Use</td>
<td>17,800,000</td>
</tr>
<tr>
<td>Gardenia Gardens</td>
<td>Gainesville</td>
<td>2014</td>
<td>Renovation</td>
<td>7,200,000</td>
</tr>
<tr>
<td>Apostolic Christian Church</td>
<td>Fort Myers</td>
<td>2014</td>
<td>Religious Facility</td>
<td>2,100,000</td>
</tr>
<tr>
<td>Lido Beach Pavilion</td>
<td>Sarasota</td>
<td>2014</td>
<td>Municipal Public Facility</td>
<td>860,000</td>
</tr>
<tr>
<td>Stuart Lodge</td>
<td>Stuart</td>
<td>2014</td>
<td>AL / MC</td>
<td>12,600,000</td>
</tr>
<tr>
<td>Crane’s View Lodge</td>
<td>Clermont</td>
<td>2013</td>
<td>AL / MC</td>
<td>13,200,000</td>
</tr>
<tr>
<td>Hawthorne Health and Rehabilitation</td>
<td>Sarasota</td>
<td>2012</td>
<td>SN</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Edison State College Residence Hall – 1</td>
<td>Fort Myers</td>
<td>2012</td>
<td>Student Housing</td>
<td>19,407,200</td>
</tr>
<tr>
<td>Lakeside Park – Phase 1</td>
<td>Avon Park</td>
<td>2012</td>
<td>Renovation</td>
<td>946,850</td>
</tr>
<tr>
<td>Olive Grove Apartments</td>
<td>Ormond Beach</td>
<td>2012</td>
<td>Multi-Family</td>
<td>8,776,800</td>
</tr>
<tr>
<td>Osprey Lodge</td>
<td>Tavares</td>
<td>2012</td>
<td>AL / MC</td>
<td>11,793,900</td>
</tr>
<tr>
<td>Villa Grande at Sarasota</td>
<td>Sarasota</td>
<td>2011</td>
<td>Multi-Family</td>
<td>13,898,800</td>
</tr>
<tr>
<td>Pine Berry</td>
<td>Clearwater</td>
<td>2011</td>
<td>Senior Housing</td>
<td>8,583,750</td>
</tr>
<tr>
<td>Madison Vines</td>
<td>Fort Pierce</td>
<td>2011</td>
<td>Senior Housing</td>
<td>7,590,000</td>
</tr>
<tr>
<td>Anchin Pavilion</td>
<td>Sarasota</td>
<td>2011</td>
<td>SN</td>
<td>1,570,000</td>
</tr>
<tr>
<td>DeSoto Palms</td>
<td>Sarasota</td>
<td>2010</td>
<td>AL</td>
<td>10,287,800</td>
</tr>
<tr>
<td>Physician’s Resource Center</td>
<td>Sarasota</td>
<td>2010</td>
<td>Renovation</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Madison Pointe Rehabilitation and Nursing Home</td>
<td>New Port Richey</td>
<td>2010</td>
<td>SN</td>
<td>654,900</td>
</tr>
<tr>
<td>Bayside Arbors</td>
<td>Clearwater</td>
<td>2010</td>
<td>Multi-Family addition</td>
<td>8,478,200</td>
</tr>
<tr>
<td>Marco Island Historical Museum</td>
<td>Marco Island</td>
<td>2010</td>
<td>Museum</td>
<td>3,121,000</td>
</tr>
<tr>
<td>Banyan Senior Apartments</td>
<td>Port Richey</td>
<td>2010</td>
<td>Senior Apartments</td>
<td>8,623,800</td>
</tr>
<tr>
<td>Green’s Edge at Province Park</td>
<td>Fort Myers</td>
<td>2010</td>
<td>Multi-Family</td>
<td>49,924,300</td>
</tr>
<tr>
<td>Madison Cay Apartments</td>
<td>Fort Pierce</td>
<td>2009</td>
<td>Multi-Family</td>
<td>10,220,100</td>
</tr>
<tr>
<td>DeSoto Towers Apartments</td>
<td>Bradenton</td>
<td>2009</td>
<td>Multi-Family</td>
<td>4,138,500</td>
</tr>
<tr>
<td>Wild Heron Villas</td>
<td>Lake Powell</td>
<td>2008</td>
<td>Condominiums</td>
<td>16,996,700</td>
</tr>
<tr>
<td>West Winds</td>
<td>Zephyrhills</td>
<td>2008</td>
<td>AL</td>
<td>5,833,100</td>
</tr>
<tr>
<td>Lakehouse at Water’s Edge</td>
<td>Bradenton</td>
<td>2008</td>
<td>Senior Apartments</td>
<td>13,297,300</td>
</tr>
<tr>
<td>Artisan Club Condominiums</td>
<td>Celebration</td>
<td>2007</td>
<td>Condominiums</td>
<td>55,689,100</td>
</tr>
<tr>
<td>San Marino at Mirror Lakes Phase 2</td>
<td>Estero</td>
<td>2007</td>
<td>Condominiums</td>
<td>14,391,000</td>
</tr>
<tr>
<td>San Marino at Mirror Lakes</td>
<td>Estero</td>
<td>2006</td>
<td>Condominiums</td>
<td>17,846,800</td>
</tr>
<tr>
<td>Sandhill Oaks Apartments</td>
<td>Port Charlotte</td>
<td>2006</td>
<td>Apartments</td>
<td>17,731,700</td>
</tr>
<tr>
<td>Acorn Parke Apartments</td>
<td>Jacksonville</td>
<td>2004</td>
<td>Apartments</td>
<td>15,691,800</td>
</tr>
<tr>
<td>Glenbrooke at Palm Bay</td>
<td>Palm Bay</td>
<td>2003</td>
<td>Senior Apartments</td>
<td>12,656,000</td>
</tr>
<tr>
<td>Woodland Terrace Acute Nursing Homes</td>
<td>Jacksonville</td>
<td>2003</td>
<td>Nursing Home</td>
<td>6,638,500</td>
</tr>
<tr>
<td>Trophy Club at the Strand</td>
<td>Naples</td>
<td>2002</td>
<td>Condominiums</td>
<td>15,506,800</td>
</tr>
<tr>
<td>Shadow Creed Apartments</td>
<td>Casselberry</td>
<td>2001</td>
<td>Apartments</td>
<td>15,866,100</td>
</tr>
<tr>
<td>Woodland Care Center</td>
<td>Hernando</td>
<td>2001</td>
<td>Nursing Home</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

1 “IL” means Independent Living; “AL” means Assisted Living; “MC” means Memory Care; “SN” means Skilled Nursing.
2 Owned by affiliates of the Obligated Group.
3 100 unit multi-family apartment project.
4 16 units, plus site amenities.
5 Part of the Sarasota Memory Hospital.
6 2,700 square feet, including a food service area and dining room.

**Services.** The services offered by the Design Builder include design and pre-construction services, including site evaluation and selection, conceptual budgets and estimates, schedule development, subcontractor prequalification, space evaluation and programming, constructability reviews, permitting and regulatory approvals, and value engineering recommendations. The Design Builder serves as general contractor, construction manager, and as the design/build contractor. During construction, the Design Builder provides budget and schedule management, continued value engineering and value added scope implementation, monthly progress reporting, permitting assistance, shop drawing and material submittal review and quality assurance, on and off site project management and quality control, and safety enforcement.

**Executive Management of the Design Builder**

**John P. Wiseman, President and Manager.** Mr. Wiseman has spent his entire career in the construction industry. He started his career with the Design Builder as a project manager. From 1988 to 1991, he served as Director of Operations, and in 1992 he became President. He has served as President of the Florida Home Builders Association and is a member of the National Association of Home Builders. Mr. Wiseman received a Bachelor of
Science degree in Building Construction from the University of Florida. In 2012, Mr. Wiseman was awarded Florida Builder of the Year from The Florida Homebuilders Association.

The Design Build Agreement

Guaranteed Maximum Price. The Developer and the Design Builder have entered into a (i) Standard Form of Agreement Between Owner and Design Builder – Lump Sum (DBIA Document No. 525, Section Edition 2010) and (ii) Standard form of General Conditions of Contract Between Owner and Design Builder (collectively, the “Design Build Agreement”) providing for a total guaranteed maximum price of $25,350,000 (the “Guaranteed Maximum Price”), including a $400,000 contingency for unanticipated costs. The Design Build Agreement provides for the Design Builder to commence work fifteen (15) days from the Design Builder’s receipt of the latter of the following: (i) fully executed Design Build Agreement including the Guaranteed Maximum Price; (ii) evidence of funding satisfactory to the Design Builder; (iii) issuance of all required permits; (iv) the Obligated Group’s notice to proceed with construction; (v) notice of commencement recorded by the Obligated Group; and (vi) unhindered access to the Property, including any off-site Work (as defined in the Design Build Agreement) (collectively, the “Commencement Date”).

Payment and Performance Bonds/Insurance. The Design Builder will furnish payment and performance bonds issued by Travelers Casualty and Surety Company of America in the full amount of the Design Build Agreement. In addition, the Design Builder shall procure and maintain, during the life of the Design Build Agreement, insurance with a carrier licensed to do business in the State and acceptable to the Obligated Group and any lender. The Design Builder shall pay for the following types and minimum amounts of insurance: (a) Comprehensive commercial general liability insurance against liability for personal and 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 and (b) Builder’s risk insurance or other similar product insuring the Project against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Project.

Liquidated Damages. The Design Build Agreement provides that substantial completion shall be achieved no later than 488 calendar days from the Commencement Date (the “Scheduled Substantial Completion Date”), which is expected to be 15 days from the issuance of the Series 2016 Bonds. The contract further provides that, if the Project is not substantially completed by thirty (30) days after the Scheduled Substantial Completion Date, the Design Builder is liable for liquidated damages in an amount equal to $7,600 per day that Substantial Completion extends beyond the contractual Substantial Completion Date (the “LD Date”). Substantial Completion is the date on which the work is sufficiently complete so that the Obligated Group Agent can occupy and use the entire Project for its intended purposes, which is the operation of an assisted living and memory care community, including all prerequisites necessary for the issuance of the license from AHCA.

Risks. Certain risks associated with the construction of the Project, including those relating to claims under the payment and performance bonds and under the liquidated damages provisions of the Design Build Agreement are discussed in this Official Statement under “CERTAIN BONDHOLDERS’ RISKS – Construction Risks.”

The Construction Consultant

Appono Consulting, LLC, a Florida limited liability company (the “Construction Consultant”), is serving as the Construction Consultant for the Project. The Construction Consultant entity was formed in February 2015 specifically to provide construction monitoring services and consulting to developments with a senior living focus. Under the agreement, described under “The Disbursement Agreement” below, the Construction Consultant is providing the services for the benefit of the Bond Trustee. The Construction Consultant has provided and provides similar services for financial institutions.

The Construction Consultant operates as a single member limited liability company under the laws of the State. The company currently utilizes 15 different contract consultants selected on a project basis for level of skill needed, project location and specialty. The Construction Consultant provides full service planning, development, project management, project monitoring and consulting services specifically for senior housing. The Construction Consultant is currently monitoring four (4) assisted living projects providing construction management monitoring.
or threshold inspection services. The Construction Consultant is a licensed professional in the State and is NCARB certified to practice in 50 states and all U.S. Territories. The Construction Consultant is headquartered in Brooksville, Florida with branch offices in Tampa and Atlanta and has current projects throughout Florida, Georgia and Ohio. The Construction Consultant has design, project management and real estate development experience with multifamily, mixed use, senior living communities including independent living and assisted living with memory care. Following is a list of representative projects of equal scope and use that have been project monitored or managed by the Construction Consultant in the past 3 years:

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Date Completed</th>
<th>Type of Project**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverview Senior Resort</td>
<td>Palm Bay, Florida</td>
<td>2016</td>
<td>120 units AL/MC</td>
</tr>
<tr>
<td>Tuscan Gardens Venetia Bay***</td>
<td>Venice, Florida</td>
<td>2016*</td>
<td>136 units AL/MC</td>
</tr>
<tr>
<td>Prevarian Beach House</td>
<td>Wesley Chapel, Florida</td>
<td>2017*</td>
<td>100 units AL/MC</td>
</tr>
<tr>
<td>The Fountains of Hope</td>
<td>Sarasota, Florida</td>
<td>2015</td>
<td>106 units AL/MC</td>
</tr>
<tr>
<td>Conifer Gardens ALF</td>
<td>Jonesboro, Georgia</td>
<td>2013</td>
<td>7 Story ALF Conversion</td>
</tr>
</tbody>
</table>

*Estimated date of completion of current construction schedule (multiple building project).
** “AL” means Assisted Living. “MC” means Memory Care and “ALF” means Assisted Living Facility.
*** Owned by affiliates of the Obligated Group.

Note all projects listed under this Construction Consultant have been completed ahead of schedule.

Darren Azdell, Managing Member/Principal. Mr. Azdell has over 26 years of experience in commercial development, architecture, engineering, interior design, construction, real estate and property management. Mr. Azdell is an award winning and published designer and is the recipient of the FA / AIA Bronze Medal, and several AGC and NAIOP awards. He has supervised the design and building of over 19 million square feet of office, lab, institutional, industrial, multi-family, and government facilities in the last decade. Mr. Azdell has also served continuously as an Adjunct Associate Professor for the University of South Florida for over 16 years in Real Estate Development, Construction Management and Architecture with emphasis on economically and environmentally sustainable developments. Mr. Azdell also serves as Treasurer for the Nature Coast Chapter of the Building Official Association of Florida and the International Code Council.

The Disbursement Agreement

The Obligated Group has entered into a Construction Disbursement and Monitoring Agreement dated on or about the date of issuance of the Series 2016 Bonds (the “Disbursement Agreement”) among the Obligated Group Agent, HJS Advisors, Inc, which is an affiliate of the Underwriter (the “Project Monitor”) and the Construction Consultant. Pursuant to the Disbursement Agreement, the Construction Consultant is responsible for monitoring the construction of the Project on behalf of the holders of the Series 2016 Bonds and the Bond Trustee.

The Construction Consultant has been engaged to provide a full pre-construction project review for the Project, including verification of construction budgets; review of environmental and geo-technical reports; compliance and suitability review of plans and specifications; analysis of plan approvals and construction permit protocols and timelines; review of construction contracts and scheduled completion dates; and analysis of budgeted costs and sufficiency of funds to complete.

In addition to the pre-construction review, the Construction Consultant will review and approve construction progress, requisitions and change orders on a monthly basis throughout the Project’s construction period. This will include monthly site visits during which the Construction Consultant will approve each construction draw and determine, among other things, that the Project’s construction progress is consistent with approved budgets and timelines, that the work completed is in substantial compliance with the plans and specifications, that on-site material is adequately stored and protected, that estimates of percentages of completion are confirmed by the actual work in place, and that hard cost funds needed to complete are sufficient and available. The Construction Consultant’s monthly site visits will be summarized in a monthly report including dated and labeled color photographs and a narrative summarizing the general status of construction and any specific areas of concern. The Construction Consultant’s final report will be issued at substantial completion of the Project.

Disbursement Requests for Hard Costs. Prior to the submission to the Bond Trustee of any request for disbursement (a “Disbursement Request”) for payment of Hard Costs (as defined in the Disbursement Agreement), the Obligated Group Agent will submit such Disbursement Request to the Construction Consultant for its review.
and certification. Each Disbursement Request for Hard Costs will set forth the total amount of Hard Costs included in the Disbursement Request, itemized by the categories identified in the Series 2016 Project Budget (as defined in the Disbursement Agreement), together with the following: (a) the schedule of values will be prepared in such form and supported by such data to substantiate its accuracy as the Architect and the Obligated Group Agent may require; (b) a Certificate of Design Builder; (c) a Certificate of Construction Consultant; and (d) a Certificate of Architect.

The Obligated Group Agent will prepare a monthly proposed Disbursement Request for Hard Costs, to be completed in accordance with the requirements of the Disbursement Agreement, and make it available for review by the Construction Consultant at a regularly scheduled monthly project review meeting. The Construction Consultant will use reasonable efforts to certify or recommend amendment to such Disbursement Request at the meeting. If the Construction Consultant determines at such meeting that the Disbursement Request is complete and certified for payment, it will so inform the Obligated Group Agent. The Obligated Group Agent will, within 10 Business Days of the monthly project review meeting and receipt of the completed Certificate of Architect from the Architect, distribute a copy of the Disbursement Request, together with the certificates required and the written report of the Construction Consultant, to the Bond Trustee by hand, overnight delivery or electronic mail.

If the Construction Consultant determines at such meeting that the Disbursement Request is incomplete or is not certified for payment, it will so inform the Obligated Group Agent and specify the reasons for its determination and the basis upon which such Disbursement Request may be determined to be complete and certified for payment. Upon receipt of additional or remedial information reasonably satisfactory to the Construction Consultant, the Construction Consultant will so inform the Obligated Group Agent and it will, within five Business Days of its receipt of such additional information, distribute a copy of the Disbursement Request, together with the certificates and the written approval of the Construction Consultant to disburse the requested funds, to the Bond Trustee by hand, overnight delivery or electronic mail. In no event will the Bond Trustee be obligated to make disbursements until it has received the written approval of the Construction Consultant of the Disbursement Request. The Bond Trustee will make payment of such request upon receipt of such approval from the Construction Consultant.

**Disbursement Requests for Soft Costs.** The Obligated Group Agent will submit each Disbursement Request for the payment of Soft Costs (as defined in the Disbursement Agreement) to the Bond Trustee setting forth the total amount of Soft Costs included in the Disbursement Request, itemized by the categories in the Series 2016 Project Budget, together with bills, paid invoices or other evidence supporting each item of Soft Costs covered by the Disbursement Request and approval of the Project Monitor. The Bond Trustee, Master Trustee and the Construction Consultant has no duty to review or verify the Soft Costs for which payment is being requested and will make payment as set forth in a Disbursement Request duly executed by the Project Monitor.

**Requirements for Each Disbursement Request.** Each Disbursement Request will be subject to, and the Obligated Group Agent will be responsible for submitting to the Construction Consultant, satisfactory proof of compliance regarding, the following:

(a) **Lien Waivers.** Except with respect to Disbursement Requests for payment to parties that do not have lien rights, lien releases and waivers from the Design-Builder, subcontractors, consultants, design, and engineering professionals, and suppliers for the work or materials for which funds are requested (which may be subject to receipt of payment of the funds requested), and lien releases and waivers from the Design Builder’s subcontractors for work performed by them which is covered by the immediately-preceding Disbursement Request. The Title Company (as such term is defined in the Disbursement Agreement) will provide such notice of title continuation or an endorsement to the Title Policy directly to the Master Trustee. Such notice of title continuation or endorsement to the Title Policy is not subject to review by the Construction Consultant.

(b) **Materials for the Project.** The Obligated Group Agent will cause all materials for the Project: (i) to be purchased in a manner that will result in the ownership thereof vesting unconditionally in the Obligated Group Agent, free from all Liens (except Permitted Liens, as defined in the Bond Documents) upon payment by the Obligated Group Agent and on delivery of such materials to the Premises; (ii) to be reported stored and tracked in accordance with the MA guidelines and the ATA G703, under reasonable adequate safeguards satisfactory to the Construction Consultant; (iii) to be covered by the lien and security interest of the Mortgaged Property; and (iv) to be covered by a “Builder’s Risk” insurance policy. The Obligated Group Agent will deliver to the Construction Consultant copies of any contracts, bills of sale, paid invoices, statements, or agreements under
which the Obligated Group Agent claims title to any materials used in the construction of, or incorporated or to be incorporated into, the Project.

The Architect

The Design Builder has retained Baker Barrios Architects, Inc., Orlando, Florida (the “Architect”), to serve as the architect for the Project pursuant to a Standard Form of Agreement between Design-Builder and Designer (DBIA Document No. 540) dated March 3, 2016, by and between the Design Builder and the Architect. The Architect specializes in designing health care facilities, colleges, universities and senior living communities. Since its inception in 1993, the Architect has been responsible for the design of more than 50 medical and outpatient surgery centers, eight assisted living and four memory support facilities. The following are biographies of key personnel at the Architect.

Timothy R. Baker, AIA, Principal Designer. Mr. Baker has extensive experience in the design of assisted living facilities, medical office buildings, commercial, educational and industrial facilities.

Wayne Dunkelberger, Project Designer. Mr. Dunkelberger has 16 years of experience designing high profile public and private buildings. His unique background, a combination of Architecture, 3-D simulation, and graphic design, makes him an important resource on large, image driven projects. Mr. Dunkelberger leads and works closely with the designers of the Architect and with clients to sketch out, develop, and refine design solutions in three dimensions. His expertise extends to selling and publicizing projects with his images as well as design, production and presentation.

Robert K. Ledford, Principal in Charge. Mr. Ledford’s practice involves interior design, architecture, and project management functions and balances all three while working with clients. Mr. Ledford’s experience has given him first-hand application in the facilities planning, design, and construction requirements and its contracting process of a wide spectrum of projects, both public and private. Mr. Ledford has been with the Architect since 1994.

David DelTosto, Project Architect. Mr. DelTosto has over 18 years of architectural production and management experience. As Project Architect, Mr. DelTosto is responsible for the development and preparation of construction documents and conformance with CAD and Revit standards. He coordinates the technical aspects of the design with consultants and provides applicable reviews and feedback. In addition, Mr. DelTosto will check shop drawings and submittals and work with the Design Builder on the observation of the construction process.

A representative sample of completed senior living projects includes the following:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Location in Florida</th>
<th>Year of Completion</th>
<th>Type of Project</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volterra at Championsgate</td>
<td>Championsgate</td>
<td>Under Construction</td>
<td>Independent Living/Assisted</td>
<td>222</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Living/Memory Care</td>
<td></td>
</tr>
<tr>
<td>Silver Creek</td>
<td>St. Augustine</td>
<td>Under Construction</td>
<td>Assisted Living</td>
<td>126</td>
</tr>
<tr>
<td>Volterra at Solivita Marketplace</td>
<td>Poinciana</td>
<td>2016</td>
<td>Independent Living/Assisted</td>
<td>212</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Living/Memory Care</td>
<td></td>
</tr>
<tr>
<td>Serenades by Sonata</td>
<td>Winter Garden</td>
<td>2013</td>
<td>Memory Support</td>
<td>45</td>
</tr>
<tr>
<td>Encore Ella</td>
<td>Tampa</td>
<td>2012</td>
<td>Independent Living</td>
<td>204</td>
</tr>
<tr>
<td>Serenades by Sonata</td>
<td>Longwood</td>
<td>2011</td>
<td>Assisted Living</td>
<td>42</td>
</tr>
<tr>
<td>Windsor Place</td>
<td>Orlando</td>
<td>2008</td>
<td>Assisted Living</td>
<td>107</td>
</tr>
<tr>
<td>Serenades by Sonata</td>
<td>The Villages (Design Only)</td>
<td></td>
<td>Memory Support</td>
<td>45</td>
</tr>
</tbody>
</table>

The Interior Designer

Mosaic, Ltd., an Ohio limited liability company, headquartered in Columbus, Ohio and authorized to do business in the State (the “Interior Designer”), is the Interior Designer for the Project. The Interior Designer specializes in design projects related to senior living, independent care communities, healthcare, corporate office space and hospitality. The Interior Designer has planned and managed projects throughout the United States in a variety of sizes and offers interior design services and space planning installation.

The following is a partial representative list of the Interior Designer’s projects involving senior living.
<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Location</th>
<th>Year of Completion</th>
<th>Square Footage of Design Space</th>
<th>Total Interior Design Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuscan Gardens Venetia Bay</td>
<td>Venice</td>
<td>2016</td>
<td>135,000</td>
<td>$130,000</td>
</tr>
<tr>
<td>Serenades in the Villages</td>
<td>Florida</td>
<td>2014</td>
<td>35,600</td>
<td>45,000</td>
</tr>
<tr>
<td>The Solana Willistown</td>
<td>Pennsylvania</td>
<td>2014</td>
<td>62,000</td>
<td>72,000</td>
</tr>
<tr>
<td>Randall Residence – Tipp City</td>
<td>Ohio</td>
<td>2014</td>
<td>64,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Vista Northview Woods</td>
<td>Michigan</td>
<td>2014</td>
<td>24,000</td>
<td>35,800</td>
</tr>
<tr>
<td>The Solana Olney</td>
<td>Maryland</td>
<td>2013</td>
<td>61,500</td>
<td>72,000</td>
</tr>
<tr>
<td>Waterford Barrie- Windsong</td>
<td>Canada</td>
<td>2013</td>
<td>35,000</td>
<td>45,000</td>
</tr>
<tr>
<td>The Solana Horsham</td>
<td>Pennsylvania</td>
<td>2013</td>
<td>66,000</td>
<td>72,000</td>
</tr>
<tr>
<td>North Woods Village Edison Lakes</td>
<td>Michigan</td>
<td>2014</td>
<td>33,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Sonata Winter Garden</td>
<td>Florida</td>
<td>2013</td>
<td>35,600</td>
<td>45,000</td>
</tr>
<tr>
<td>Sonata Melbourne</td>
<td>Florida</td>
<td>2013</td>
<td>135,000</td>
<td>159,000</td>
</tr>
<tr>
<td>Sonata Longwood</td>
<td>Florida</td>
<td>2012</td>
<td>35,600</td>
<td>52,000</td>
</tr>
<tr>
<td>Danbury Woods</td>
<td>Ohio</td>
<td>2013</td>
<td>23,500</td>
<td>32,000</td>
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<tr>
<td>Chesterwood Village</td>
<td>Ohio</td>
<td>2013</td>
<td>62,800</td>
<td>89,000</td>
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<tr>
<td>Revera Bay Lea</td>
<td>New Jersey</td>
<td>2013</td>
<td>42,000</td>
<td>54,000</td>
</tr>
<tr>
<td>Revera Cedar Lane</td>
<td>Connecticut</td>
<td>2014</td>
<td>52,600</td>
<td>61,500</td>
</tr>
<tr>
<td>Revera Laurelton</td>
<td>New Jersey</td>
<td>2013</td>
<td>63,200</td>
<td>55,000</td>
</tr>
<tr>
<td>Harbor Chase</td>
<td>Florida</td>
<td>2005</td>
<td>72,000</td>
<td>85,000</td>
</tr>
</tbody>
</table>

The Manager

**Life Care Services LLC.** The Operator has selected and engaged Life Care Services LLC, dba Life Care Services™ (the “Manager”), an Iowa limited liability company, for management of the operations of the Project. The Manager and its affiliates currently manage approximately 149 retirement communities serving over 33,000 residents in 31 states and the District of Columbia. LCS Holdings, Inc., an Iowa corporation (“LCS”) is the parent company of Life Care Companies LLC (“Life Care Companies”). LCS is based in Des Moines, Iowa and maintains regional offices in Charlotte, North Carolina; Old Saybrook, Connecticut; Indianapolis, Indiana; Memphis, Tennessee; Delray Beach, Florida; San Diego, California; and St. Louis, Missouri. The Manager is wholly owned by Life Care Companies.

The Manager will serve as the property manager of the Project. In connection therewith, the Manager will recommend and regularly evaluate policies and goals of the Operator, implement the policies, budgets, directives and goals for the Project established by the Operator, manage the day-to-day operations of the Project in accordance with the Operator’s policies, directives and goals, provide the Operator with relevant information as to past operations, and make recommendations as to the future operation of the Project. The Manager will hire, train and supervise the Executive Director of the Project, who is an employee of the Manager. The Manager will recommend personnel policies and procedures for the Operator’s employees, recommend appropriate employee compensation and benefit plans, as necessary or appropriate, recruit employees to be employed by the Operator, utilize personnel policies, procedures and guidelines adopted by the Operator, implement the recruitment, hiring, training, retention and termination of the Operator’s staff members.

The Manager will maintain a system of financial controls for the Project and provide the Operator with monthly financial statements and annual budgets for operating revenue and expense, capital expenditures and cash flow projections for the Project, and recommend a schedule of resident monthly service fees and other charges. The Operator retains ultimate control over the retention of the Manager. The Operator also evaluates the performance and monitors the operating costs, wages, salaries, expenses and overall fiscal viability of the Project. The following is a list of key personnel of the Manager.

**Ed Kenny, Chairman and Chief Executive Officer, LCS.** Mr. Kenny is a manager of LCS Management, LLC (“LCS Management”), was named Chairman in 2014 and has been the Chief Executive Officer of LCS since 2006. He is a graduate of Providence College with a Bachelor of Science degree in health services administration. Since joining the Manager in 1979, Mr. Kenny has provided on-site leadership at several communities managed by the Manager. In 1985, Mr. Kenny added regional responsibilities, and was named a Vice President in 1989. In 1990,
he became Senior Vice President of Operations Management, and in 2001, he became Executive Vice President of Operations Management. Mr. Kenny serves as the Chair of the Board of Directors of LCS and Chair of the Board of Managers of Life Care Companies. He also is a past Chairman of the American Seniors Housing Association and an invited member of the National Investment Center (“NIC”), where he serves on the NIC Operator Advisory Board.

**Peter Muhlbach, Senior Vice President/Director of Operations.** Mr. Muhlbach is responsible for the growth and oversight of the LCS portfolio of business that includes stand-alone assisted living, memory care and independent rental communities. Mr. Muhlbach joined LCS in 2014 and had previously served as the President and Chief Executive Officer of Encore until that company was acquired by LCS. Encore is an operator of senior living communities. Prior to his tenure at Encore, Mr. Muhlbach spent eleven years with Classic Residence by Hyatt and seven years at Hyatt Corporation in various positions. At Classic Residence by Hyatt, Mr. Muhlbach financed over $400 million of new development and approximately $1 billion of acquisitions and refinancing of existing properties. Mr. Muhlbach started his career in public accounting at Touche, Ross & Co., now known as Deloitte Touche. He received his bachelor’s degree in Accounting from Michigan Technological University. Mr. Muhlbach is a member of the American Association of Homes and Services for the Aging as well as the American Seniors Housing Association and has given presentations for both associations.

**Suzanne Alford, Director of Operations Management.** Suzanne Alford is responsible for oversight and management responsibilities related to projects and developments included in the Alford Business Unit. She previously served as Senior Vice President of Health Services for CRSA Management, LLC, which became part of the Manager. She has more than 25 years of retirement living and senior housing experience. She has been involved in the management of for-profit and not-for-profit freestanding skilled nursing facilities, as well as multiple assisted living communities. Ms. Alford is currently licensed as a nursing home administrator in Missouri, assisted living administrator in Tennessee, and as a Registered Nurse in Tennessee. She is also a Certified Professional in Health Care Quality—CPHQ, retired. She was previously a member of the International Healthcare Certification Board for the National Association of Health Care Quality, as well as the Missouri Board of Nursing Home Administrators. Prior to joining CRSA in 1999, Ms. Alford was formerly with the corporate office of Beverly Enterprises, Inc. based in Ft. Smith, Arkansas where she held a senior position as Director of Quality Assurance—Health Services, as well as Vice President of Clinical Services. She also served as a representative for Joint Commission Long Term Care PTAC.

**Liz Bush, Senior Vice President/Director of Senior Housing Marketing and Sales.** Ms. Bush oversees the Manager’s marketing and sales programs, market research, marketing and sales systems, advertising, and all other activities that drive occupancy. She identifies the information, tools, strategies and skills necessary to positively impact occupancy and census. She develops brand positioning, develops staff and executes strategies that address both internal and external opportunities. Ms. Bush earned a bachelor’s degree in Business and Music from the University of Evansville.

**Bruce Cannon, Vice President/Director of Business Development.** Mr. Cannon serves as Vice President, Director of Business Development for LCS. In this role, he is responsible for overseeing business development for the South and Southeast. Mr. Cannon previously served as Executive Vice President and Chief Financial Officer of CRSA Management, LLC, the predecessor company to CRSA / LCS Management and CRSA Development, as well as served as a member of the Company’s Board of Directors. He has more than 25 years of retirement living and senior housing experience. Mr. Cannon has been involved in the preparation of more than 100 financial feasibility studies and planning analysis for retirement communities involved with entrance fee, rental, assisted living, skilled nursing and healthcare related facilities. In this capacity, he has been involved with the issuance of more than $1.5 billion of retirement living and long-term care financings. Prior to joining CRSA in 1989, Mr. Cannon served as a member of Ernst & Whinney’s (now Ernst & Young) National Retirement Center Consulting Group, where he was responsible for the preparation of financial and economic feasibilities studies for senior housing projects. In addition, Mr. Cannon has also served as a member of the Advisory Committee to the National Continuing Care Data Base developed by Leading Age (formerly the American Association of Homes and Services for the Aging–AAHSA) and has served as a faculty instructor of Leading Age’s (formerly AAHSA’s) Retirement Housing Professionals certification program. He has given numerous speeches and presentations on retirement community financings and overall trends in senior housing at such conferences as AAHSA, the National Investment Conference, Herbert J. Sims & Company, Ziegler, SFCS By Design Architects and others. Mr. Cannon holds a Bachelor Degree in Accounting from the University of Alabama.
Jason Kohler, Director of Operations for Senior Living Management Rental Division. Mr. Kohler joined LCS on August 17, 2015, as the new Director of Operations for Senior Living Management Rental Division. In this role, Mr. Kohler is responsible for the daily operations of 22 rental communities, with another 16 under construction or coming on board before May 2018. Mr. Kohler has a long history of health care experience. Prior to his work with LCS, he was the Regional Director of Operations at Five Star Senior Living in Atlanta, Georgia. In his role as Regional Director of Operations, Mr. Kohler was responsible for the daily operations of 21 rental communities and managed over 1,600 team members. Prior to his work at Five Star Senior Living, Mr. Kohler was the Executive Director at Brandon Woods at Alvamar, Covenant at South Hills and Sand Hill Cove, all LCS managed communities. Mr. Kohler currently serves as Treasurer on the Board for the Georgia Senior Living Association. Mr. Kohler has a Bachelor of Science degree in Health Services Administration from the University of Central Florida and a Master’s degree in Business Administration from the University of Baltimore.

Kari Hummel, Senior Director of Finance. Ms. Hummel began her career with Life Care Services in 2007 and currently serves the rental product line with a focus on revenue and profitability analysis, new business opportunities, capital acquisition financial projections, and provides solution leadership for business issues and opportunities. Responsibilities also include special project support for communities and monthly financial review and reporting for our managed business lines. Kari is a licensed certified public accountant and graduated from Iowa State University with a Bachelor of Science degree in Accounting.

Manager and Life Care Services Communities. The following is sample of rental retirement communities that the Manager or its subsidiaries are managing:

<table>
<thead>
<tr>
<th>Retirement Communities</th>
<th>Location</th>
<th>Independent Living Units</th>
<th>Nursing Beds</th>
<th>Assisted Living</th>
<th>Memory Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dooley Center</td>
<td>Atchison, KS</td>
<td>--</td>
<td>46</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Clarity Point Knoxville</td>
<td>Knoxville, TN</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>56</td>
</tr>
<tr>
<td>The Gardens of Germantown</td>
<td>Germantown, TN</td>
<td>--</td>
<td>70</td>
<td>56</td>
<td>18</td>
</tr>
<tr>
<td>Glen View/GlenBrook</td>
<td>Carlsbad, CA</td>
<td>--</td>
<td>--</td>
<td>48</td>
<td>49</td>
</tr>
<tr>
<td>Oak View at University Village</td>
<td>Thousand Oaks, CA</td>
<td>--</td>
<td>48</td>
<td>49</td>
<td>--</td>
</tr>
<tr>
<td>Park Vista</td>
<td>Fullerton, CA</td>
<td>--</td>
<td>99</td>
<td>54</td>
<td>--</td>
</tr>
<tr>
<td>Cranes View**</td>
<td>Clermont, FL</td>
<td>--</td>
<td>--</td>
<td>88</td>
<td>52</td>
</tr>
<tr>
<td>Osprey Lodge**</td>
<td>Tavares, FL</td>
<td>--</td>
<td>--</td>
<td>84</td>
<td>52</td>
</tr>
<tr>
<td>Stuart Lodge**</td>
<td>Stuart, FL</td>
<td>--</td>
<td>--</td>
<td>105</td>
<td>--</td>
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<tr>
<td>Prevarian Beach House</td>
<td>Jacksonville, FL</td>
<td>--</td>
<td>70</td>
<td>20</td>
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<tr>
<td>Prevarian Beach House</td>
<td>Naples, FL</td>
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<td>78</td>
<td>32</td>
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</tr>
<tr>
<td>Prevarian Prairie House*</td>
<td>Broken Arrow, OK</td>
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<td>--</td>
<td>60</td>
<td>32</td>
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<tr>
<td>Prevarian Savannah House*</td>
<td>Gilbert, AZ</td>
<td>--</td>
<td>87</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Prevarian Beach House*</td>
<td>Wesley Chapel, FL</td>
<td>--</td>
<td>--</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>River View</td>
<td>Palm Bay, FL</td>
<td>--</td>
<td>100</td>
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<td></td>
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<tr>
<td>Tuscan Isle Solavita</td>
<td>Poinciana, FL</td>
<td>120</td>
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<td>62</td>
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<tr>
<td>Tuscan Isle ChampionsGate*</td>
<td>Four Corners, FL</td>
<td>131</td>
<td>--</td>
<td>62</td>
<td>36</td>
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<tr>
<td>Tuscan Gardens Venetia Bay**</td>
<td>Venice, FL</td>
<td>--</td>
<td>--</td>
<td>90</td>
<td>59</td>
</tr>
</tbody>
</table>

* Under construction.  
** Owned by affiliates of the Obligated Group.

The Management Agreement

Term. The term of the Management Agreement commences September 16, 2016 (the “Effective Date”) and will continue until the completion of forty eight (48) months from the commencement of operations, unless sooner terminated in accordance with the terms of the Management Agreement. Either party may terminate the Management Agreement without cause effective upon written notice to the other party of party’s intention to terminate the Management Agreement (a “Without Cause Termination Notice”).

Compensation. The Manager will be paid: (a) a monthly management fee (the “Monthly Management Fee”) payable in advance, monthly on the first day of each calendar month commencing with the Commencement of Operations; (b) a development stage consulting fee (the “Development-Stage Consulting Fee”); (c) a pre-opening services fee (“Pre-opening Services Fee”); (d) a performance incentive fee (the “Performance Incentive Fee”) payable quarterly based on the Project quarterly operating results; (e) application service provider fees (the “Application Service Provider Fees”); (f) a start-up fee (the “Start-up Fee”); and (g) the accounting fee (the “Accounting Fee”), each payable as discussed below.
Monthly Management Fee. The Monthly Management Fee will be the greater of $10,000 per month (the “Initial Base Fee”), or 5% of the current month’s budgeted total gross operating revenue. The Monthly Management Fee will be first payable commencing at the end of the first month following completion and licensure of the Project by the Agency for Healthcare Administration (“AHCA”).

Development Stage Consulting Fee. The Manager will receive a fee of $25,000 for the Development-Stage Consulting Fee for ongoing review of the operating projections, community design and functionality to be provided and billed over a five (5) month period, commencing at such time as the parties mutually direct.

Pre-Opening Service Fee. The Pre-Opening Service Fee for the six months prior to the Commencement of Operations is $7,500 per month.

Performance Incentive Fee. The Manager will receive a Performance Incentive Fee of 10% of the amount by which the annual net operating profit margin (“NOPM”) exceeds 39% or 12 1/2% of 41% of NOPM, payable 30 days from completion and acceptance of the annual financial reports.

Application Service Provider Fees. For the use of the Manager’s marketing, sales, accounting, billing and dashboard technology, the manager will be paid a Manager Application Service Provider Fees of $13,000, and an annual fee in the amount of $4,000. The installation/activation fee will be payable when the first Monthly Management Fee is payable. The annual fee will be payable on the first day of the month following the commencement of the Monthly Management Fee and annually on the first day of the anniversary month thereafter.

Marketing and Sales Fee. The Manager will be paid a Start-up Incentive Fee equal to $100 on each resident moved in within the first 12 months from Commencement of Operations.

Accounting Fee. An Accounting Fee (should the Manager handle accounting) of the greater of $30 per resident per month or $2,500 per month payable on the first day of each applicable calendar month.

Subordination of Fees. The Manager has agreed to subordinate 50% of all of its fees to debt service payments on the Series 2016 Bonds, the Total Operating Expenses (as defined in the Master Indenture) of the Project and other deposits to funds established under the terms and conditions of the Master Indenture. This subordination is not a waiver of such fees.

Reimbursement. In the performance of its services for the Obligated Group under the Management Agreement, the Manager will incur certain identifiable expenses of a reimbursable nature. Except as otherwise provided in the Management Agreement, the Obligated Group agrees, provided that such expenses have been approved prior and submitted for reimbursement within three (3) months of occurrence, to reimburse the Manager (by electronic transfer of funds if requested by the Manager) within 15 calendar days from the date of an invoice itemizing such expenses with supporting receipts for the following: the net cost of reasonable transportation and living expenses for employees, officers and agents of the Manager or outside consultants of the Manager when traveling in connection with the Project, any long distance telephone charges, data communication charges, express delivery, copying and other costs incurred by the Manager, together with all other Obligated Group-approved, Project related expenses incurred by the Manager in connection with the performance of its services under the Management Agreement.

Duties of the Manager. The Manager assumes responsibility to serve as the manager of the Project, including the real estate, and in connection therewith, to recommend and regularly evaluate policies and goals of the Obligated Group, implement the policies, budgets, directives and goals for the Project established by the Obligated Group, manage the day to day operations of the Project in accordance with the Obligated Group’s policies, directives and goals, provide the Obligated Group with relevant information as to past operations, and make recommendations as to the future operation of the Project.

Occupancy. Beginning from the date the Pre-Opening Service Fee is remitted, the Manager will (i) provide access to the Manager’s leads management system software for relevant marketing efforts for the term of the Management Agreement, (ii) provide training for the Obligated Group’s marketing and sales
personnel, (iii) coordinate and supervise the work of the advertising agency hired by the Obligated Group to promote the Project, if necessary, and at the request of Obligated Group, review the qualifications and make recommendations as to the usage of outside advertising and public relations agencies, (iv) provide training and review to the Project staff in development of a strategic marketing, networking, referral and sales plan, (v) regularly monitor the occupancy level of the Project and make specific recommendations with regard to marketing procedures and promotions, and (vi) arrange for a regular review of the Project marketing program, with appropriate on-site visits by the Management’s marketing and sales specialists.

Financial Controls. The Manager will establish and maintain a system of financial controls for the Project using the Yardi Voyager Senior Property Management & Accounting System software. On a monthly basis, the Manager will provide to the Obligated Group (i) balance sheet and statement of operations with variances from budget for the current period and the year to date, (ii) general ledger, (iii) comparative operating statistics, (iv) Cash Flow Analysis, (v) such other additional reports as may be reasonably required by the Obligated Group’s lenders, (vi) executive director analysis including significant management activities during the month, and (vi) any other data and reports required per loan and financing requirements. On an annual basis, the Manager will (i) sixty (60) days in advance of each fiscal year, prepare using the Manager’s budget model, annual budgets for operating revenues and expenses, capital expenditures (using, as appropriate, estimates from non-Manager engineers or consultants engaged by the Obligated Group) and cash flow projections for the Project, (ii) project the estimated long term cash position of the Project through preparation and review of a multi-year cash flow, (iii) recommend a proposed schedule of resident fees and other charges subject to review and approval of the Obligated Group, and (iv) recommend reserve levels.

Financial Report Review. The Manager will review the annual audited financial report prepared by the Obligated Group’s independent certified public accounting firm. Additionally, the Manager will: (i) establish the Obligated Group’s accounting controls; (ii) process the Obligated Group’s monthly financial information (such as revenues, expenses, payables, assets and liabilities) and compile and furnish monthly financial statements to the Obligated Group; (iii) coordinate with staff to process the Obligated Group’s monthly billing and accounts receivable; and (iv) will coordinate monthly billing and accounts receivables.

Personnel. All Project staff with the exception of the Director (and additional Directors if so assigned) will be employees of the Obligated Group and not employees of the Manager. Notwithstanding the foregoing sentence, the Obligated Group intends to create a special purpose entity after the issuance of the Series 2016 Bonds that will be the employer of the staff and personnel at the Project. In support of the Obligated Group, the Manager will: (i) recommend personnel policies and procedures for the Obligated Group’s employees; (ii) recommend appropriate employee compensation and benefit plans; (iii) recommend employee performance appraisal and goal setting programs; (iv) recommend employee scheduling requirements and job descriptions; (v) recommend training plans and training programs for use by the Project; (vi) as necessary or appropriate, recruit employees to be employed by the Obligated Group; (vii) utilize personnel policies, procedures and guidelines adopted by the Obligated Group and, as agent of the Obligated Group, implement employment related decisions based on job related criteria established by the Obligated Group, including the recruitment, hiring, training, retention and termination of Project staff members; (viii) assist the Obligated Group in maintaining human resource information; and (ix) arrange for on-site visits by appropriate staff of the Manager.

The Director. The Manager will recruit, hire, and train, on the basis of job related criteria, and supervise, compensate, and evaluate an Executive Director (the “Director”), who will be the chief administrative officer (or, if one or more additional administrative officers are assigned to the Project with the Obligated Group’s consent, the “Directors”). The Director of the Project will be an employee of the Manager. The Director candidate will be presented to the Obligated Group before assignment. If the Obligated Group has reasonable objection to the candidate, based on permissible job related criteria, that candidate will not be retained at the Project. The Director’s compensation will include salary and fringe benefits including performance incentives. These and other professional costs, hereinafter described, will be submitted in the budget process and approved by the Obligated Group. The Director’s compensation (which will be estimated on a percentage of payroll basis) will be reimbursed to the Manager in advance by the Obligated Group. The costs of professional memberships, licensing, relocation, and attendance at educational seminars or courses for the purpose of meeting continuing education requirements will be reimbursed to the Manager by the Obligated Group as provided in the Management Agreement. Fringe benefits will include: (i) all accruing payroll taxes including FICA taxes, workers’ compensation and state and federal unemployment contributions; (ii) all insurance premiums which are based on payroll, including
workers’ compensation and employer’s contribution to group life, medical insurance and retirement plans; (iii) performance incentives; and (iv) vacations. The Manager retains the right to transfer the Director so long as the agreed service functions remain fulfilled. The Manager will procure, at its expense, crime insurance for acts of the Director in an amount not less than $500,000. One or more additional Directors may be assigned only after obtaining the consent of the Obligated Group. The Director is authorized by the Obligated Group to execute any documents and take any action deemed necessary or appropriate by the Director in connection with the operation of the Project, including, but not limited to, execution, on the Obligated Group’s behalf, of residency agreements, amendments to residency agreements, leases, service agreements, consulting agreements and related documents.

Development-Stage Consulting Services and Management Consulting Services. The Manager will provide certain development-stage and management consulting services, including assist in the production of operating projections and design review.

Pre-Opening Services. The Manager will develop and implement the operational plan (pre-opening). On the sixth month prior to opening, the Manager will establish the on-site working relationship with the Obligated Group; adapt job descriptions and recommended policies and procedures; commence production of manuals for adoption by the Obligated Group; establish financial procedures for handling cash, payroll, etc.; bid the insurance; begin preparation of the detailed operating budget; and establish procedure for working with construction. On the sixth month prior to opening, the Manager will establish contacts with regulatory authorities and the general community; coordinate manuals, policies and implementation of communication (phone) and life safety procedures and equipment; and continue with community licensing and with personnel issues. On the third month prior to opening, the Manager will continue development of manuals; estimate start-up inventory; develop community orientation and training; network within the health care community; and advertise for department heads. On the third month prior to opening, the Manager will interview and hire most department heads; coordinate schedules with construction; prepare welcome materials; determine group (or centralized) purchasing opportunities; send the ninety days to opening marketing letters (unless this is a development consultant responsibility); and begin producing monthly financial statements. On the second month prior to opening, the Manager will orient and train staff; establish vendor relationships; increase readiness for inspection and opening; follow-up on regulatory approvals; train department heads on expense management, purchase order and account from community; make sure all equipment has been ordered; and advertise for the balance of the staff. On the month prior to opening, the Manager will deal with final regulatory approvals; with the plant manager, receive the records and turnover of the physical plant; complete forms and manuals; commence the final move-in procedures; hire and orient the last of the pre-opening staff; and commence staff training with new employees.

Insurance. The Manager will apply for and to the extent commercially available and economically reasonable as determined by the Manager in its reasonable business discretion will maintain, at the Manager’s expense (except for the cost of workers’ compensation insurance on the Director or Directors) policies of insurance to insure the Manager and its employees for medical malpractice liability, management errors and omissions liability, workers’ compensation, crime, employment practices liability relating to the Manager’s employees, automobile liability, commercial general liability (including personal injury liability and contractual liability insurance), professional liability and excess liability for claims emanating from negligence of the Manager or its employees. The Manager will provide the Obligated Group with evidence of such insurance or a statement that such insurance cannot be obtained in a commercially and economically reasonable manner.

The Marketing Consultant

The Operator has entered into a Marketing Agreement (the “Marketing Agreement”) with Sage Age Strategies (the “Marketing Consultant”) a branding, pre-marketing, public relations, online marketing and sales management support company specializing in the senior living and senior care industries. The Marketing Consultant provides senior living strategic marketing and sales consultation services, including consultation, project/market feasibility assessment and research, strategic planning, market positioning and branding, marketing and sales planning and implementation and sales training, as well as advertising, public relations, media management, online marketing and creative support services for all states of lifestyle product development. The Marketing Consultant has created marketing strategies and campaigns for over 400 retirement communities and senior service providers resulting in filling more than 25,000 units. The following is a representative sample of the Marketing Consultant’s experience.
The Marketing Agreement

**Term.** The term of the Marketing Agreement commenced on November 6, 2015 (the “MA Phase I”) and Phase II will commence six months prior to the anticipated opening date and be in effect for the six month pre-marketing and six month post-marketing period (the “MA Phase II”). 60 days prior to the ending of the Marketing Agreement the Operator will have the option to renew the Marketing Agreement with the Marketing Consultant for a period of time to be determined by the parties. Either party may terminate the Management Agreement without cause effective upon 30 day written notice to the other party of party’s intention to terminate the Management Agreement.

**Compensation.** The Operator will pay to the Marketing Consultant for MA Phase I the following: (a) a one-time fee of $5,000 for collateral development and creative services; (b) $7,500 for website development; and (c) a one-time fee of $2,500 for ground breaking event planning and oversight. The Operator will pay the Marketing Consultant a monthly fee of $7,500 during MA Phase II for strategic pre-marketing, lead generation, on line marketing and sales management services and a one-time fee of $2,500 for grand opening event planning and oversight services. The Marketing Consultant requests an initial deposit of $7,500 to be applied toward MA Phase I prior to start of MA Phase I and an initial deposit of $15,000 at the commencement of Phase II, which will be applied to the final two months of the Phase II monthly fee.

**Duties.** The Marketing Consultant assumes their role as marketer during the term of the Marketing Agreement for the Project. The duties of the Marketing Consultant include the following: (a) brand development for a cohesive marketing message, visual look and theme; (b) website development and management, including search engine optimization; (c) social media campaign development and implementation; (d) media marketing plan development in order to reach the desired target audience and generate qualified leads; (e) online marketing plan development and implementation to ensure market penetration; (f) direct mail creative development; (g) special events development, implementation, oversight and support; (h) development of comprehensive community outreach, networking and public relations plan; (i) sales team development, training coaching and management; and (j) oversight and management of pre-marketing efforts, lead generation, sales plan and comprehensive marketing budget.

**Regulations, Permits and Licensure**

Prior to the issuance of the Series 2016 Bonds, the Obligated Group Agent will receive all necessary permits and authority from the appropriate government agencies to construct the Project as planned, including a building permit from the City.

In connection with completion of construction of the Project, the Obligated Group Agent, with assistance from the Manager and the Project Manager, will apply to AHCA for the necessary licenses to open the Project and accept assisted living residents. An application for licensure must be made to AHCA on forms furnished by AHCA, submitted under oath, and accompanied by the appropriate fee in order to be accepted and considered timely. The application must contain information required by authorizing State statutes and applicable rules, including but not limited to information about the Obligated Group Agent, the financial projections and working capital, the administrator or a similarly titled person who is responsible for the day-to-day operation of the Obligated Group Agent, the financial officer or similarly titled person who is responsible for the financial operation of the Obligated Group Agent, and each controlling person. In addition, AHCA may require other information, including satisfactory inspection results, which AHCA finds necessary to determine the ability of the Obligated Group Agent to carry out its responsibilities under the authorizing State statutes and applicable rules. Upon receipt of an application for a license, AHCA will examine the application and, within 30 days after receipt, notify the applicant in writing of any apparent errors or omissions and request any additional information required. Requested information omitted from an application for licensure, license renewal, or change of ownership, other than an inspection, must be filed with the agency within 21 days after AHCA’s request for omitted information or the application will be deemed incomplete and will be withdrawn from further consideration and the fees will be forfeited. Within 60 days after the receipt of a complete application, the agency will approve or deny the application. Licenses issued are biennial licenses, subject to renewal, unless conditions of the license category specify a shorter license period.

Under the licensing statutes, an assisted living facility (“ALF”) is designed to provide personal services, which include direct physical assistance with or supervision of the activities of daily living (ambulation, bathing, dressing, eating, grooming, toileting and similar tasks) and the self-administration of medication and other similar

A-25
services in the least restrictive and most home-like environment. Personal services will not include medical, nursing, dental or mental health services. These facilities can range in size from one resident to several hundred and may offer a wide variety of personal and nursing services designed specifically to meet an individual’s personal needs. Facilities are licensed to provide routine personal care services under a “Standard” license, or more specific services under the authority of “Specialty” licenses. Specialty licenses include limited mental health, limited nursing services, and extended congregate care (“ECC”). ALFs meeting the requirements for a Standard license may also qualify for specialty licenses. The purpose of “Specialty Licenses” is to allow individuals to “age in place” in familiar surroundings that can adequately and safely meet their continuing healthcare needs. The Obligated Group Agent expects to seek an ECC License for the Project. The Manager will assist the Obligated Group Agent in applying for the required licenses. See “The Manager” herein.

Income Limitations

Simultaneously with the closing of the Series 2016 Bonds, the Obligated Group Agent will enter into a Land Use Restriction Agreement dated the date of issuance of the Series 2016 Bonds (the “Land Use Restriction Agreement”) by and among the Obligated Group Agent, the Issuer and the Bond Trustee relating to the Project. The Land Use Restriction Agreement imposes certain requirements on the Obligated Group Agent with respect to the tax-exempt status of the Series 2016A Bonds and the Subordinate Series 2016C Bonds under the Internal Revenue Code of 1986, as amended (the “Code”), which include a set aside during the Qualified Project Period of at least 20% of the units in the Project for tenants whose incomes do not exceed 50% of the applicable area median income, as determined by the United States Department of Housing and Urban Development (“HUD”). The Obligated Group Agent expects that the median area income upon opening of the Project will be approximately $20,051 for a family of one and $22,915 for a family of two.

The Obligated Group Agent will agree that during the term of the Land Use Restriction Agreement each assisted living and memory care unit in the Project will be rented or held for rental on a first-come, first-served basis, to the general public on a continuous basis.

The Land Use Restriction Agreement will also contain provisions for verifying compliance with the terms thereof. The provisions of the Land Use Restriction Agreement discussed herein are intended, among other things, to insure compliance with the requirements of the Code with respect to the excludability of the interest on the Series 2016 Bonds from gross income. Upon any breach by the Obligated Group Agent of any provisions of the Land Use Restriction Agreement, the Issuer or the Bond Trustee may take such actions at law or in equity as deemed appropriate under the circumstances for the protection of the Bondholders, including an action for specific performance of the Land Use Restriction Agreement. Such a breach by the Obligated Group Agent may result in interest on the Series 2016 Bonds being included in gross income of the holders of the Series 2016 Bonds for purposes of federal income taxation and will also result in a mandatory redemption of the Series 2016 Bonds as described in “CERTAIN BONDHOLDERS’ RISKS – Limitation on Income of Residents of the Project, - Tax-Exempt Status of Interest on the Tax-Exempt Bonds,” “THE SERIES 2016 BONDS - Redemption Prior to Maturity” and “TAX MATTERS.”

The Obligated Group has developed a marketing plan with respect to leasing units to residents whose incomes do not exceed 50% of the area median income. In particular, the Obligated Group intends to train the management staff to solicit qualified resident, market the Project to veterans as well as work with case workers at hospitals and faith based organizations in the community. The Marketing Consultant has experience marketing communities and the Manager has experience managing communities that are or have been subject to a Land Use Restriction Agreement.

See also “FINANCIAL FEASIBILITY STUDY - Section 142(d) Requirements” in Appendix B hereto for more information about the Obligated Group’s marketing plan with respect to the set aside units.

Environmental Site Assessment

The Obligated Group has caused a Phase I Environmental Site Assessment (the “Site Assessment”) to be performed for the Project. The Site Assessment included field reconnaissance to observe surficial conditions and an environmental database review. Based on the results of the Site Assessment, there were no recognized environmental conditions associated with the Series 2016 Project Site. See “CERTAIN BONDHOLDERS’ RISKS – Environmental Risks” in the front part of this Official Statement.
Appraisal

An appraisal of the Project has been prepared by CBRE, Inc. – Valuation and Advisory Services (the “Appraisal”). The Appraisal values the land as of July 25, 2016, at $3,300,000, values the completed Project at $34,100,000, and values the stabilized Project at $49,100,000. Copies of the Appraisal are available upon request to HJS by any prospective bondholder during the period of the offering of the Series 2016 Bonds.
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TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
TUSCAN GARDENS OF PALM COAST MANAGEMENT COMPANY, LLC
(PALM COAST PROJECT)

COLLECTIVELY:

THE OBLIGATED GROUP

FINANCIAL FEASIBILITY STUDY

FOR THE YEARS ENDING
DECEMBER 31, 2016 THROUGH 2021
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INDEPENDENT ACCOUNTANTS’ REPORT

Members
Tuscan Gardens of Palm Coast Properties, LLC
Tuscan Gardens of Palm Coast Management Company, LLC
Orlando, Florida

We have prepared a financial feasibility study (the “Study”) of the plans of Tuscan Gardens of Palm Coast Properties, LLC and Tuscan Gardens of Palm Coast Management Company, LLC related to a proposed senior living community to be named Tuscan Gardens of Palm Coast and located on approximately 10 acres of undeveloped land in the city of Palm Coast, Florida (the “Project”). The Project is planned to consist of 86 assisted living units (110 licensed assisted living beds) (the “Assisted Living Community”) and 44 memory care units (56 licensed assisted living beds) (the “Memory Care Community”) and related common areas.

Tuscan Gardens of Palm Coast Properties, LLC (the “Owner” and the “Obligated Group Agent”) and Tuscan Gardens of Palm Coast Management Company, LLC (the “Operator” and collectively with the Owner, the “Obligated Group”) were organized on July 22, 2015, and on August 25, 2015, respectively, and are each Florida limited liability companies. The Operator is a member of the Owner, holding approximately 1% of the issued and outstanding membership units in the Owner. The manager of the Owner is the Operator and the manager of the Operator is Tuscan Gardens Management Group, LLC (the “Management Group”). The Management Group is also a member of the Operator, owning approximately 1% of the issued and outstanding membership units in the Operator. The other member of each of the Owner and Operator is Tuscan Gardens of Palm Coast, LLC, a Florida limited liability company (the “Holding Company”), which was organized in August 2015.

The Obligated Group has contributed approximately $900,000 to date toward predevelopment costs and expenses in pursuit of the Project which is expected to be reimbursed upon the issuance of the Series 2016 Bonds (defined below). Upon the issuance of the Series 2016 Bonds, the total equity contribution of the Obligated Group is expected to equal $4,200,000 of cash contributed by or on behalf of the Obligated Group. In addition affiliates of the members of the Obligated Group are deferring approximately $875,000 of development fees which are not forecasted to be paid during the Forecast Period.

The Owner will own the real and personal property included in the Project and the Operator will hold the licenses for the Project. The Owner will lease all of the real and personal property included in the Project to the Operator pursuant to a triple net lease.

Tuscan Gardens of Palm Coast Development Company, LLC (the “Developer”) will serve as the developer of the Project pursuant to a Master Development Agreement dated October 20, 2016 (the “Development Agreement”) between the Owner and the Developer. The Developer is an affiliate of the Obligated Group.

The Operator has engaged Life Care Services LLC, dba Life Care ServicesTM (the “Manager”), an Iowa limited liability company, for management of the operations of the Project pursuant to a management agreement (the “Management Agreement”) which was entered into as of September 2016.

As used hereafter, the management of the Obligated Group and the Manager are referred to collectively as “Management”. The development of the Project is planned to be overseen by Management. Management has engaged a number of professional firms to assist with the design, planning, development and eventual marketing of the Project’s units.
The Study was undertaken to evaluate the ability of the Obligated Group 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 bond issue.

As provided by the Obligated Group’s underwriter, Herbert J. Sims & Co. Inc. (the “Underwriter”), the Capital Trust Agency (the “Issuer”) will issue $43,540,000 Capital Trust Agency Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016 (the “Series 2016 Bonds”). The Series 2016 Bonds will be issued as three series designated as the Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), the Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Series 2016B Bonds”), and the Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Series 2016C Bonds”). The Underwriter has assumed the following terms for the Series 2016 Bonds:

- $36,600,000 tax-exempt first mortgage Series 2016A Bonds, consisting of term maturities to October of 2051, with an assumed average annual interest rate of approximately 6.22 percent and subject to mandatory sinking fund redemptions beginning October 1, 2028.

- $4,215,000 of fixed rate taxable first mortgage Series 2016B Bonds with term maturities to October 1 2028. The Series 2016B Bonds are assumed to bear interest at a rate of 7.25 percent per annum and subject to mandatory sinking fund redemptions beginning October 1, 2020.

- $2,725,000 of fixed rate subordinate mortgage Series 2016C Bonds with term maturities to October of 2046. The Series 2016C Bonds are assumed to bear interest at a rate of 8.00 percent per annum and subject to mandatory sinking fund redemptions beginning October 1, 2020.

- The Series 2016 Bonds are expected to include an original issue discount of approximately $1,087,000.

The proceeds from the Series 2016 Bonds will be lent by the Issuer to the Obligated Group pursuant to a Loan Agreement (“Loan Agreement”) that will obligate the Obligated Group to, among other things, make payment sufficient to pay the principal and interest on the Series 2016 Bonds.
Members
Tuscan Gardens of Palm Coast Properties, LLC
Tuscan Gardens of Palm Coast Management Company, LLC
Orlando, Florida

The proceeds from the Series 2016 Bonds, together with an equity contribution from the Obligated Group, are planned to be used, among other things, to:

- Pay Project related costs, including the acquisition of land, construction, fixtures and equipment, marketing, development fee and other costs;
- Fund interest costs related to the Series 2016A Bonds, Series 2016B, and Series 2016C Bonds during the first 26 months;
- Establish a Debt Service Reserve Fund for the Series 2016A Bonds and the Series 2016B Bonds;
- Establish a Working Capital Fund;
- Establish an Operating Reserve Fund; and
- Pay certain costs incurred in connection with the issuance of the Series 2016 Bonds.

Our procedures included the analysis of:

- The Obligated Group’s objectives, timing, and financing;
- Management’s assessment of the future demand for the Project’s services, including consideration of:
  - Economic and demographic characteristics of Management’s defined market area for the Project;
  - Locations, capacities, and comparable market information pertaining to other existing and planned facilities in the Obligated Group’s defined market area; and
  - Forecasted occupancy and utilization levels of the Project.
- Management’s estimated costs associated with the Project, as well as its annual capital budgets;
- Debt service requirements and estimated issuance costs associated with the Series 2016 Bonds;
- Staffing requirements, salaries and wages, related fringe benefits and other operating expenses of the Obligated Group;
- Monthly service fees and resident charges;
- Sources of other operating and non-operating revenues; and
- Revenue, expense, and volume/utilization relationships.

Management has set forth its significant forecast assumptions upon which the accompanying forecasted financial statements are based in the Study in the section entitled “Summary of Significant Forecast Assumptions and Accounting Policies”. These assumptions are integral and essential to an understanding of Management’s forecasted financial statements.

The accompanying financial forecast as of December 31, 2016, 2017, 2018, 2019, 2020 and 2021, and for each of the years then ending (the “Forecast Period”), is based upon assumptions provided by, or reviewed with, and approved by Management. The financial forecast includes the following forecasted combined financial statements of the Obligated Group:

- Forecasted Combined Statements of Operations and Changes in Members’ Equity (Deficit);
- Forecasted Combined Statements of Cash Flows; and
- Forecasted Combined Balance Sheets.
In addition, Management has summarized and included a Forecasted Combined Schedule of Financial Ratios.

We have examined the accompanying financial forecast. Management is responsible for its financial forecast. Our responsibility is to express an opinion on the forecast based on our examination. Our examination was conducted in accordance with attestation standards for an examination of a financial forecast established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by Management and the preparation and presentation of the forecast. We believe that our examination provides 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 healthcare facilities, including revenues and expenses of facilities, such as that of the Obligated Group. The forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to Obligated Group’s operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Management’s financial forecast is based on the achievement of occupancy levels as determined by Management. Management expects to comply with Section 142(d) of the Code by implementing and executing specific marketing strategies to market the community to potential residents that meet the low income criteria (“Qualified Income Residents”) but have sufficient assets to pay the full monthly fee. We have not been engaged to evaluate the effectiveness of Management and its marketing program 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 2016 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 could be generated to meet the Obligated Group’s operating expenses, working capital needs, and other financial requirements, including the debt service requirements associated with the Series 2016 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 statements are presented in conformity with guidelines for presentation of prospective financial statements established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for Management’s forecast. However, because events and circumstances frequently do not occur as expected, there will usually be differences between the forecasted and actual results and those differences may be material.
Sensitivity analyses of certain of Management’s forecast assumptions and the potential impact on the Obligated Group’s forecasted maximum annual debt service coverage and certain liquidity ratios are presented beginning on page B-51 of the Summary of Significant Forecast Assumptions and Accounting Policies. Management has conducted these sensitivity analyses on its financial forecast. The sensitivity analysis is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has 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

Orlando, Florida

November 9, 2016
## OPERATING REVENUES

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<td>Interest Income</td>
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<td><strong>Total Income</strong></td>
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<td>7,811</td>
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## OPERATING EXPENSES

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<td>1,562</td>
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<td>443</td>
<td>595</td>
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<td><strong>Memory Care</strong></td>
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<td>329</td>
<td>782</td>
<td>999</td>
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<td><strong>Dietary</strong></td>
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<td>314</td>
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<td><strong>Environmental Services</strong></td>
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<td>267</td>
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<td><strong>Activities</strong></td>
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<td><strong>Total Operating Expenses</strong></td>
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<td>5,773</td>
<td>6,578</td>
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## OTHER EXPENSES

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<td>300</td>
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<td>300</td>
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<td>831</td>
<td>844</td>
<td>859</td>
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<td>2,890</td>
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<td><strong>Total Other Expenses</strong></td>
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## NET INCOME (LOSS)

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## MEMBERS' EQUITY (DEFICIT) - BEGINNING OF YEAR

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<td><strong>End of Year</strong></td>
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See Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants’ Report B-6
TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
TUSCAN GARDENS OF PALM COAST MANAGEMENT COMPANY, LLC
COLLECTIVELY, THE OBLIGATED GROUP
FORECASTED COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(000s Omitted)

CASH FLOWS FROM OPERATING ACTIVITIES

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<td>Net Income (Loss)</td>
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<td>-</td>
<td>$ (394)</td>
<td>$ (4,219)</td>
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<td>Non-Cash Items and Other Adjustments to Operations:</td>
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<tr>
<td>Depreciation</td>
<td>-</td>
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<td>831</td>
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<td>Amortization of Discount and Deferred Financing Costs</td>
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<td>65</td>
<td>98</td>
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<td>Increase in Operating Assets:</td>
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<td>(38)</td>
<td>(111)</td>
<td>(55)</td>
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<td>Increase in Operating Liabilities:</td>
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<td>Accounts Payable</td>
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<td>36</td>
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<td>Accrued Allocation Expense</td>
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<td>Accrued Expenses</td>
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<td>466</td>
<td>156</td>
<td>61</td>
<td>16</td>
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<td>Deferred Subordinate Management Fees</td>
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<td>-</td>
<td>-</td>
<td>221</td>
<td>(221)</td>
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<td>Net Cash Provided (Used) by Operating Activities</td>
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<td>72</td>
<td>(3,212)</td>
<td>(777)</td>
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CASH FLOWS FROM INVESTING ACTIVITIES

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<tbody>
<tr>
<td>Purchases of Property and Equipment</td>
<td>(7,226)</td>
<td>(24,092)</td>
<td>(4,418)</td>
<td>(100)</td>
<td>(125)</td>
<td>(150)</td>
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<tr>
<td>Decrease (Increase) in Project Fund</td>
<td>(24,547)</td>
<td>21,040</td>
<td>3,357</td>
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<tr>
<td>Decrease (Increase) in Developer Fee Account</td>
<td>(723)</td>
<td>348</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Increase in Debt Service Reserve Fund</td>
<td>(2,956)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Capitalized Interest Fund</td>
<td>(5,642)</td>
<td>2,702</td>
<td>2,837</td>
<td>102</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Decrease (Increase) in Allocation Fund</td>
<td>(900)</td>
<td>-</td>
<td>200</td>
<td>300</td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td>Decrease (Increase) in Working Capital Fund</td>
<td>(1,800)</td>
<td>600</td>
<td>1,200</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Decrease (Increase) in Operating Reserve Fund</td>
<td>(1,000)</td>
<td>-</td>
<td>-</td>
<td>700</td>
<td>(700)</td>
<td>-</td>
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<tr>
<td>Increase in Repair and Replacement Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(26)</td>
<td>(39)</td>
<td>(39)</td>
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<tr>
<td>Increase in Bond Fund</td>
<td>(234)</td>
<td>(466)</td>
<td>(103)</td>
<td>(8)</td>
<td>-</td>
<td>(1)</td>
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<tr>
<td>Net Cash Provided (Used) by Investing Activities</td>
<td>(45,028)</td>
<td>132</td>
<td>3,073</td>
<td>968</td>
<td>(414)</td>
<td>(90)</td>
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CASH FLOWS FROM FINANCING ACTIVITIES

<table>
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<tr>
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<tbody>
<tr>
<td>Payment of Financing Costs</td>
<td>(1,859)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Proceeds of Series 2016A Bonds</td>
<td>36,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Proceeds of Series 2016B Bonds</td>
<td>4,215</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Proceeds of Series 2016C Bonds</td>
<td>2,725</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Original Issue Discount</td>
<td>(1,087)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Payments of Series 2016B Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(380)</td>
<td>(405)</td>
<td>-</td>
</tr>
<tr>
<td>Payments of Series 2016C Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(30)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity Contribution</td>
<td>4,200</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Net Cash Provided (Used) by Financing Activities</td>
<td>44,794</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-(410)</td>
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

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</thead>
<tbody>
<tr>
<td>Increase (Decrease) in Cash and Cash Equivalents</td>
<td>-</td>
<td>204</td>
<td>(139)</td>
<td>191</td>
<td>(30)</td>
<td>943</td>
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<tr>
<td>Cash and Cash Equivalents - Beginning</td>
<td>-</td>
<td>-</td>
<td>204</td>
<td>65</td>
<td>256</td>
<td>226</td>
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<tr>
<td>CASH AND CASH EQUIVALENTS - ENDING</td>
<td>$ -</td>
<td>$ 204</td>
<td>$ 65</td>
<td>$ 256</td>
<td>$ 226</td>
<td>$ 1,169</td>
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SUPPLEMENTAL DISCLOSURE
OF CASH FLOW INFORMATION

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<tbody>
<tr>
<td>Cash Paid for Interest</td>
<td>$ -</td>
<td>$ 2,341</td>
<td>$ 2,800</td>
<td>$ 2,800</td>
<td>$ 2,800</td>
<td>$ 2,770</td>
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See Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants’ Report

B-7
TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
TUSCAN GARDENS OF PALM COAST MANAGEMENT COMPANY, LLC
COLLECTIVELY, THE OBLIGATED GROUP
FORECASTED COMBINED BALANCE SHEETS
AT DECEMBER 31,
(000s Omitted)

**ASSETS**

<table>
<thead>
<tr>
<th>CURRENT ASSETS</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
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<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>-</td>
<td>$204</td>
<td>$65</td>
<td>$256</td>
<td>$226</td>
<td>$1,169</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>-</td>
<td>38</td>
<td>149</td>
<td>204</td>
<td>211</td>
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<tr>
<td>Current Portion of Assets Limited as to Use</td>
<td>234</td>
<td>700</td>
<td>802</td>
<td>810</td>
<td>810</td>
<td>811</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>234</td>
<td>904</td>
<td>905</td>
<td>1,215</td>
<td>1,240</td>
<td>2,191</td>
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**ASSETS LIMITED AS TO USE**

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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Project Fund</td>
<td>24,547</td>
<td>3,507</td>
<td>150</td>
<td>150</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Developer Fee Account</td>
<td>723</td>
<td>375</td>
<td>375</td>
<td>375</td>
<td>375</td>
<td>375</td>
</tr>
<tr>
<td>Capitalized Interest Fund</td>
<td>5,641</td>
<td>2,939</td>
<td>102</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allocation Fund</td>
<td>900</td>
<td>900</td>
<td>700</td>
<td>400</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Working Capital Fund</td>
<td>1,800</td>
<td>1,200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>300</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td>-</td>
<td>-</td>
<td>26</td>
<td>65</td>
<td>104</td>
<td>-</td>
</tr>
<tr>
<td>Bond Fund</td>
<td>234</td>
<td>700</td>
<td>802</td>
<td>810</td>
<td>810</td>
<td>811</td>
</tr>
<tr>
<td><strong>Total Assets Limited as to Use</strong></td>
<td>37,801</td>
<td>13,577</td>
<td>6,085</td>
<td>5,017</td>
<td>5,306</td>
<td>5,246</td>
</tr>
<tr>
<td>Less: Current Portion</td>
<td>(234)</td>
<td>(700)</td>
<td>(802)</td>
<td>(810)</td>
<td>(811)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets Limited as to Use</strong></td>
<td>37,567</td>
<td>12,877</td>
<td>5,283</td>
<td>4,207</td>
<td>4,496</td>
<td>4,435</td>
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</table>

**PROPERTY AND EQUIPMENT**

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>4,450</td>
<td>4,450</td>
<td>4,450</td>
<td>4,450</td>
<td>4,450</td>
<td>4,450</td>
</tr>
<tr>
<td>Building</td>
<td>2,793</td>
<td>26,983</td>
<td>31,904</td>
<td>31,904</td>
<td>31,904</td>
<td>31,904</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>-</td>
<td>-</td>
<td>405</td>
<td>505</td>
<td>630</td>
<td>780</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>-</td>
<td>-</td>
<td>707</td>
<td>1,540</td>
<td>2,381</td>
<td>3,239</td>
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<tr>
<td><strong>Total Property and Equipment (Net)</strong></td>
<td>7,243</td>
<td>31,433</td>
<td>36,052</td>
<td>35,319</td>
<td>34,603</td>
<td>33,895</td>
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**LIABILITIES AND MEMBERS’ EQUITY (DEFICIT)**

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</tr>
</thead>
<tbody>
<tr>
<td>Current Maturities of Long-Term Debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$30</td>
<td>35</td>
</tr>
<tr>
<td>Series 2016B Bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$30</td>
<td>35</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>115</td>
<td>229</td>
<td>265</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>115</td>
<td>229</td>
</tr>
<tr>
<td>Accrued Payroll and Related Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>229</td>
<td>265</td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>229</td>
<td>265</td>
<td>305</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>234</td>
<td>700</td>
<td>802</td>
<td>810</td>
<td>810</td>
<td>811</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Series 2016A Bonds</td>
<td>36,600</td>
<td>36,600</td>
<td>36,600</td>
<td>36,600</td>
<td>36,600</td>
<td>36,600</td>
</tr>
<tr>
<td>Original Issue Discount of Series 2016 Bonds (Net)</td>
<td>(1,085)</td>
<td>(1,050)</td>
<td>(1,011)</td>
<td>(975)</td>
<td>(939)</td>
<td>(903)</td>
</tr>
<tr>
<td>Deferred Financing Costs (Net)</td>
<td>(1,845)</td>
<td>(1,782)</td>
<td>(1,721)</td>
<td>(1,661)</td>
<td>(1,596)</td>
<td>(1,533)</td>
</tr>
<tr>
<td>Deferred Development Fee</td>
<td>-</td>
<td>-</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>40,844</td>
<td>41,408</td>
<td>42,653</td>
<td>43,145</td>
<td>42,667</td>
<td>42,540</td>
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**MEMBERS’ EQUITY (DEFICIT)**

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</tr>
</thead>
<tbody>
<tr>
<td>4,200</td>
<td>3,806</td>
<td>(413)</td>
<td>(2,404)</td>
<td>(2,328)</td>
<td>(2,019)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities and Members’ Equity (Deficit)</strong></td>
<td>$45,044</td>
<td>$45,214</td>
<td>$42,240</td>
<td>$40,741</td>
<td>$40,339</td>
<td>$40,521</td>
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See Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountants’ Report

B-8
**LONG-TERM DEBT SERVICE COVERAGE RATIO**

<table>
<thead>
<tr>
<th></th>
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<th>2021</th>
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</thead>
<tbody>
<tr>
<td>NET INCOME</td>
<td>$ 76</td>
<td>$ 309</td>
</tr>
<tr>
<td><strong>NON-CASH ITEMS AND ADD-BACKS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>844</td>
<td>859</td>
</tr>
<tr>
<td>Amortization of Discount and Deferred Financing Costs</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Series 2016 Bond - Interest Expense</td>
<td>2,792</td>
<td>2,762</td>
</tr>
<tr>
<td>Allocation Payment</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>CASH AVAILABLE FOR DEBT SERVICE</td>
<td>$ 4,110</td>
<td>$ 4,328</td>
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**MAXIMUM ANNUAL DEBT SERVICE SERIES 2016A AND 2016B BONDS - ONLY**

<table>
<thead>
<tr>
<th></th>
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<th>2021</th>
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</thead>
<tbody>
<tr>
<td>$ 2,963</td>
<td>$ 2,963</td>
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</table>

**MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO - SERIES 2016A AND SERIES 2016B BONDS - ONLY (3)**

<table>
<thead>
<tr>
<th></th>
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<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.39</td>
<td>1.46</td>
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**MAXIMUM ANNUAL DEBT SERVICE - SERIES 2016 BONDS (2)**

<table>
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<tr>
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<tbody>
<tr>
<td>$ 3,214</td>
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**MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO (3)**

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<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.28</td>
<td>1.35</td>
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**DAYS CASH ON HAND**

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<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td>$ 65</td>
<td>$ 256</td>
<td>$ 226</td>
<td>$ 1,169</td>
</tr>
<tr>
<td>OPERATING RESERVE FUND</td>
<td>1,000</td>
<td>300</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>DEVELOPER FEE ACCOUNT</td>
<td>375</td>
<td>375</td>
<td>375</td>
<td>375</td>
</tr>
<tr>
<td>REPAIR AND REPLACEMENT FUND</td>
<td>-</td>
<td>26</td>
<td>65</td>
<td>104</td>
</tr>
<tr>
<td>ALLOCATION FUND</td>
<td>700</td>
<td>400</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>AVAILABLE RESERVES</td>
<td>$ 2,140</td>
<td>$ 1,357</td>
<td>$ 1,766</td>
<td>$ 2,648</td>
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**OPERATING EXPENSES**

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<th>2020</th>
<th>2021</th>
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<tr>
<td>$ 6,280</td>
<td>$ 9,802</td>
<td>$ 10,612</td>
<td>$ 10,776</td>
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<tr>
<td>Less: Depreciation expense</td>
<td>(709)</td>
<td>(831)</td>
<td>(844)</td>
<td>(859)</td>
</tr>
<tr>
<td>Less: Amortization of Deferred Financing Costs and Net Original Issue Discount Included with Interest Expense</td>
<td>(65)</td>
<td>(98)</td>
<td>(98)</td>
<td>(98)</td>
</tr>
<tr>
<td>Less: Allocation Payment</td>
<td>(200)</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Less: Deferred Subordinate Management Fee</td>
<td>-</td>
<td>(221)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Less: Annual Issuer’s Fee</td>
<td>(35)</td>
<td>(35)</td>
<td>(35)</td>
<td>(35)</td>
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<tr>
<td><strong>ADJUSTED OPERATING EXPENSES</strong></td>
<td>$ 5,271</td>
<td>$ 8,317</td>
<td>$ 9,335</td>
<td>$ 9,484</td>
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**DAILY CASH OPERATING EXPENSES**

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<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 14</td>
<td>$ 23</td>
<td>$ 26</td>
<td>$ 26</td>
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**NUMBER OF DAYS CASH ON HAND (3)**

<table>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>148</td>
<td>60</td>
<td>69</td>
<td>102</td>
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</tbody>
</table>

**NUMBER OF DAYS CASH ON HAND ASSUMING SUBORDINATED MANAGEMENT FEES ARE NOT PAID**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>156</td>
<td>74</td>
<td>94</td>
<td>138</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. This ratio was requested by the Underwriter and is not forecasted to be required by the Series 2016 Bonds.
2. Maximum Annual Debt Service is equal to the maximum annual debt service on the Series 2016 Bonds.
3. Calculations are presented based upon assumed terms of the Master Trust Indenture.

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

B-9
BACKGROUND INFORMATION

Basis of Presentation
The purpose of the financial feasibility study (the “Study”) is to evaluate Management (as subsequently defined hereinafter) of Tuscan Gardens of Palm Coast Properties, LLC (“Owner” or “Obligated Group Agent”) and Tuscan Gardens of Palm Coast Management Company, LLC (“Operator”, and together with the Owner, the “Obligated Group”) related to a proposed assisted living and memory care community’s ability to meet the operating requirements, working capital needs and other financial requirements, including the debt service requirements associated with the proposed issuance by the Capital Trust Agency (the “Issuer”) of its $43,540,000 Revenue Bonds (Tuscan Garden of Palm Coast Project), Series 2016 Bonds as hereinafter defined.

The accompanying financial forecast for the years ending December 31, 2016, 2017, 2018, 2019, 2020 and 2021 and for each of the six years then ending (the “Forecast Period”), contained herein is estimated by Management. The forecast presents, to the best knowledge and belief of the Obligated Group and Life Care Services LLC (“Manager”) (collectively referred to as “Management”) the Obligated Group’s expected financial position, results of operations and cash flows for the Forecast Period. Accordingly, the financial forecast reflects Management’s judgment as of November 9, 2016, the date of this financial forecast, of its expected conditions and its expected course of action. 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 Obligated Group will be competently and efficiently managed and its services professionally and consistently marketed. In addition, the validity of the financial forecast will decrease substantially in proportion to the time elapsed since its preparation. Management’s financial forecast has been prepared in connection with the issuance of the Series 2016 Bonds. Management does not intend to update its financial forecast of the Obligated Group subsequent to the issuance of this financial forecast, 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 sections 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 2016 Bonds are different from those assumed, the principal amount of the Series 2016 Bonds, and associated debt service requirements would 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 Obligated Group
Tuscan Gardens of Palm Coast Properties, LLC and Tuscan Gardens of Palm Coast Management Company, LLC were organized on July 22, 2015, and on August 25, 2015, respectively, and are each Florida limited liability companies. The Owner will own the real and personal property included in the Project (as defined below) and the Operator will hold the licenses for the Project. The Owner will lease all of the real and personal property included in the Project to the Operator pursuant to a triple net lease. The Owner was organized to own the property upon which the Project is to be constructed.
The Project

The planned community is expected to be a senior living community to be named Tuscan Gardens of Palm Coast and located in Palm Coast, Florida. The planned Project will consist of 130 units (and 166 beds) (the “Project” or “Community”) comprised of 86 assisted living units (110 licensed assisted living beds) (the “Assisted Living Community”) and 44 memory care units (56 licensed assisted living beds) (the “Memory Care Community”) and related common areas. The Project will consist of the construction of three buildings connected by corridors totaling approximately 152,000 square feet on an approximate 10.0 acre site.

The table below highlights the planned unit configuration for the Project.

| Table 1 Proposed Project Project Configuration and Monthly Service Fees at Project Opening (2018) |
|---------------------------------------------------|---------------|--------------|--------------------|
| Number of Units | Number of Licensed Beds | Square Footage | Monthly Service Fee |
| Assisted Living | | | |
| Petite Bedroom | 11 | 11 | 451 | $3,925 |
| One Bedroom/One Bath | 43 | 43 | 617 | $4,986 |
| Two Bedroom/One Bath | 8 | 8 | 641 | $5,305 |
| Two Bedroom/One Bath - Shared | 16 | 32 | 754 | $3,289 * |
| Two Bedroom/Two Bath | 8 | 16 | 873 | $8,169 |
| Total/Weighed Average | 86 | 110 | 647 | $4,614 |
| Memory Care | | | |
| One Bedroom/One Bath | 32 | 32 | 306 | $6,684 |
| Two Bedroom/One Bath | 12 | 24 | 452 | $5,623 * |
| Total/Weighed Average | 44 | 56 | 346 | $6,229 |

*per person

Notes: The Assisted Living Weighted Average is calculated based on 32 shared “units” and the related monthly service fees.

The Memory Care Weighted Average is calculated based on 24 shared “units” and the related monthly service fees.

Source: Management

The Developer

The Owner entered into a master development agreement on October 20, 2016 (the “Development Agreement”) with Tuscan Gardens of Palm Coast Development Company, LLC (the “Developer”). For its services in connection with the development of the Project, the Owner has agreed to pay the Developer a fee of approximately $2,000,000 (the “Development Fee”). The Development Fees shall be paid as follows:

- $750,000 will be paid upon issuance of the Series 2016 Bonds;
- $375,000 shall be paid in 14 monthly installments of approximately $26,786 commencing 30 days after the first payment and continuing for 13 months thereafter;
- $375,000 upon receipt of the license to operate from the Agency for Health Care Administration (“AHCA”), a certificate of occupancy and (i) deposit by the Obligated Group of Five Hundred Thousand Dollars ($500,000) in the Working Capital Fund (defined herein) or (ii) compliance by the Obligated Group with the Long-Term Debt Service Coverage covenant for four (4) consecutive testing dates and the Days’ Cash on Hand Requirement in the master trust indenture (“MTI”) for four (4) consecutive liquidity testing dates and provided that after the disbursement the Obligated Group would still be in compliance with such covenants. Management assumes that this fee will be deferred (the “Deferred Development Fee”) and will not be paid during the Forecast Period; and
• $500,000 upon receipt of the license from AHCA and a certificate of completion for the Project and (i) deposit by the Obligated Group of Five Hundred Thousand Dollars ($500,000) in the Developer Fee Account (defined herein) or (ii) in accordance with terms of the MTI for distributions to the Obligated Group and its affiliates. Management assumes that this fee will be included in the Deferred Development Fee and will not be paid during the Forecast Period.

The Developer is an affiliate of the Obligated Group.

**The Project Manager**

The Owner has engaged Senior Resource Development, LLC (the “Project Manager”); a Florida limited liability company, to serve as the project consultant and Project Manager pursuant to a program management - project management agreement (the “Project Management Agreement”) dated October 20, 2016. In consideration of the performance of the various services set forth in the Project Management Agreement, the Project Manager will receive a fee (the “Project Management Fee”) of $650,000 plus reimbursements. The Obligated Group will pay the Project Manager $350,000 upon issuance of the Series 2016 Bonds, $75,000 in monthly installments during the period of the construction of the Project, $75,000 upon the issuance of a certificate of completion and receipt of a license from AHCA for the Project and $150,000 will be paid upon the Project achieving and maintaining a stabilized occupancy level of 85% or greater for six consecutive months, assumed to be 2020.

**The Design Builder**

The Developer has entered into the hereinafter defined Design Build Agreement for the Project with CORE Construction Services of Florida, LLC (the “Design Builder”). The services to be provided by the Design Builder include design and pre-construction services, including site evaluation and selection, conceptual budgets and estimates, schedule development, subcontractor prequalification, space evaluation and programming, constructability reviews, permitting and regulatory approvals, and value engineering recommendations. The Design Builder serves as general contractor, construction manager, and as the design/build contractor. During construction, the Design Builder provides budget and schedule management, continued value engineering and value added scope implementation, monthly progress reporting, permitting assistance, shop drawing and material submittal review and quality assurance, on and off site project management and quality control, and safety enforcement.

The Developer and the Design Builder have entered into a Standard Form of Agreement Between Owner and Design Builder – Lump Sum (DBIA Document No. 525, Section Edition 2010) and a Standard form of General Condition of the Contract between Owner and Design Builder (collectively the “Design Build Agreement”) providing for a total guaranteed maximum price of $25,350,000 (the “Guaranteed Maximum Price”), including a $400,000 contingency for unanticipated costs. If any funds remain in contingency at the end of construction, such amount will be split equally between the Design Builder and the Developer. The Developer will assign its interest in the Design Build Agreement to the Obligated Group Agent.

The Design Build Agreement provides for the Design Builder to commence work fifteen days from the Design Builder’s receipt of the latter of the following: (i) fully executed Design Build Agreement including the Guaranteed Maximum Price; (ii) evidence of funding satisfactory to the Design Builder; (iii) issuance of all required permits; (iv) the Obligated Group’s notice to proceed with construction (v) notice of commencement recorded by the Obligated Group; and (vi) unhindered access to the property, including any off-site work as defined in the Design Build Agreement (collectively, the “Commencement Date”).

The Design Build Agreement provides that, if the Project is not substantially completed 488 calendar days from the Commencement Date, which is expected to be 15 days from the issuance of the Series 2016 Bonds (the “Substantial Completion Date”), the Design Builder will be liable for liquidated damages in an amount equal to $7,600 per day, from the Substantial Completion Date of the Project.
The Architect

The Design Builder has retained Baker Barrios Architects, Inc., Orlando, Florida (the “Architect”), to serve as the architect for the Project pursuant to a Standard Form of Agreement between Design-Builder and Designer. The Architect specializes in designing health care facilities, colleges, universities and senior living communities. Since its inception in 1993, the Architect has been responsible for the design of more than 50 medical and outpatient surgery centers, eight assisted living and four memory support facilities. The Architect Fee is included in the Guaranteed Maximum Price.

The Interior Designer

Mosaic, Ltd., an Ohio limited liability company, headquartered in Columbus, Ohio and authorized to do business in Florida, will be the Interior Designer for the Project (the “Interior Designer”). Pursuant to the Interior Design Services Agreement (the “Interior Design Agreement”) between the Interior Designer and the Developer, the Developer has agreed to pay the Interior Designer a fee of $103,235 (the “Interior Design Fee”) as follows: (i) Interior Design and Finish Consulting of $25,475, (ii) Interior Architecture Design Details/Specifications of $5,200, (iii) Documentation and Specification of $24,375, (iv) Construction Administration of $6,075, and (v) Furniture Design Selection and Documentation of $42,110. All fees represent the maximum cap which will be billed pursuant to the Interior Design Agreement at per hour billing rates. The Developer will assign its interest in the Interior Design Agreement to the Obligated Group Agent.

The Construction Monitor

The Holding Company has engaged Appono Consulting, LLC; a Florida limited liability company (the “Construction Monitor”) to serve as the Construction Monitor for the Project. The Construction Monitor is assumed to be providing the services for the benefit of the Trustee.

The Project Monitor

HJS Advisors, Inc. (the “Project Monitor”) will serve as the monitor for the Project pursuant to a Construction Disbursement and Monitoring Agreement (the “Disbursement Agreement”) among the Project Monitor, the Obligated Group Agent, and the Construction Monitor. The Project Monitor is a wholly-owned subsidiary of Herbert J. Sims & Co., Inc. (“HJS” or “Underwriter”) and it will monitor certain aspects of the development of the Project and the Obligated Group’s performance under the Series 2016 Bond Indenture and Series 2016 Bonds Loan Agreement. A fee of $6,000 per annum (the “Project Monitor Fee”) is payable in monthly installments of $500 to the Project Monitor for its services thereunder, commencing on the first day of the first month following the date of the issuance of the Series 2016 Bonds. The principals of the Project Monitor are certain senior management officers of HJS and its affiliates.

Management of the Project

The Operator has engaged Life Care Services LLC dba Life Care Services™ (the “Manager”); an Iowa limited liability company, to serve as Manager of the Project pursuant to a management agreement (the “Management Agreement”) dated September 16, 2016. The Manager and its affiliates, currently manage approximately 149 retirement communities serving over 33,000 residents in 31 states and the District of Columbia. The Manager is based in Des Moines, Iowa and maintains regional offices in Charlotte, North Carolina; Old Saybrook, Connecticut; Indianapolis, Indiana; Memphis, Tennessee; Delray Beach, Florida; San Diego, California; and St. Louis, Missouri. The Manager is wholly owned by Life Care Companies.

Pursuant to the terms of the Management Agreement, the Manager would be required to provide all management services to the Project, including but not limited to financial management, purchasing, public relations, recruitment, training, retaining and termination of personnel, and supervision of the day-to-day operations and programs of the Project. Duties will include polices recommendations, implementation of policies, budgets and directives, and recommendations for future operations.

The term of the Management Agreement commenced on September 15, 2016 and will continue until the completion of 48 months from the commencement of operations, unless sooner terminated in accordance with the
terms of the Management Agreement. Either party may terminate the Management Agreement without cause effective upon written notice to the other party of its intention to terminate the Management Agreement (a “Without Cause Termination Notice”).

The Manager will establish and maintain a system of financial controls for the Project and will provide the Operator with monthly financial statements and annual budgets for operating revenue and expense, capital expenditures and cash flow projections, and recommend a schedule of resident monthly services fees and other charges. The Operator retains ultimate control over the retention of the Manager. The Operator also evaluates the performance and monitors the operating costs, wages, salaries, expenses and overall fiscal viability of the Project.

The Manager will be paid as follows:

- **Monthly Management Fee** – a monthly management fee payable in advance, monthly on the first day of each calendar month commencing with the commencement of operations. The monthly management fee will be the greater of $10,000 per month (the “Initial Base Fee”) or 5.0% of the current month’s budgeted total gross operating revenue (the “Monthly Management Fee”).

- **Development Stage Consulting Fee** – the Manager will receive a Development Stage Consulting Fee of $25,000 for the ongoing review of the operating projections, community design and functionality to be provided and billed over a five (5) month period, commencing at such time as the parties mutually direct (the “Development Stage Consulting Fee”).

- **Pre-Opening Service Fee** – the Pre-Opening Service Fee of $7,500 per month will commence six months prior to the commencement of operations (the “Pre-Opening Service Fee”).

- **Performance Incentive Fee** – the Manager will receive a performance incentive fee of 10% of the amount by which the annual net operating profit margin exceeds 39% and 12½% of the amount by which the annual net operating profit margin exceeds 41%, payable 30 days from completion and acceptance of the annual financial reports (the “Performance Incentive Fee”).

- **Application Service Provider Fee** – for the use of the Manager’s marketing, sales, accounting, billing and dashboard technology, the manager will be paid a Manager Application Service Provider Fee of $13,000 and an annual fee of $4,000 (the “Application Service Provider Fee”).

- **Marketing and Sales Fee** – the Manager will be paid a startup incentive fee equal to $100 on each resident moved in within the first 12 months from commencement of operations.

- **Accounting Fee** – the Manager will receive the greater of $30 per resident per month or $2,500 per month payable on the first day of each applicable calendar month (the “Accounting Fee”).

The Manager has agreed to subordinate 50% of its fees to debt service payments on the Series 2016 Bonds, the total operating expenses of the Project, and other deposits to funds established under the terms and conditions of the MTI. The subordination results in a deferral, not a waiver, of such fees to such time when cash flows are sufficient to pay in accordance with the terms and conditions of the MTI. The subordination of any fees pursuant to the requirements of the MTI shall not constitute a reason for the Manager to terminate the Management Agreement for cause under the Management Agreement. A summary of the fees to be paid pursuant to the Management Agreement are disclosed subsequently herein.

**The Marketing Consultant**

The Operator has selected Sage Age Strategies (the “Marketing Consultant”), a branding, pre-marketing, public relations, online marketing and sales management support company specializing in the senior living and senior care industries.
The Operator has entered into a Marketing Agreement (the “Marketing Agreement”). The Operator will have the option of renewing the Marketing Agreement sixty days prior to the end of the term of the Marketing Agreement. Either party may terminate the Marketing Agreement without cause effective upon 30-day written notice to the other party. Phase I of the Marketing Agreement commenced on November 6, 2015 and will continue until six months prior to the anticipated opening date (“Phase I”) at which time Phase II will commence and be in effect for the six month pre-marketing and six month post-marketing period (“Phase II”).

The Operator will pay to the Marketing Consultant the following:

Phase I:
- A $5,000 one-time fee for collateral development and creative services;
- A $7,500 one-time fee for website development; and
- A $2,500 one-time fee for groundbreaking event planning and oversight.

Phase II:
- Monthly strategic pre-marketing, lead generation, online marketing and sales management services - $7,500 per month for the first six months pre-lease to six months post opening; and
- A $2,500 one-time fee for grand opening event planning and oversight.

The Marketing Consultant received an initial deposit of $7,500 to be applied toward Phase I prior to the start of Phase I and will receive $15,000 at the commencement of Phase II, which will be applied to the final two months of the Phase II monthly fee.

The Lease

The Owner and the Operator will enter into a Lease Agreement dated on or about the date of issuance of the Series 2016 Bonds (the “Lease”), under which the Owner will lease the Project to the Operator for a term that ends in 2056 unless terminated or extended pursuant to the Lease terms. The Operator agrees to pay the Owner ten dollars per month in rent plus additional rent equal to the amounts payable by the Obligated Group Agent under the Loan Agreement. The Lease is a “triple-net” lease under which the Operator is obligated to pay all operating expenses, taxes, insurance premiums, the costs of maintaining the Project, and other costs relating to the operation of the Project. Upon an event of default under the Lease, the Lease is subject to termination, but only upon the written consent of the Master Trustee. The rights of the Owner under the Lease will be collaterally assigned to the Master Trustee pursuant to the Mortgage.

Section 142(d) Requirements

The Series 2016 Bonds are expected to be subject to the guidelines under Internal Revenue Code Section 142(d) (the “Guidelines”). The Guidelines require that at all times the Project meet one of two requirements, the 20-50 Test or the 40-60 Test as outlined below. The Issuer must elect which requirement they choose to follow at the time of issuance. The two requirements are as follows:

- The 20-50 Test – 20 percent or more of the units are occupied by individuals whose income is 50 percent or less than the area median gross income.
- The 40-60 Test – 40 percent or more of the units are occupied by individuals whose income is 60 percent or less than the area median gross income.

Management expects to elect the 20-50 Test and assumes that 50 percent of the area median gross income for Flagler County at the time the Project opens will approximate 50% of the applicable area median gross income, as determined by the United States Department of Housing and Urban Development (“HUD”). The Obligated Group expects that the median area income upon opening of the Project will be approximately $20,051 for a family of one and $22,915 for a family of two.
The determination of resident income related to the 20-50 Test shall be made at least annually for each unit on the basis of the current income of the residents. Management will be required to submit an annual certification as to whether the Project continues to meet the requirement of subsection 142(d).

Management is responsible for defining, implementing and executing specific marketing strategies to market the Project to potential residents that meet the low income criteria (“Qualified Income Residents”) while having sufficient assets to pay the full monthly fee via a spend down of assets, which is common use of assets by seniors needing to afford healthcare services. Management plans to evaluate the total assets of prospective residents including home value, investments and other assets prior to their admission. The expectation is that potential residents would have sufficient assets to cover any short fall between the resident’s annual income and the annual cost of residing in a unit. Management has forecasted that the majority of the Projects residents will be able to pay the market-rate rents forecasted for the Project through the utilization of the individual’s annual income and the spend down of assets, including proceeds from the sale of a primary residence and other alternative sources.

Management has assumed that there would be occasions when a resident of a unit in the Project is unable to pay the entire amount due and has included a reduction to gross revenue as a low income adjustment (“Low Income Adjustment”). Management has calculated an annual Low Income Adjustment utilizing the following assumptions:

- Management expects that Qualified Income Residents will utilize both the Assisted Living Community and Memory Care Community.
  - A large proportion (based on the home ownership percentage in the primary market area) of those Qualified Income Residents would utilize their assets including home proceeds to supplement annual income in order to afford the market rate for those units.
  - A discount has been calculated for those Qualified Income Residents who are not homeowners.
- Management has forecasted occupancies at approximately 93% for the Project:
  - For purposes of quantifying the Low Income Adjustment, Management has assumed that vacant units (approximately 7%) would provide a safety net for achieving the required number of set aside units. For the purposes of this calculation, Management has assumed that these vacant units could be occupied by Qualified Income Residents who do not have sufficient assets and that the revenue generated, and incremental expenses incurred, by these Qualified Income Residents would not impact forecasted operating margins

The Low Income Adjustment included in the Study is as follows:

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Forecasted Annual Low Income Adjustment 2018 - 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Forecasted Low Income Adjustment</td>
<td>$ (23,736)</td>
</tr>
</tbody>
</table>

Source: Management
The following is a summary of alternative sources of income that Management anticipates to be utilized by Qualified Income Residents:

- **State of Florida - Medicaid Waiver** - The Assisted Living for the Elderly (“ALE”) Waiver is a home and community-based services program for recipients who reside in qualified assisted living facilities (“ALFs”). The waiver covers three services: case management, assisted living, and (if needed) incontinence supplies. The components of assisted living that may be provided include: attendant call system, attendant care, behavior management, chore, companion services, homemaker, intermittent nursing, medication administration (within the ALF license requirements), occupational therapy, personal care, physical therapy, specialized medical equipment and supplies, speech therapy, and therapeutic social and recreational services.

- **U.S. Department of Veterans Affairs Aid and Attendance Pension** – The U.S. Department of Veterans Affairs (“VA”) Aid and Attendance Pension provides benefits for veterans and surviving spouses who require the regular attendance of another person to assist in eating, bathing, dressing and undressing or taking care of the needs of nature. It also includes individuals who are blind or a patient in a nursing home because of mental or physical incapacity. Assisted care in an assisting living facility also qualifies.

- **Support of adult children.**

- **Assets other than their home.**

**Assisted Living Community**

The Assisted Living Community is to be designed to foster the continued independence of residents who require varying amounts of assistance with activities of daily living. A more detailed description of services that are anticipated to be offered in the Project is included in the following sections.

Included in the proposed room and board fee for the Assisted Living Community are the following:

- Personal care assistance and medication assistance;
- Meals and nutrition, including three meals a day;
- Life enrichment program, including lifestyle and activity programming;
- Housekeeping and maintenance, including weekly apartment cleaning and linen change;
- Safety/Security staff accessible 24-hours a day; and
- Medical transportation if appointments are scheduled.

The Obligated Group anticipates that residents of the Assisted Living Community may require additional levels of care. It anticipates offering four levels of care to meet the needs of residents and expects that an additional fee will be charged for each level.

**Memory Care Community**

The services provided in the Memory Care Community will be similar to those provided in the Assisted Living Community, but are designed to offer shelter as well as an activity focused therapeutic program for residents suffering from dementia, Alzheimer’s disease and other related disorders. The goal is to maintain the resident’s independence, functional ability and personhood for as long as possible.

Included in the proposed room and board fee for the Memory Care Community are the following services:

- Specific therapeutic services to meet the needs of residents with dementia;
- Personal care assistance and medication assistance;
- Meals and nutrition, including three meals a day;
- Life enrichment program, including lifestyle and activity programming;
- Housekeeping and maintenance, including daily bed-making and weekly apartment cleaning and linen change;
- Security and safety personnel and programs; and
- Medical transportation if appointments are scheduled.
Project Timeline

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuance of the Series 2016 Bonds</td>
<td>December-16</td>
</tr>
<tr>
<td>Construction commences on the Project</td>
<td>December-16</td>
</tr>
<tr>
<td>Construction of the Project completed</td>
<td>March-18</td>
</tr>
<tr>
<td>Receipt of License to Operate</td>
<td>May-18</td>
</tr>
<tr>
<td>Project available for occupancy</td>
<td>May-18</td>
</tr>
<tr>
<td>Assisted Living Units achieve stabilized occupancy - 93.1%</td>
<td>February-20</td>
</tr>
<tr>
<td>Memory Care Units achieve stabilized occupancy - 92.9%</td>
<td>May-20</td>
</tr>
</tbody>
</table>

Source: Management
PLAN OF FINANCE – SERIES 2016 BONDS

A summary of the forecasted sources and uses of funds for the Obligated Group’s plan of finance is provided in the following table.

### Table 4
Forecasted Sources and Uses of Funds
(In thousands)

<table>
<thead>
<tr>
<th>Sources of Funds:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2016A Bonds</td>
<td>$36,600(1)</td>
</tr>
<tr>
<td>Series 2016B Bonds</td>
<td>4,215 (1)</td>
</tr>
<tr>
<td>Series 2016C Bonds</td>
<td>2,725 (1)</td>
</tr>
<tr>
<td>Original Issue Discount</td>
<td>(1,087) (1)</td>
</tr>
<tr>
<td>Equity Contribution</td>
<td>4,200 (2)</td>
</tr>
<tr>
<td><strong>Total Sources of Funds</strong></td>
<td><strong>$46,653</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses of Funds:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and related costs</td>
<td>4,450 (3)</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>26,300 (4)</td>
</tr>
<tr>
<td>Development Fee Account</td>
<td>1,500 (5)</td>
</tr>
<tr>
<td>Capitalized Interest Fund - Construction</td>
<td>5,876 (6)</td>
</tr>
<tr>
<td>Allocation Account</td>
<td>900 (7)</td>
</tr>
<tr>
<td>Debt Service Reserve Fund</td>
<td>2,956 (8)</td>
</tr>
<tr>
<td>Underwriter Discount</td>
<td>1,130 (9)</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>730 (9)</td>
</tr>
<tr>
<td>Working Capital Fund</td>
<td>1,800 (10)</td>
</tr>
<tr>
<td>Operating Reserve Fund</td>
<td>1,000 (11)</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>11 (12)</td>
</tr>
<tr>
<td><strong>Total Uses of Funds</strong></td>
<td><strong>$46,653</strong></td>
</tr>
</tbody>
</table>

Source: Management and Underwriter

Certain summaries, assumptions, rationale, and descriptions included in the financial forecast are more fully described in the financing documents pertaining to the Series 2016 Bonds. For more detailed information regarding the proposed terms, conditions, debt service requirements, and any other requirements of the Series 2016 Bonds, all of the Series 2016 Bonds’ financing-related documents should be read in their entirety.

Notes to Table 4:

1) As provided by the Obligated Group’s underwriter, Herbert J. Sims & Co., Inc. (the “Underwriter”), the Capital Trust Agency (the “Issuer”) will issue $43,540,000 Capital Trust Agency Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016 (the “Series 2016 Bonds”). The Series 2016 Bonds will be issued as three series designated as the Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), the Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Series 2016B Bonds”), and the Capital Trust Agency Subordinated Revenue Bonds (Tuscan Gardens of Palm Coast Project) Series 2016C (the “Series 2016C Bonds”). The structure and terms of the Series 2016 Bonds is forecasted as follows:
$36,600,000 tax-exempt first mortgage Series 2016A Bonds, consisting of term maturities to October of 2051, with an assumed average annual interest rate of approximately 6.22 percent and subject to mandatory sinking fund redemptions beginning October 1, 2028.

$4,215,000 of fixed rate taxable first mortgage Series 2016B Bonds with term maturities to October 1, 2028. The Series 2016B Bonds are assumed to bear interest at a rate of 7.25 percent per annum and subject to mandatory sinking fund redemptions beginning October 1, 2020.

$2,725,000 of fixed rate tax-exempt subordinate mortgage Series 2016C Bonds with term maturities to October of 2046. The Series 2016C Bonds are assumed to bear interest at a rate of 8.00 percent per annum and subject to mandatory sinking fund redemptions beginning October 1, 2020.

The Series 2016 Bonds are expected to have an original issue discount of approximately $1,087,000.

2) Represents the total equity contribution consisting of $4,200,000 of cash contributed by or on behalf of Tuscan Gardens Management Group, LLC.

3) Represents the cost of acquiring the land for the Project.

4) The Developer has entered into a Design Build Contract to construct the Project. Construction Costs include the Guaranteed Maximum Price of $25,350,000 plus certain other costs related to the construction of the Project.

5) Represents the amount to be deposited into the Developer Fee Account (“Developer Fee Account”) for payment of a portion of certain Development Fees as stipulated in the Development Agreement. The balance of the Development Fee is assumed to be funded from operations subsequent to the Forecast Period.

6) Management and the Underwriter estimate funded interest in the amount of $5,876,000 representing the Project related debt service for approximately 26 months from the issuance date of the Series 2016 Bonds.

7) Upon the issuance of the Series 2016 Bonds, the Obligated Group will deposit $900,000 into the Allocation Fund (“Allocation Fund”) which will be part of the trust estate and will be available for costs relating to the construction of the Series 2016 Project and the payment of total cash operating expenses.

8) As provided by the Underwriter, the deposit to the Debt Service Reserve Fund for the Series 2016A and Series 2016B Bonds is assumed to approximate $2,956,000. The Series 2016C Bonds are not secured by the Debt Service Reserve Fund.

9) Represents financing related costs, including costs of issuance for the Series 2016 Bonds and underwriter discount, as provided by the Underwriter.

10) Represents the estimated amount to be deposited into the Working Capital Fund (“Working Capital Fund”).

11) Represents the estimated amount that will be deposited into the Operating Reserve Fund (“Operating Reserve Fund”).

12) Represents additional proceeds that will be used for the Project.
MARKET ASSESSMENT

General

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 the services:

- Site description and general area analysis;
- 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 providers within Management’s defined PMA; and
- Penetration rates for retirement community services within Management’s defined PMA.

Site Analysis

Site Description and Surrounding Land Use

The proposed Project is located at the intersection of Colbert Lane and Blair Drive, (the “Site”), in Palm Coast, Florida. The project will consist of 86 assisted living units, (110 beds) and 44 memory care units, (56 beds).

Access and Visibility

Access to the Community will be through Colbert Lane which is a local road that runs approximately seven miles north/south and intersects with Palm Coast Parkway to the north and Florida State Road 100 to the south. Palm Coast Parkway is a high traffic commercial road which intersects with US Interstate 95, a major interstate highway that runs north and south along the east coast of Florida. Florida State Road 100 is a 153 mile long east-west highway which intersects with State Road A1A in Flagler Beach on the Atlantic Coast. Graham Swamp Preserve is located on the east side of Colbert Lane. Graham Swamp Preserve is a 3,084 conservation area that is mostly covered by wetlands. The area supports a rich variety of wading birds, water fowl, and passerine bird species, as well as deer, otter, foxes, and other mammals. Visitors can hike, bicycle, view wildlife and fish on the banks at the preserve.

Proximity to Retail, Health Care and Community Services

Conveniences important to seniors including pharmacies, grocery stores, churches, banks, and restaurants are located near the Site to the north along Palm Coast Parkway or to the south along US Highway 100. There is a Publix Super Market, multiple restaurants and retail shopping outlets located on Palm Coast Parkway, approximately one mile from the Site.

The following map shows the location of the Project site.
There are several medical clinics located near the Project including family practice and specialty services. The following table summarizes the hospitals within approximately 25 miles of the Project.

<table>
<thead>
<tr>
<th>Hospital Name</th>
<th>Location (City/ZIP Code)</th>
<th>Approximate Miles from the Community</th>
<th>Type</th>
<th>Number of Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida Hospital Flagler</td>
<td>Flagler/32164</td>
<td>8</td>
<td>Short Term Acute Care</td>
<td>99</td>
</tr>
<tr>
<td>Florida Hospital Memorial Medical Center</td>
<td>Daytona Beach/32117</td>
<td>25</td>
<td>Short Term Acute Care</td>
<td>293</td>
</tr>
<tr>
<td>Florida Hospital Oceanside</td>
<td>Ormond Beach/32176</td>
<td>25</td>
<td>Short Term Acute Care</td>
<td>294</td>
</tr>
<tr>
<td>Select Specialty Hospital</td>
<td>Daytona Beach/32117</td>
<td>25</td>
<td>Short Term Acute Care</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: American Hospital Directory, October 2016.

**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 for the Project to be an area encompassing 20 census tracts.
The following table summarizes the census tracts that are included in the PMA.

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>City</th>
<th>Census Tract</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>12035-060103</td>
<td>Palm Coast</td>
<td>12035-060209</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060104</td>
<td>Palm Coast</td>
<td>12035-060210</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060105</td>
<td>Palm Coast</td>
<td>12035-060211</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060106</td>
<td>Flagler Beach</td>
<td>12035-060212</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060107</td>
<td>Palm Coast</td>
<td>12035-060213</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060204</td>
<td>Palm Coast</td>
<td>12035-060214</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060205</td>
<td>Palm Coast</td>
<td>12035-060301</td>
<td>Palm Coast</td>
</tr>
<tr>
<td>12035-060206</td>
<td>Bunnell</td>
<td>12035-060302</td>
<td>Flagler Beach</td>
</tr>
<tr>
<td>12035-060207</td>
<td>Palm Coast</td>
<td>12035-060303</td>
<td>Flagler Beach</td>
</tr>
<tr>
<td>12035-060208</td>
<td>Palm Coast</td>
<td>12035-060304</td>
<td>Flagler Beach</td>
</tr>
</tbody>
</table>

Source: Management

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

Source: Microsoft MapPoint

★ The Project
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 2016 and 2021 data in the following tables are estimates and projections, respectively, provided by The Nielsen Company, a recognized provider of census demographic information.

Table 7
Elderly Population Change for the PMA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>49,832</td>
<td>95,696</td>
<td>104,571</td>
<td>111,572</td>
<td>6.7% 1.5% 1.3%</td>
</tr>
<tr>
<td>Under Age 65</td>
<td>35,563</td>
<td>72,291</td>
<td>74,551</td>
<td>76,563</td>
<td>7.4% 0.5% 0.5%</td>
</tr>
<tr>
<td>Age 65 to 74 Population</td>
<td>8,506</td>
<td>13,593</td>
<td>17,912</td>
<td>21,605</td>
<td>4.8% 4.7% 3.8%</td>
</tr>
<tr>
<td>Age 75 to 84 Population</td>
<td>4,800</td>
<td>7,405</td>
<td>8,893</td>
<td>9,742</td>
<td>4.4% 3.1% 1.8%</td>
</tr>
<tr>
<td>Age 85 &amp; Over Population</td>
<td>963</td>
<td>2,407</td>
<td>3,215</td>
<td>3,662</td>
<td>9.6% 4.9% 2.6%</td>
</tr>
<tr>
<td>Total 65 &amp; Over</td>
<td>14,269</td>
<td>23,405</td>
<td>30,020</td>
<td>35,009</td>
<td>5.1% 4.2% 3.1%</td>
</tr>
<tr>
<td>Total 75 &amp; Over</td>
<td>5,763</td>
<td>9,812</td>
<td>12,108</td>
<td>13,404</td>
<td>5.5% 3.6% 2.1%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Age Cohort</th>
<th>2016 (Estimated)</th>
<th>2021 (Projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Cohort</td>
<td>PMA</td>
<td>Florida</td>
</tr>
<tr>
<td>65 &amp; Over</td>
<td>28.7%</td>
<td>19.7%</td>
</tr>
<tr>
<td>75 &amp; Over</td>
<td>11.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>85 &amp; Over</td>
<td>3.1%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

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

Real Estate Trends

The following table presents data on the real estate market in the ZIP codes where the PMA is located.
Table 9
Real Estate Trends in the ZIP Codes where the PMA is Located

<table>
<thead>
<tr>
<th>ZIP Code</th>
<th>2013 Number of Homes Sold</th>
<th>Average Sales Price</th>
<th>2014 Number of Homes Sold</th>
<th>Average Sales Price</th>
<th>2015 Number of Homes Sold</th>
<th>Average Sales Price</th>
<th>YTD August 2016 Number of Homes Sold</th>
<th>Average Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>32110</td>
<td>98</td>
<td>$53,459</td>
<td>115</td>
<td>$61,878</td>
<td>139</td>
<td>$79,856</td>
<td>125</td>
<td>$83,168</td>
</tr>
<tr>
<td>32136</td>
<td>177</td>
<td>229,644</td>
<td>213</td>
<td>255,986</td>
<td>222</td>
<td>285,239</td>
<td>179</td>
<td>302,006</td>
</tr>
<tr>
<td>32137 (1)</td>
<td>1,136</td>
<td>199,976</td>
<td>1,199</td>
<td>217,324</td>
<td>1,277</td>
<td>224,638</td>
<td>953</td>
<td>250,663</td>
</tr>
<tr>
<td>32164</td>
<td>920</td>
<td>134,352</td>
<td>1,138</td>
<td>144,096</td>
<td>1,124</td>
<td>157,460</td>
<td>680</td>
<td>169,922</td>
</tr>
<tr>
<td>Total/Wtd. Average</td>
<td>2,331</td>
<td>$170,169</td>
<td>2,665</td>
<td>$182,437</td>
<td>2,762</td>
<td>$194,885</td>
<td>1,937</td>
<td>$216,254</td>
</tr>
</tbody>
</table>

Notes:
(1) The Site is planned to be located in ZIP Code 32137.

Economy and Employment Information

The following table summarizes the top 15 largest employers in Flagler County, Florida.

Table 10
2014 Top 15 Largest Employers in Flagler County, Florida

<table>
<thead>
<tr>
<th>Company</th>
<th>Business Line</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volusia County Schools</td>
<td>Education</td>
<td>7,503</td>
</tr>
<tr>
<td>Florida Hospital Volusia-Flagler Market</td>
<td>Healthcare</td>
<td>4,810</td>
</tr>
<tr>
<td>County of Volusia</td>
<td>Government</td>
<td>3,341</td>
</tr>
<tr>
<td>Halifax Health</td>
<td>Healthcare</td>
<td>3,197</td>
</tr>
<tr>
<td>Frontier Communications</td>
<td>Customer Service</td>
<td>1,200</td>
</tr>
<tr>
<td>Embry-Riddle Aeronautical University</td>
<td>Education</td>
<td>1,072</td>
</tr>
<tr>
<td>Daytona State College</td>
<td>Education</td>
<td>980</td>
</tr>
<tr>
<td>Florida Health Care Plans, Inc.</td>
<td>Healthcare</td>
<td>916</td>
</tr>
<tr>
<td>Stetson University</td>
<td>Education</td>
<td>886</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>Government</td>
<td>700</td>
</tr>
<tr>
<td>Bert Fish Medical Center</td>
<td>Healthcare</td>
<td>700</td>
</tr>
<tr>
<td>Bethune-Cookman University</td>
<td>Education</td>
<td>654</td>
</tr>
<tr>
<td>SMA Behavioral Health Center</td>
<td>Healthcare</td>
<td>590</td>
</tr>
<tr>
<td>Boston Whaler</td>
<td>Manufacturing</td>
<td>550</td>
</tr>
<tr>
<td>Covidiem</td>
<td>Manufacturing</td>
<td>525</td>
</tr>
</tbody>
</table>


The following table summarizes employment by industry sector for the Deltona-Daytona- Beach- Ormond Beach, FL Metropolitan Statistical Area (“MSA”), as defined in Note (1) to the table below, as of May 2015.
### Table 11
Employment by Industry Sector – May 2015

<table>
<thead>
<tr>
<th>Occupation Title</th>
<th>Deltona-Daytona Beach-Ormond No.</th>
<th></th>
<th></th>
<th>State of Florida No.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office and Administrative Support</td>
<td>30,200</td>
<td>16.6%</td>
<td>1,404,860</td>
<td>17.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and Related</td>
<td>26,060</td>
<td>14.3%</td>
<td>1,035,070</td>
<td>13.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Preparation and Serving Related</td>
<td>24,000</td>
<td>13.2%</td>
<td>869,740</td>
<td>11.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Practitioner and Technical</td>
<td>12,720</td>
<td>7.0%</td>
<td>492,720</td>
<td>6.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>8,630</td>
<td>4.7%</td>
<td>318,230</td>
<td>4.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education, Training and Library</td>
<td>10,390</td>
<td>5.7%</td>
<td>410,810</td>
<td>5.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>9,980</td>
<td>5.5%</td>
<td>306,270</td>
<td>3.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and Grounds Cleaning, Maintenance</td>
<td>8,660</td>
<td>4.7%</td>
<td>305,150</td>
<td>3.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>6,900</td>
<td>3.8%</td>
<td>477,530</td>
<td>6.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business and Financial Operations</td>
<td>6,370</td>
<td>3.5%</td>
<td>423,110</td>
<td>5.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installation, Maintenance and Repair</td>
<td>7,220</td>
<td>4.0%</td>
<td>337,030</td>
<td>4.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Support</td>
<td>6,860</td>
<td>3.8%</td>
<td>225,310</td>
<td>2.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care and Service</td>
<td>5,270</td>
<td>2.9%</td>
<td>223,880</td>
<td>2.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>4,810</td>
<td>2.6%</td>
<td>264,540</td>
<td>3.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protective Service</td>
<td>4,550</td>
<td>2.5%</td>
<td>231,010</td>
<td>2.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts, Design, Entertainment, Sports and Media</td>
<td>1,480</td>
<td>0.8%</td>
<td>94,480</td>
<td>1.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer and Mathematical Science</td>
<td>2,040</td>
<td>1.1%</td>
<td>184,270</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and Social Service</td>
<td>2,290</td>
<td>1.3%</td>
<td>83,080</td>
<td>1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Architecture and Engineering</td>
<td>1,660</td>
<td>0.9%</td>
<td>96,650</td>
<td>1.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>1,420</td>
<td>0.8%</td>
<td>81,430</td>
<td>1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life, Physical and Social Science</td>
<td>530</td>
<td>0.3%</td>
<td>37,700</td>
<td>0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farming, Fishing and Forestry</td>
<td>350</td>
<td>0.2%</td>
<td>22,440</td>
<td>0.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Occupations</td>
<td>182,390</td>
<td>100%</td>
<td>7,925,310</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Notes:
(1) The Deltona-Daytona Beach-Ormond Beach, FL MSA contains Flagler and Volusia County.

The following table summarizes unemployment rate trends for the Deltona-Daytona Beach-Ormond Beach, FL MSA, the State of Florida, and the United States for 2012 through September 2016.
### Table 12
Unemployment Rate Trends (1)

<table>
<thead>
<tr>
<th></th>
<th>Deltona-Daytona Beach-Ormond Beach, MSA (2)</th>
<th>Florida</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>*</td>
<td>*</td>
<td>4.8%</td>
</tr>
<tr>
<td>August</td>
<td>5.0% (P)</td>
<td>4.9% (P)</td>
<td>5.0%</td>
</tr>
<tr>
<td>July</td>
<td>5.3%</td>
<td>5.1%</td>
<td>5.1%</td>
</tr>
<tr>
<td>June</td>
<td>5.1%</td>
<td>4.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>May</td>
<td>4.6%</td>
<td>4.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>April</td>
<td>4.8%</td>
<td>4.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>March</td>
<td>4.9%</td>
<td>4.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>February</td>
<td>5.0%</td>
<td>4.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>January</td>
<td>5.5%</td>
<td>5.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>5.8%</td>
<td>5.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>December</td>
<td>5.1%</td>
<td>4.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>November</td>
<td>5.3%</td>
<td>5.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>October</td>
<td>5.4%</td>
<td>5.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>September</td>
<td>5.5%</td>
<td>5.3%</td>
<td>4.9%</td>
</tr>
<tr>
<td>August</td>
<td>5.9%</td>
<td>5.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>July</td>
<td>6.2%</td>
<td>5.8%</td>
<td>5.6%</td>
</tr>
<tr>
<td>June</td>
<td>6.0%</td>
<td>5.6%</td>
<td>5.5%</td>
</tr>
<tr>
<td>May</td>
<td>6.0%</td>
<td>5.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>April</td>
<td>5.6%</td>
<td>5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>March</td>
<td>5.8%</td>
<td>5.4%</td>
<td>5.6%</td>
</tr>
<tr>
<td>February</td>
<td>6.1%</td>
<td>5.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>January</td>
<td>6.6%</td>
<td>5.9%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>6.9%</td>
<td>6.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>December</td>
<td>6.2%</td>
<td>5.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>November</td>
<td>6.5%</td>
<td>5.9%</td>
<td>5.5%</td>
</tr>
<tr>
<td>October</td>
<td>6.5%</td>
<td>6.0%</td>
<td>5.5%</td>
</tr>
<tr>
<td>September</td>
<td>6.7%</td>
<td>6.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>August</td>
<td>7.3%</td>
<td>6.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>July</td>
<td>7.3%</td>
<td>6.8%</td>
<td>6.5%</td>
</tr>
<tr>
<td>June</td>
<td>7.0%</td>
<td>6.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>May</td>
<td>6.9%</td>
<td>6.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>April</td>
<td>6.5%</td>
<td>6.0%</td>
<td>5.9%</td>
</tr>
<tr>
<td>March</td>
<td>7.2%</td>
<td>6.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>February</td>
<td>7.3%</td>
<td>6.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>January</td>
<td>7.5%</td>
<td>6.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>2013 (Annual Average)</td>
<td>8.3%</td>
<td>7.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>2012 (Annual Average)</td>
<td>9.6%</td>
<td>8.5%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>


Notes:
1. Data reflects rates not seasonally adjusted.
2. The Deltona-Daytona Beach-Ormond Beach, FL MSA contains Flagler and Volusia County.
* - Information not available at the time
P – Preliminary Information
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 Statutes 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 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.

Management expects to provide the following services to the residents of the Assisted Living Community and the Memory Care Community.

- Three meals per day plus snack;
- 24-hour access to care staff;
- Weekly housekeeping and bed linen laundry;
- All utilities, except phone and cable;
- 24-hour security and emergency alert system;
- Maintenance of common areas and grounds;
- Scheduled local transportation;
- Social, recreational, educational, cultural, and wellness programs; and
- Use of common areas.

**Levels of Care**

In addition to the above resident services, Management anticipates that all residents of the Assisted Living Community will require an additional level of care. They anticipate offering four levels of care to meet the needs of residents and that an additional fee will be charged for each level. Management has defined the various levels as follows:
Level of Care | Description
---|---
Level 1 | Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day including eye drops, nebulizer treatments, topical ointments, and as needed medications; occasional life enrichment and dining participation reminders; one load of personal laundry each week; monthly weight and vitals checks; personal response pendant; response to emergency requests and a Quality Life Assessment prior to admission and a review and care conference every 3 months or as needed.

Level 2 | Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day including eye drops, nebulizer treatments, topical ointments and as needed medications; administration of routine monthly injections such as B-12; regular reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; partial or full bath/shower assistance up to twice weekly; dressing and grooming assistance up to twice weekly; incontinence care is self-managed with reminders and minimal assistance no more than 3 times per week; one load of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.

Level 3 | Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day including eye drops, nebulizer treatments, topical ointments and as needed medications; administration of routine monthly injections such as B-12; assistance with glucose monitoring up to twice daily; daily reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; partial or full bath/shower assistance up to three times weekly; dressing and grooming assistance daily; continence care is self-managed with reminders and minimal assistance no more than 3 times per week; ambulation assistance provided including escorts; one load of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.

Level 4 | Review of all physician and medication and treatment orders; coordination of medication and treatment orders; safe storage of medications; medication management and assistance with self-administration of medications or medication reminders up to 4 times per day including eye drops and topical ointments and as needed medications; administration of routine monthly injections such as B-12; diabetic management include blood glucose monitoring and administration of injections; more than daily reminders for life enrichment and dining participation; personal response pendant; response to emergency requests; monthly weight and vitals check; bathing/shower assist more than three times weekly; dressing and grooming assistance twice per day; complete continence care; walking and escort assistance to life enrichment and activities; transfer assistance; two loads of personal laundry per week; and a Quality Life Assessment prior to admission and a Quality Life Assessment review and care conference every 3 months or as needed.

Management has assumed that the Memory Care Community Fees will be all inclusive and that no additional level of care fees will be charged to Memory Care Community residents.

Existing Assisted Living and Memory Care Communities in the PMA

Management has identified three assisted living facilities in the PMA that offer comparable assisted living services to the Project (the “Comparable Assisted Living and Memory Care Communities”). It should be noted that Management has included only those market-rate facilities restricted to persons aged 55 and over and those
facilities with more than 20 beds in the analysis of existing Comparable Assisted Living and Memory Care Communities in the PMA.

Existing Comparable Assisted Living and Memory Care Communities

The following table summarizes the existing and planned Comparable Assisted Living and Memory Care Communities in the PMA.

<table>
<thead>
<tr>
<th>Table 13</th>
<th>Comparable Assisted Living and Memory Care Communities in the PMA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of AL Beds</td>
</tr>
<tr>
<td>The Project</td>
<td>110</td>
</tr>
<tr>
<td>Comparable AL/MC Communities in the PMA:</td>
<td></td>
</tr>
<tr>
<td>Brookdale Palm Coast</td>
<td>45</td>
</tr>
<tr>
<td>Princeton Village of Palm Coast</td>
<td>47</td>
</tr>
<tr>
<td>The Windsor of Palm Coast</td>
<td>70</td>
</tr>
<tr>
<td>Sub-Total Comparable AL/MC Communities in the PMA</td>
<td>162</td>
</tr>
<tr>
<td>Pending AL/MC Communities in the PMA:</td>
<td></td>
</tr>
<tr>
<td>Sabal Palms Senior Living</td>
<td>80</td>
</tr>
<tr>
<td>Starling Senior Living</td>
<td>62</td>
</tr>
<tr>
<td>Watercrest Memory Care</td>
<td>0</td>
</tr>
<tr>
<td>Sub-Total Pending Communities in the PMA</td>
<td>142</td>
</tr>
<tr>
<td>Total Comparable AL/MC Communities Including the Project and Pending Communities</td>
<td>414</td>
</tr>
</tbody>
</table>

Source: Management, telephone interviews, personal visits, and other research conducted in May 2016 and updated in October 2016.

Notes:
- * = Unable to obtain the information from this facility.
- N/A = Not applicable to this facility.
- AL = Assisted Living
- MC = Memory Care
- (1) At the time of research Brookdale Palm Coast was unwilling to provide occupancy and is not included in the calculation of overall occupancy.
The following map shows the Project and the location of the existing and planned Comparable Assisted Living and Memory Care Communities in the PMA.

Source: Microsoft MapPoint

<table>
<thead>
<tr>
<th>Legend:</th>
</tr>
</thead>
<tbody>
<tr>
<td>★  The Project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Existing Communities</th>
<th>Planned Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Brookdale Palm Coast</td>
<td>4. Sabal Palms Senior Living</td>
</tr>
<tr>
<td>2. Princeton Village of Palm Coast</td>
<td>5. Starling Senior Living</td>
</tr>
<tr>
<td>3. The Windsor of Palm Coast</td>
<td>6. Watercrest Memory Care</td>
</tr>
</tbody>
</table>

The following table summarizes the Project and the existing Comparable Assisted Living and Memory Care Communities in the PMA based on information from telephone interviews, personal visits, and other research completed during May 2016 and updated in October 2016.
### Table 14
Comparable Assisted Living and Memory Care Communities in the PMA

<table>
<thead>
<tr>
<th>Street Address</th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colbert Lane and Blare Drive</td>
<td>Palm Coast, FL 32137</td>
<td>3 Clubhouse Dr Palm Coast, FL 32137</td>
<td>100 Magnolia Trace Way Palm Coast, FL 32164</td>
<td>50 Town Court Palm Coast, FL 32164</td>
</tr>
<tr>
<td>City/State/ZIP code</td>
<td>N/A</td>
<td>1</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Approximate Miles from the Project</td>
<td>Tuscan Gardens Management Co.</td>
<td>Brookdale Senior Living Solutions</td>
<td>Selah Management</td>
<td>Legend Senior Living</td>
</tr>
<tr>
<td>Owner/Sponsor</td>
<td>Profit</td>
<td>Profit</td>
<td>Profit</td>
<td>Profit</td>
</tr>
<tr>
<td>Profit/Non-Profit</td>
<td>Planned 2018</td>
<td>1972</td>
<td>2008</td>
<td>1990</td>
</tr>
<tr>
<td>Year Opened</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Number of Beds:

<table>
<thead>
<tr>
<th></th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL studio-private</td>
<td>0</td>
<td>*</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>AL one-bedroom</td>
<td>54</td>
<td>*</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>AL two-bedroom</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>AL two-bedroom-shared</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total AL Beds</td>
<td>110</td>
<td>45</td>
<td>47</td>
<td>70</td>
</tr>
<tr>
<td>MC studios-private</td>
<td>0</td>
<td>0</td>
<td>12 (1)</td>
<td>14</td>
</tr>
<tr>
<td>MC one-bedroom</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MC two-bedroom-shared</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total MC Beds</td>
<td>56</td>
<td>0</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Total AL/MC Beds</td>
<td>166</td>
<td>45</td>
<td>59</td>
<td>84</td>
</tr>
</tbody>
</table>

#### Square Footage:

<table>
<thead>
<tr>
<th></th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL studio-private</td>
<td>N/A</td>
<td>288</td>
<td>*</td>
<td>N/A</td>
</tr>
<tr>
<td>AL one-bedroom</td>
<td>451-617</td>
<td>324-442</td>
<td>*</td>
<td>370-678</td>
</tr>
<tr>
<td>AL two-bedroom</td>
<td>641-873</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>AL two-bedroom-shared</td>
<td>754</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>MC Studios-private</td>
<td>N/A</td>
<td>N/A</td>
<td>*</td>
<td>280-340</td>
</tr>
<tr>
<td>MC one-bedroom</td>
<td>32</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>MC two-bedroom-shared</td>
<td>24</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Monthly Fees:

<table>
<thead>
<tr>
<th></th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL studio-private</td>
<td>N/A</td>
<td>$4,000</td>
<td>$3,600-$4,400</td>
<td>N/A</td>
</tr>
<tr>
<td>AL one-bedroom</td>
<td>$3,670-$4,689 (1)</td>
<td>$4,200-$4,900</td>
<td>$5,000</td>
<td>$4,270-5,740</td>
</tr>
<tr>
<td>AL two-bedroom</td>
<td>$4,995-$7,645 (1)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>AL two-bedroom-shared</td>
<td>$3,059 (1)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>MC studios-private</td>
<td>N/A</td>
<td>N/A</td>
<td>$5,391 (1)</td>
<td>$5,480-5,610</td>
</tr>
<tr>
<td>MC one-bedroom</td>
<td>$5,811 (1)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>MC two-bedroom-shared</td>
<td>$4,588 (1)</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Occupancy Rate:

<table>
<thead>
<tr>
<th></th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy Rate-AL</td>
<td>N/A</td>
<td>*</td>
<td>97.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Occupancy Rate-MC</td>
<td>N/A</td>
<td>N/A</td>
<td>91.7%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### Included in the Monthly Fee:

<table>
<thead>
<tr>
<th></th>
<th>The Project</th>
<th>Brookdale Palm Coast</th>
<th>Princeton Village of Palm Coast</th>
<th>The Windsor of Palm Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meals - AL</td>
<td>3 Daily Meals</td>
<td>3 Daily Meals</td>
<td>3 Daily Meals</td>
<td>3 Daily Meals</td>
</tr>
<tr>
<td>Meals - MC</td>
<td>3 Daily Meals</td>
<td>N/A</td>
<td>3 Daily Meals</td>
<td>3 Daily Meals</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Weekly</td>
</tr>
<tr>
<td>Laundry service - AL</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Weekly</td>
<td>Weekly</td>
</tr>
<tr>
<td>Laundry service - MC</td>
<td>Weekly</td>
<td>N/A</td>
<td>Weekly</td>
<td>Weekly</td>
</tr>
<tr>
<td>Personal care - AL</td>
<td>Levels of care (2)</td>
<td>A la carte</td>
<td>Levels of care (2)</td>
<td>Levels of care (1)</td>
</tr>
<tr>
<td>Personal care - MC</td>
<td>All inclusive</td>
<td>N/A</td>
<td>Levels of care (2)</td>
<td>Levels of care (2)</td>
</tr>
</tbody>
</table>

Source: Management, telephone interviews, personal visits and/or other research conducted in May 2016 and updated in October 2016.

Notes:
N/A = Not applicable to the facility.
AL = Assisted Living.
MC = Memory Care
The Project

(1) Monthly service fees in the table are in 2016 dollars, deflated by approximately 3 percent per annum from the planned price in 2018.

(2) There are four levels of care. Level 1 is an additional $300 per month, Level 2 is an additional $600 per month, Level 3 is an additional $800 per month and Level 4 is an additional $1,000 per month in 2016 dollars.

Princeton Village of Palm Coast

(1) At the time of research all units were private units. Staff indicated they would accommodate semi-private units priced at $3,950 per month.

(2) There are three levels of care. Level 1 is an additional $192 per month, Level 2 is an additional $487 per month and Level 3 is an additional $791 per month.

The Windsor of Palm Coast

(1) There are four levels of care. Level 1 is an additional $375 per month, Level 2 is an additional $680 per month, Level 3 is an additional $990 per month and Level 4 is an additional $1,290 per month.

(2) There are four levels of care. Level 1 is an additional $400 per month, Level 2 is an additional $700 per month, Level 3 is an additional $1,100 per month and Level 4 is an additional $1,500 per month.

Planned Assisted Living and Memory Care Developments in the PMA

Based upon telephone interviews with local planning agencies and interviews with management at existing retirement communities in the PMA, there are three assisted living communities that are currently expected to be developed in the PMA in addition to the Project as follows:

- Sabal Palms Senior Living has received site plan approval and is in the building permit review stage to develop a senior living community with 80 assisted living beds and 20 memory care beds on Palm Harbor Parkway near the intersection Forest Grove Drive in Palm Coast. The 65,000 square foot community is planned to be built on approximately six acres of an 18.67 acre parcel of land. The community will feature Tuscan Style architecture and there are plans to develop a Phase II of the community on the remaining acreage. It is uncertain when construction will commence.

- Starling Senior Living has received site plan approval and is in the building permit review stage to develop a senior living community with 62 assisted living beds and 24 memory care beds at 144 Cypress Point Parkway in Palm Coast. It is uncertain when construction will commence.

- Watercrest Memory Care is in the plan review stage to develop 70 memory care beds at 2 Corporate Drive in Palm Coast. It is uncertain when construction will commence.

Summary of Assisted Living and Memory Care Units

There are a total of 188 assisted living and memory care beds in the PMA, excluding the 166 beds planned at the Project and the other 256 beds planned in the PMA. Management has reflected the existing assisted living and memory care units along with the 256 planned units as comparable with the Project for purposes of calculating assisted living penetration rates presented hereinafter.

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 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 age 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 which could provide the financial means to afford this level of care or may qualify for VA Aid and Attendance benefits and ALE waiver. Thus, assisted living calculated 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 the Project 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 for the market rate units. Management assumes that a prospective resident of the Project’s market rate units will have an annual pre-tax income in 2018 dollars of at least $53,500 or an annual income of $25,000 or more if they own their own home (based upon the minimum market-rate rents for the assisted living studio units plus Level 1 service fees). 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 Project. The 2016 and 2021 data in the table are estimates and projections 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.
Table 15
Income Eligible Households in PMA

<table>
<thead>
<tr>
<th>Age Range:</th>
<th>65-74</th>
<th>75-84</th>
<th>85 &amp; Over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016 (Estimated)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Households</td>
<td>10,257</td>
<td>5,719</td>
<td>1,912</td>
<td>17,888</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$48,010</td>
<td>$34,498</td>
<td>$28,546</td>
<td>$41,610</td>
</tr>
<tr>
<td>Household Income: Less than $25,000</td>
<td>1,888</td>
<td>1,752</td>
<td>806</td>
<td>4,446</td>
</tr>
<tr>
<td>$25,000 - 34,999</td>
<td>1,616</td>
<td>1,166</td>
<td>423</td>
<td>3,205</td>
</tr>
<tr>
<td>$35,000 - 49,999</td>
<td>1,873</td>
<td>1,108</td>
<td>276</td>
<td>3,257</td>
</tr>
<tr>
<td>$50,000 - 74,999</td>
<td>1,894</td>
<td>768</td>
<td>192</td>
<td>2,854</td>
</tr>
<tr>
<td>$75,000 - 99,999</td>
<td>1,458</td>
<td>503</td>
<td>109</td>
<td>2,070</td>
</tr>
<tr>
<td>$100,000 - 149,999</td>
<td>885</td>
<td>243</td>
<td>77</td>
<td>1,205</td>
</tr>
<tr>
<td>$150,000 - 199,999</td>
<td>404</td>
<td>114</td>
<td>21</td>
<td>539</td>
</tr>
<tr>
<td>$200,000 or More</td>
<td>239</td>
<td>65</td>
<td>8</td>
<td>312</td>
</tr>
<tr>
<td>Households with $23,600 or more of income</td>
<td>8,475</td>
<td>4,065</td>
<td>1,151</td>
<td>13,691</td>
</tr>
<tr>
<td>Households with $50,400 or more of income</td>
<td>4,850</td>
<td>1,681</td>
<td>404</td>
<td>6,935</td>
</tr>
<tr>
<td><strong>2018 (Interpolated)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Households</td>
<td>11,045</td>
<td>5,891</td>
<td>2,007</td>
<td>18,943</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$49,114</td>
<td>$35,226</td>
<td>$28,823</td>
<td>$42,645</td>
</tr>
<tr>
<td>Household Income: Less than $25,000</td>
<td>1,978</td>
<td>1,775</td>
<td>838</td>
<td>4,591</td>
</tr>
<tr>
<td>$25,000 - 34,999</td>
<td>1,665</td>
<td>1,164</td>
<td>432</td>
<td>3,261</td>
</tr>
<tr>
<td>$35,000 - 49,999</td>
<td>2,001</td>
<td>1,145</td>
<td>289</td>
<td>3,435</td>
</tr>
<tr>
<td>$50,000 - 74,999</td>
<td>2,046</td>
<td>802</td>
<td>206</td>
<td>3,054</td>
</tr>
<tr>
<td>$75,000 - 99,999</td>
<td>1,602</td>
<td>534</td>
<td>119</td>
<td>2,255</td>
</tr>
<tr>
<td>$100,000 - 149,999</td>
<td>1,019</td>
<td>273</td>
<td>90</td>
<td>1,382</td>
</tr>
<tr>
<td>$150,000 - 199,999</td>
<td>445</td>
<td>122</td>
<td>23</td>
<td>590</td>
</tr>
<tr>
<td>$200,000 or More</td>
<td>289</td>
<td>76</td>
<td>10</td>
<td>375</td>
</tr>
<tr>
<td>Households with $25,000 or more of income</td>
<td>9,067</td>
<td>4,116</td>
<td>1,169</td>
<td>14,352</td>
</tr>
<tr>
<td>Households with $53,500 or more of income</td>
<td>5,115</td>
<td>1,695</td>
<td>419</td>
<td>7,228</td>
</tr>
<tr>
<td><strong>2021 (Projected)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Households</td>
<td>12,230</td>
<td>6,151</td>
<td>2,150</td>
<td>20,531</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>$50,769</td>
<td>$36,318</td>
<td>$29,238</td>
<td>$44,185</td>
</tr>
<tr>
<td>Household Income: Less than $25,000</td>
<td>2,114</td>
<td>1,810</td>
<td>886</td>
<td>4,810</td>
</tr>
<tr>
<td>$25,000 - 34,999</td>
<td>1,738</td>
<td>1,160</td>
<td>446</td>
<td>3,344</td>
</tr>
<tr>
<td>$35,000 - 49,999</td>
<td>2,193</td>
<td>1,201</td>
<td>309</td>
<td>3,703</td>
</tr>
<tr>
<td>$50,000 - 74,999</td>
<td>2,275</td>
<td>854</td>
<td>227</td>
<td>3,356</td>
</tr>
<tr>
<td>$75,000 - 99,999</td>
<td>1,819</td>
<td>581</td>
<td>133</td>
<td>2,533</td>
</tr>
<tr>
<td>$100,000 - 149,999</td>
<td>1,220</td>
<td>319</td>
<td>110</td>
<td>1,649</td>
</tr>
<tr>
<td>$150,000 - 199,999</td>
<td>507</td>
<td>134</td>
<td>26</td>
<td>667</td>
</tr>
<tr>
<td>$200,000 or More</td>
<td>364</td>
<td>92</td>
<td>13</td>
<td>469</td>
</tr>
<tr>
<td>Households with $27,300 or more of income</td>
<td>9,716</td>
<td>4,074</td>
<td>1,161</td>
<td>14,952</td>
</tr>
<tr>
<td>Households with $58,500 or more of income</td>
<td>5,411</td>
<td>1,690</td>
<td>432</td>
<td>7,533</td>
</tr>
</tbody>
</table>

Source: The Nielsen Company and Management
Notes: (1) Interpolated data is based upon the 2016 and 2021 data provided by The Nielsen Company.
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**

<table>
<thead>
<tr>
<th>Estimated Age Qualified Households$^{(1)}$</th>
<th>Estimated Age, Income and Asset Qualified Households$^{(2)}$</th>
<th>Percentage Requiring Assistance$^{(3)}$</th>
<th>Percentage Living Alone$^{(4)}$</th>
<th>Estimated Number of Age Qualified Individuals</th>
<th>Estimated Number of Age and Income Asset Qualified Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,898</td>
<td>N/A</td>
<td>35.6%</td>
<td>40.4%</td>
<td>1,135</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A</td>
<td>4,939</td>
<td>34.8%</td>
<td>40.4%</td>
<td>N/A</td>
<td>695</td>
</tr>
</tbody>
</table>

Source: The Nielsen Company and Management
Notes:
N/A = Not applicable.
(1) Households with householders aged 75 years of age and older, from Table 15.
(2) Households with householders aged 75 years 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 $53,500 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 other market factors such as occupancy levels at existing comparable communities within and near the PMA, the number of proposed facilities in the PMA, the planned design of the units and community 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 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’s assisted living units and memory care units 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 at the Project by the total number of age-qualified individuals and age-and income-qualified individuals in the PMA.
### Table 17

**Assisted Living and Memory Care Estimated Penetration Rate Analysis – 2018**

<table>
<thead>
<tr>
<th>Estimated Penetration Rates</th>
<th>Estimated Age Qualified Individuals</th>
<th>Estimated Age and Income Qualified Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Penetration Rate Analysis:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Inventory of Assisted Living Units in the PMA:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Project</td>
<td>166</td>
<td>166</td>
</tr>
<tr>
<td>Existing comparable assisted living and memory care facilities</td>
<td>188</td>
<td>188</td>
</tr>
<tr>
<td><strong>Total units at the Project and existing comparable facilities</strong></td>
<td>354</td>
<td>354</td>
</tr>
<tr>
<td>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]</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td><strong>Number of Qualified Individuals (1)</strong></td>
<td>1,135</td>
<td>695</td>
</tr>
<tr>
<td>Plus the number of Qualified Individuals currently residing at existing comparable assisted living and memory care units in the PMA</td>
<td>184</td>
<td>184</td>
</tr>
<tr>
<td><strong>Total Qualified Individuals [b]</strong></td>
<td>1,319</td>
<td>879</td>
</tr>
<tr>
<td><strong>Market Penetration Rate - The Project and Existing Comparable Units [a/b]</strong></td>
<td>17.4%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

Number of Planned comparable units assuming 70% of residents will originate from the PMA at 93% occupancy [c] | 167 | 167 |
| **Total existing and planned units to be occupied in the PMA [a+c] [d]** | 397 | 397 |
| **Market Penetration Rate - The Project Existing Comparable and Planned Comparable Units [d/b]** | 30.1% | 45.2% |

**Project Penetration Rate Analysis:**

| Number of units at the Project assuming 70% of residents originate from the PMA at 93% occupancy [c] | 108 | 108 |
| **Project Penetration Rate [e/b]** | 8.2% | 12.3% |

Source: Management

Notes:

(1) Number of qualified individuals from Table 16.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The forecasted combined financial statements include the accounts of the Obligated Group. All transactions and accounts between and among the Obligated Group are assumed to be eliminated.

Basis of Accounting

The Obligated Group’s forecasted financial statements are presented using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents are assumed to consist of highly liquid instruments with original maturities of three months or less and money market accounts.

Accounts Receivable

Accounts receivable for services rendered will be reported at the net realizable amounts from third-party payers, residents, and others.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under the bond agreement and other fund set aside for specific purposes. Assets limited as to use which are assumed to be available to meet current obligations are classified as current assets. Assets limited as to use are invested in cash and cash equivalents are measured at cost. Management does not assume any changes in the underlying values of the assets limited as to use during the Forecast Period that would result in realized or unrealized gains or losses.

Property and Equipment

Property and equipment additions are forecasted to be recorded at cost, which will include interest capitalized during construction, when material. Property and equipment are assumed to be depreciated on a straight-line basis over the estimated useful life of each asset.

Deferred Financing Costs

Financing costs incurred in connection with the issuance of long-term debt are assumed to be deferred and amortized as interest expense using the straight line method over the term of the related financing.

Resident Service Revenue

Resident service revenue is reported at the estimated net realizable amounts from residents. Forecasted revenues for the Obligated Group during the Forecast Period are primarily generated from monthly services fees from assisted living and memory care residents after completion of the Project.

Income Taxes

The members of the Obligated Group are limited liability companies. Accordingly, no provision of liability for income taxes is included in the forecast.
Licensure

The Operator will apply for an extended congregate care license to operate from the State of Florida Agency for Health Care Administration to operate the Project.

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

Resident Service Revenue

Forecasted resident service revenue for the Obligated Group consists primarily of revenues assumed to be generated from monthly services fees for assisted living and memory care units. The following table presents the forecasted average occupancy of the Project during the Forecast Period.

Table 18
Average Forecasted Occupancy - Units and Percentage

<table>
<thead>
<tr>
<th>Year</th>
<th>Assisted Living</th>
<th>Memory Care</th>
<th>Total</th>
<th>Assisted Living</th>
<th>Memory Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>19.33</td>
<td>9.58</td>
<td>28.92</td>
<td>18.95%</td>
<td>17.11%</td>
<td>18.30%</td>
</tr>
<tr>
<td>2019</td>
<td>72.67</td>
<td>37.17</td>
<td>109.83</td>
<td>71.24%</td>
<td>66.37%</td>
<td>69.51%</td>
</tr>
<tr>
<td>2020</td>
<td>94.83</td>
<td>51.17</td>
<td>146.00</td>
<td>92.97%</td>
<td>91.37%</td>
<td>92.41%</td>
</tr>
<tr>
<td>2021</td>
<td>95.00</td>
<td>52.00</td>
<td>147.00</td>
<td>93.14%</td>
<td>92.86%</td>
<td>93.04%</td>
</tr>
</tbody>
</table>

Source: Management

The average occupancy assumptions in the above table are based on the move-in schedule noted below:
The following table summarizes the forecasted average monthly rates for the assisted living and memory care units of the Project. The monthly rates are assumed to be inflated by 3.0 percent per year over the course of the Forecast Period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Assisted Living</th>
<th>Memory Care</th>
<th>Total Occupancy</th>
<th>Percentage of Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit Move-Ins</td>
<td>Cummulative Units</td>
<td>Unit Move-Ins</td>
<td>Cummulative Units</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8.0</td>
<td>8.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>May</td>
<td>7.0</td>
<td>15.0</td>
<td>3.0</td>
<td>7.0</td>
</tr>
<tr>
<td>June</td>
<td>8.0</td>
<td>23.0</td>
<td>3.0</td>
<td>10.0</td>
</tr>
<tr>
<td>July</td>
<td>4.0</td>
<td>27.0</td>
<td>3.0</td>
<td>13.0</td>
</tr>
<tr>
<td>August</td>
<td>5.0</td>
<td>32.0</td>
<td>3.0</td>
<td>16.0</td>
</tr>
<tr>
<td>September</td>
<td>5.0</td>
<td>37.0</td>
<td>3.0</td>
<td>19.0</td>
</tr>
<tr>
<td>October</td>
<td>5.0</td>
<td>42.0</td>
<td>3.0</td>
<td>22.0</td>
</tr>
<tr>
<td>November</td>
<td>6.0</td>
<td>48.0</td>
<td>2.0</td>
<td>24.0</td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.0</td>
<td>52.0</td>
<td>3.0</td>
<td>27.0</td>
</tr>
<tr>
<td>January</td>
<td>4.0</td>
<td>56.0</td>
<td>3.0</td>
<td>30.0</td>
</tr>
<tr>
<td>February</td>
<td>4.0</td>
<td>60.0</td>
<td>0.0</td>
<td>30.0</td>
</tr>
<tr>
<td>March</td>
<td>4.0</td>
<td>64.0</td>
<td>2.0</td>
<td>32.0</td>
</tr>
<tr>
<td>April</td>
<td>4.0</td>
<td>68.0</td>
<td>2.0</td>
<td>34.0</td>
</tr>
<tr>
<td>May</td>
<td>4.0</td>
<td>72.0</td>
<td>2.0</td>
<td>36.0</td>
</tr>
<tr>
<td>June</td>
<td>4.0</td>
<td>76.0</td>
<td>2.0</td>
<td>38.0</td>
</tr>
<tr>
<td>July</td>
<td>3.0</td>
<td>79.0</td>
<td>2.0</td>
<td>40.0</td>
</tr>
<tr>
<td>August</td>
<td>3.0</td>
<td>82.0</td>
<td>2.0</td>
<td>42.0</td>
</tr>
<tr>
<td>September</td>
<td>3.0</td>
<td>85.0</td>
<td>2.0</td>
<td>44.0</td>
</tr>
<tr>
<td>October</td>
<td>3.0</td>
<td>88.0</td>
<td>2.0</td>
<td>46.0</td>
</tr>
<tr>
<td>November</td>
<td>2.0</td>
<td>90.0</td>
<td>1.0</td>
<td>47.0</td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.0</td>
<td>93.0</td>
<td>1.0</td>
<td>48.0</td>
</tr>
<tr>
<td>January</td>
<td>2.0</td>
<td>95.0</td>
<td>1.0</td>
<td>49.0</td>
</tr>
<tr>
<td>February</td>
<td>0.0</td>
<td>95.0</td>
<td>1.0</td>
<td>50.0</td>
</tr>
<tr>
<td>March</td>
<td>0.0</td>
<td>95.0</td>
<td>1.0</td>
<td>51.0</td>
</tr>
<tr>
<td>April</td>
<td>0.0</td>
<td>95.0</td>
<td>1.0</td>
<td>52.0</td>
</tr>
<tr>
<td>May</td>
<td>0.0</td>
<td>95.0</td>
<td>1.0</td>
<td>52.0</td>
</tr>
<tr>
<td>Thereafter</td>
<td>95.0</td>
<td>52.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Management
Table 20  
Forecasted Monthly Rates at January 1,  

<table>
<thead>
<tr>
<th>Assisted Living</th>
<th>Number of Units</th>
<th>Number of Licensed Beds</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petite Bedroom</td>
<td>11</td>
<td>11</td>
<td>$4,043</td>
<td>$4,164</td>
<td>$4,289</td>
<td>$4,418</td>
</tr>
<tr>
<td>One Bedroom/One Bath</td>
<td>43</td>
<td>43</td>
<td>$5,136</td>
<td>$5,290</td>
<td>$5,448</td>
<td>$5,612</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>8</td>
<td>8</td>
<td>$5,464</td>
<td>$5,628</td>
<td>$5,797</td>
<td>$5,971</td>
</tr>
<tr>
<td>Two Bedroom/One Bath - Shared</td>
<td>16</td>
<td>32</td>
<td>$3,388</td>
<td><em>$3,489</em></td>
<td><em>$3,594</em></td>
<td><em>$3,702</em></td>
</tr>
<tr>
<td>Two Bedroom/Two Bath</td>
<td>8</td>
<td>16</td>
<td>$8,414</td>
<td>$8,666</td>
<td>$8,926</td>
<td>$9,194</td>
</tr>
<tr>
<td>Total/Weighed Average (a)</td>
<td>86</td>
<td>110</td>
<td>$4,752</td>
<td>$4,895</td>
<td>$5,042</td>
<td>$5,193</td>
</tr>
</tbody>
</table>

Memory Care  

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Bedroom/One Bath</td>
<td>$6,885</td>
<td>$7,091</td>
<td>$7,304</td>
<td>$7,523</td>
</tr>
<tr>
<td>Two Bedroom/One Bath</td>
<td>$5,792</td>
<td><em>$5,965</em></td>
<td><em>$6,144</em></td>
<td><em>$6,329</em></td>
</tr>
<tr>
<td>Total/Weighed Average</td>
<td>$6,416</td>
<td>$6,609</td>
<td>$6,807</td>
<td>$7,011</td>
</tr>
</tbody>
</table>

Source: Management  
Notes:  
* Per Person  
(a) The weighted average monthly service fee for Assisted Living Community is based on 102 first person occupant units.

The forecasted average monthly rates shown in the above table were forecasted by Management based upon their experience operating other communities, the current economic conditions and assumed acuity as well as inflationary increases during the Forecast Period. Management has assumed that the Memory Care Fees will be all inclusive and that no additional level of care fees will be charged to Memory Care residents.

Unanticipated event and circumstances can impact the actual base rates or rate increase, and in particular, potential changes in government policy or programs; therefore, the actual operating results achieved over the Forecast Period will vary from the forecast, and the variations could be material.

Management has forecasted the residents of the Assisted Living Community will purchase additional care services as follows:

Table 21  
Forecasted Assisted Living Level of Care Utilization and Monthly Fees

<table>
<thead>
<tr>
<th>Level</th>
<th>Percentage</th>
<th>2018 Units</th>
<th>Monthly Rate</th>
<th>2019 Units</th>
<th>Monthly Rate</th>
<th>2020 Units</th>
<th>Monthly Rate</th>
<th>2021 Units</th>
<th>Monthly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>45.0%</td>
<td>7.89</td>
<td>$318</td>
<td>31.92</td>
<td>$328</td>
<td>42.63</td>
<td>$338</td>
<td>42.75</td>
<td>$348</td>
</tr>
<tr>
<td>Level 2</td>
<td>30.0%</td>
<td>5.25</td>
<td>$637</td>
<td>21.29</td>
<td>$656</td>
<td>28.39</td>
<td>$675</td>
<td>28.50</td>
<td>$696</td>
</tr>
<tr>
<td>Level 3</td>
<td>15.0%</td>
<td>2.64</td>
<td>$849</td>
<td>10.64</td>
<td>$874</td>
<td>14.23</td>
<td>$900</td>
<td>14.25</td>
<td>$927</td>
</tr>
<tr>
<td>Level 4</td>
<td>10.0%</td>
<td>1.75</td>
<td>$1,061</td>
<td>7.11</td>
<td>$1,093</td>
<td>9.47</td>
<td>$1,126</td>
<td>9.50</td>
<td>$1,159</td>
</tr>
</tbody>
</table>

Source: Management  

Level of Care Fees are assumed to inflate by 3.0 percent per year over the course of the Forecast Period.
Community Fee

A one-time community fee of approximately $3,180 is anticipated to be received from residents during the fill up period and as the Project’s unit’s turnover. Management assumes that the community fee will increase by 3.0 percent per year during for Forecast Period for inflation.

Interest Income

Interest income consists of interest earned on available cash and cash equivalents and assets limited as to use during the Forecast Period. The following table reflects Management’s assumed realized interest earnings rates during the Forecast Period based upon historical market earnings rates and current economic conditions:

<table>
<thead>
<tr>
<th>Table 22</th>
<th>Foreclosed Interest Earning Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>0.1%</td>
</tr>
<tr>
<td>Debt Service Reserve Fund</td>
<td>1.0%</td>
</tr>
<tr>
<td>Investment</td>
<td>1.0%</td>
</tr>
<tr>
<td>Repair and Replacement Fund</td>
<td>0.5%</td>
</tr>
<tr>
<td>Bond Fund</td>
<td>0.5%</td>
</tr>
<tr>
<td>Allocation Fund</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Source: Management
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 its historical experience operating communities similar to the Project and its plans for operating the Project during the Forecast Period. In general, operating expenses are forecasted to increase 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 Wages

Management’s forecasted departmental expenses include salaries and wages. Management has forecasted salaries and wages based upon its historical experience operating other communities and its operating plans for the Project during the Forecast Period. A full-time equivalent employee (“FTE”) is assumed to represent 2,080 hours of time paid annually. Average hourly rates are forecasted to increase by approximately 3.0 percent and benefits by approximately 3.0 percent annually throughout the Forecast Period. The table that follows presents a summary of forecasted FTEs and average hourly rates for the Project during the Forecast Period.

<table>
<thead>
<tr>
<th>Departments</th>
<th>2018</th>
<th>Average Hourly Rate</th>
<th>2019</th>
<th>Average Hourly Rate</th>
<th>2020</th>
<th>Average Hourly Rate</th>
<th>2021</th>
<th>Average Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of FTEs</td>
<td></td>
<td>Number of FTEs</td>
<td></td>
<td>Number of FTEs</td>
<td></td>
<td>Number of FTEs</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>3.3</td>
<td>$11.65</td>
<td>4.1</td>
<td>$12.69</td>
<td>4.1</td>
<td>$13.07</td>
<td>4.1</td>
<td>$13.46</td>
</tr>
<tr>
<td>Marketing</td>
<td>2.0</td>
<td>$31.20</td>
<td>2.0</td>
<td>$32.14</td>
<td>2.0</td>
<td>$33.10</td>
<td>2.0</td>
<td>$34.09</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>11.1</td>
<td>$20.09</td>
<td>25.7</td>
<td>$18.17</td>
<td>28.7</td>
<td>$18.26</td>
<td>28.7</td>
<td>$18.81</td>
</tr>
<tr>
<td>Memory Care</td>
<td>7.6</td>
<td>$17.66</td>
<td>20.0</td>
<td>$16.20</td>
<td>25.6</td>
<td>$16.16</td>
<td>25.9</td>
<td>$16.63</td>
</tr>
<tr>
<td>Food and Beverage Services</td>
<td>6.1</td>
<td>$15.02</td>
<td>15.3</td>
<td>$14.30</td>
<td>17.6</td>
<td>$14.56</td>
<td>17.6</td>
<td>$15.00</td>
</tr>
<tr>
<td>Plant</td>
<td>1.7</td>
<td>$21.63</td>
<td>2.5</td>
<td>$21.16</td>
<td>2.5</td>
<td>$21.80</td>
<td>2.5</td>
<td>$22.45</td>
</tr>
<tr>
<td>Environmental Services</td>
<td>2.5</td>
<td>$13.54</td>
<td>5.9</td>
<td>$13.29</td>
<td>7.0</td>
<td>$13.52</td>
<td>7.0</td>
<td>$13.93</td>
</tr>
<tr>
<td>Resident Services</td>
<td>2.5</td>
<td>$16.80</td>
<td>4.0</td>
<td>$16.71</td>
<td>4.0</td>
<td>$17.21</td>
<td>4.0</td>
<td>$17.73</td>
</tr>
<tr>
<td>Total/Overall</td>
<td>36.9</td>
<td>$17.98</td>
<td>79.5</td>
<td>$16.66</td>
<td>91.5</td>
<td>$16.74</td>
<td>91.8</td>
<td>$17.24</td>
</tr>
</tbody>
</table>

Source: Management

Benefit costs are assumed to include payroll taxes and employee benefits including FICA, unemployment taxes, workers’ compensation, health insurance and other miscellaneous benefits. Management has assumed these costs to range from approximate 17.5 percent to 21.7 percent of salaries and wages during the Forecast Period.

Administrative and Marketing

Management has forecasted non-salary administrative expenses based upon its historical experience operating other communities and its operating plans for the Project. Non-salary related general and administrative expenses includes the cost of real estate taxes, insurance, travel expenses, legal expense, other professional services, office supplies, and other miscellaneous expenses. Management has forecasted the Management Fees based upon the terms of the Management Agreement.
Management has forecasted non-salary marketing expenses based upon its historical experience operating other communities and its operating plans for the Project during the Forecast Period. Non-salary marketing expenses are forecasted to include the costs of commissions, computer software, advertising, public relations and other such expenses. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.

**Management Fees**

The Management Agreement requires the Manager to serve as the property manager of the Project and, in connection therewith, recommend and regularly evaluate policies and goals of the Operator, implement the policies, budgets, directives and goals for the Project established by the Operator, market the Project, manage the day-to-day operations of the Project in accordance with the Operator’s policies, directives and goals, provide the Operator with relevant information as to past operations, and make recommendations as to the future operation of the Project. The Manager will hire, train and supervise the Executive Director of the Project, who will be an employee of the Manager. The Manager will recommend personnel policies and procedures for the Operator’s employees, recommend appropriate employee compensation and benefit plans, as necessary or appropriate, recruit employees to be employed by the Operator, and utilize personnel policies, procedures and guidelines adopted by the Operator, implement the recruitment, hiring, training, retention and termination of the Operator’s staff members.

The Manager will maintain a system of financial controls for the Project and provide the Operator with monthly financial statements and annual budgets for operating revenue and expense, capital expenditures and cash flow projections for the Project, and recommend a schedule of resident monthly services fees and other charges. The Operator expects to retain ultimate control over the retention of the Manager. The Operator will also evaluate the performance and monitor the operating costs, wages, salaries, expenses and overall fiscal viability of the Project.

The term of the Management Agreement commenced on September 16, 2016 (the “Effective Date”) and will continue until the completion of 48 months from the date the first unit is occupied is unless sooner terminated in accordance with the terms of the Management Agreement. Either party may terminate the Management Agreement without cause effective upon written notice to the other party of party’s intention to terminate the Management Agreement (a “Without Cause Termination Notice”).

The Operator will pay to the Manager: (a) a Monthly Management Fee payable in advance, monthly on the first day of each calendar month commencing with the commencement of operations; (b) Development Stage Consulting Fee; (c) a Pre-opening Services Fee; (d) Performance Incentive Fee payable quarterly based on the Project quarterly operating results; (e) Application Service Provider Fees; (f) a Marketing and Sales Fee; and (g) the Accounting Fee, each fee as detailed above. The Manager has agreed to subordinate 50% of its fees to debt service payments on the Series 2016 Bonds, the Total Operating Expenses of the Project, and other deposits to funds established under the terms of and conditions of the MTI. The subordination is not a waiver of such fee. A summary of the fees to be paid pursuant to the Management Agreement is presented below.

The following table details the management fees included in the forecast excluding travel and reimbursable expenses. Management has forecasted other administrative costs to increase by approximately 3.0 percent per annum during the Forecast Period for inflation.
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 24
Forecasted Management Fees

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Management Fee</td>
<td>$</td>
<td>-</td>
<td>$111,000</td>
<td>$389,000</td>
<td>$532,000</td>
</tr>
<tr>
<td>Development-Stage Consulting Fee</td>
<td>10,000</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-Opening Service Fee</td>
<td>30,000</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Application Service Provider Fee</td>
<td>-</td>
<td>16,000</td>
<td>4,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Marketing and Sales Fee</td>
<td>-</td>
<td>7,000</td>
<td>7,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Accounting Fee</td>
<td>-</td>
<td>11,000</td>
<td>43,000</td>
<td>57,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Total Management Fees</td>
<td>$40,000</td>
<td>$175,000</td>
<td>$443,000</td>
<td>$595,000</td>
<td>$615,000</td>
</tr>
</tbody>
</table>
| Management Fees Subordinated | $     | -       | $-     | $221,000 | $(221,000) | $-

Source: Management Agreement

**Assisted Living and Memory Care**

Management has forecasted non-salary related assisted living and memory care expenses based upon its historical experience operating communities similar to the Project and its operating plans for the Forecast Period. Non-salary assisted living and memory care costs are forecasted to include the cost of licensure, supplies and other such costs. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.

**Dietary**

Management has forecasted non-salary dining services expenses based upon its historical experience similar communities and its operating plans for the Project during the Forecast Period. Non-salary dietary costs are forecasted to include the cost of raw food, dietary supplies, and other such costs. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.

**Plant**

Plant costs include maintenance and repair and utilities expense. Management has forecasted plant costs based upon its historical experience operating similar communities and its operating plans for the Project during the Forecast Period. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.

**Facility Costs and Environmental Services**

Management has forecasted non-salary building services and housekeeping expenses based upon its historical experience operating communities similar to the Project and its operating plans for the Project during the Forecast Period. Non-salary building services and housekeeping expenses are forecasted to include the cost of maintenance and housekeeping supplies, contract services, repairs and maintenance, and other such costs for the Obligated Group. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.

**Activities**

Management has forecasted non-salary activities expenses based upon its historical experience operating communities similar to the Project and its operating plans for the Project during the Forecast Period. Non-salary activity expenses are forecasted to include the cost of supplies and other such costs. Management has forecasted these costs will increase by approximately 3.0 percent per annum during the Forecast Period for inflation.
**Allocation Payment**

The Owner will enter into an Inter-Company Allocation Agreement (the “Allocation Agreement”) dated as of October 20, 2016 under which the Owner will make certain monthly payments to the Holding Company in an amount equal to 8 percent annually on the principal amount of equity contributed by the Holding Company to the Obligated Group as of the issuance of the Series 2016 Bonds (the “Allocation Payment”). Allocation Payments to the Holding Company are to begin on the date the Project has received both a certificate of occupancy and AHCA licensure. Upon issuance of the Series 2016 Bonds, the Allocation Fund created and held pursuant to the Series 2016 Bonds Master Trust Indenture will be funded in an amount equal to $900,000. Funds from the Allocation Fund are to be used to make the Allocation Payment until the account is depleted. Once the account is depleted, payments are to be made from the surplus funds and distributed to the Obligated Group pursuant to the Series 2016 Bonds Master Trust Indenture.

The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions unless the Obligated Group is in compliance with the following covenants as defined in the Series 2016 Bonds master trust indenture: the Long-Term Debt Service Coverage Ratio covenant, the Days’ Cash on Hand Requirement covenant, the Occupancy Requirement covenant, the Management covenant, the Annual Budget covenant and the covenant regarding filing Financial Information. For the purposes of the Study, it is assumed that after the depletion of the Allocation Fund any amounts due would be accrued and not paid during the Forecast Period.

**Table 25**

Forecasted Allocation Fund Activity

<table>
<thead>
<tr>
<th>Source: Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Property, furniture and fixtures are forecast to be depreciated over their estimated useful lives by the straight-line method.</td>
</tr>
<tr>
<td>Interest Expense</td>
</tr>
<tr>
<td>Interest expense is assumed to be related to the debt service requirements and the amortization of the deferred financing costs and original issue discount associated with the Series 2016 Bonds. Management plans to capitalize interest expense during the construction period of the Project.</td>
</tr>
</tbody>
</table>
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 based on the results of the Forecasted Combined Statements of Cash Flows.

Accounts Receivable
Accounts receivable, net of an allowance for non-collectible accounts, has been forecasted by Management based upon historical experience at other communities. Management has forecasted accounts receivable at approximately 7 days of resident service revenue throughout the Forecast Period.

Accounts Payable
Accounts payable are related to trade payables and accrued expenses have been assumed to approximately 30 days of operating expense, excluding salaries, wages, payroll taxes and employee benefits based Management’s historical experience at communities similar to the Project.

Accrued Interest
Accrued interest is forecasted based upon the assumed terms of the Series 2016 Bonds.

Accrued Payroll and Related Taxes
Accrued payroll and related taxes are related to accrued salaries, wages, payroll taxes and benefits. It is forecasted based on the historical experience of the Manager at other communities, which is approximately 14 days of salaries, wages, payroll taxes and benefits throughout the Forecast Period.

Assets Limited as to Use

Held by Trustee
In general, the following funds are required to be maintained by the trustee of the Series 2016 Bonds:

Project Fund – Proceeds of the Series 2016 Bonds will be utilized to fund a Project Fund. The proceeds of the Project Fund will be used to pay the costs of development and construction of the Project.

Developer Fee Account – A portion of the equity contributed to the Obligated Group will be utilized to fund a Developer Fee Account. The proceeds of the Developer Fee Account will be used to pay the Developer Fee. If at any time there are not sufficient funds to pay operating expenses and/or Project debt service, the Developer Fee Account may be used as stipulated in the MTI.

Debt Service Reserve Fund - The Obligated Group is anticipated to be required to maintain a debt service reserve fund related to the Series 2016A Bonds and the Series 2016B Bonds, funded from proceeds of the Series 2016 Bonds. Moneys in the debt service reserve funds are planned to be released and available to pay debt service in the year that the Series 2016 Bonds are repaid in full.

Capitalized Interest Fund – The Capitalized Interest Fund will be funded from the proceeds of the Series 2016 Bonds. The Capitalized Interest Fund will be available to pay interest on the Series 2016 Bonds for 26 months.

Allocation Fund – The Allocation Fund is assumed to be initially funded by the receipt of $900,000 from the Obligated Group. Moneys in the Allocation Fund shall be disbursed by the Trustee in accordance with the terms
of the Allocation Agreement. If at any time there are not sufficient funds to pay operating expenses and/or Project debt service, the Allocation Fund may be used as stipulated in the MTI.

*Working Capital Fund:* The Working Capital Fund is planned to be funded from the proceeds of the Series 2016 Bonds and will be used to fund working capital during the construction and fill-up period. The balance of the Working Capital Fund is forecasted to be spent during 2017.

*Operating Reserve Fund:* The Operating Reserve Fund is planned to be funded from the proceeds of the Series 2016 Bonds and will be available to be used to fund pre-opening operations. The Operating Reserve Fund is expected to be replenished from available cash until the fund attains a balance of $1,000,000. Moneys in the Operating Reserve Fund are to be available to pay maintenance and repair costs, principal, interest, and operating expenses.

*Repair and Replacement Fund:* The Obligated Group is anticipated to be required to make monthly deposits to a repair and replacement fund beginning after one year of operations in the amount of $300 per unit per year. Moneys in the repair and replacement reserve fund are planned to be available to pay maintenance and repair costs and capital expenditures related to the Project.

*Bond Fund:* The Bond Fund is planned to represent monthly advance payments of bond principal and interest to be made by the Obligated Group to the bond trustee relating to the Series 2016 Bonds. The 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 2016 Bonds when due.

**Property and Equipment**

Property and equipment balances, net of accumulated depreciation, were forecasted based on Management’s experience at other similar community’s and routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table sets forth the forecasted balance by category of property and equipment.

<table>
<thead>
<tr>
<th>Property and Equipment</th>
<th>2016 (1)</th>
<th>2017 (1)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$4,450</td>
<td>$7,243</td>
<td>$31,433</td>
<td>$36,759</td>
<td>$36,859</td>
<td>$36,984</td>
</tr>
<tr>
<td>Building</td>
<td>2,541</td>
<td>21,388</td>
<td>3,977</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>252</td>
<td>2,802</td>
<td>944</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>-</td>
<td>-</td>
<td>405</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
<td>125</td>
<td>150</td>
</tr>
<tr>
<td>Property and Equipment, Ending</td>
<td>$7,243</td>
<td>$31,433</td>
<td>$36,759</td>
<td>$36,859</td>
<td>$36,984</td>
<td>$37,134</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>-</td>
<td>-</td>
<td>707</td>
<td>1,540</td>
<td>2,381</td>
<td>3,239</td>
</tr>
<tr>
<td>Property and Equipment (Net)</td>
<td>$7,243</td>
<td>$31,433</td>
<td>$36,052</td>
<td>$35,319</td>
<td>$34,603</td>
<td>$33,895</td>
</tr>
</tbody>
</table>

(1) - Amounts represent construction in progress until the Project is placed in service.

Source: Management
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Other Assets

Deferred Financing Costs

Deferred financing costs relate to capitalized issuance costs associated with the Series 2016 Bonds, less accumulated amortization.

Long-Term Debt

Forecasted principal payments on the Series 2016 Bonds are noted in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Series 2016A Bonds</th>
<th>Series 2016B Bonds</th>
<th>Series 2016C Bonds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>380</td>
<td>30</td>
<td>410</td>
</tr>
<tr>
<td>2021</td>
<td>-</td>
<td>405</td>
<td>35</td>
<td>440</td>
</tr>
<tr>
<td>2022</td>
<td>-</td>
<td>435</td>
<td>35</td>
<td>470</td>
</tr>
<tr>
<td>2023</td>
<td>-</td>
<td>465</td>
<td>40</td>
<td>505</td>
</tr>
<tr>
<td>2024</td>
<td>-</td>
<td>500</td>
<td>40</td>
<td>540</td>
</tr>
<tr>
<td>2025</td>
<td>-</td>
<td>535</td>
<td>45</td>
<td>580</td>
</tr>
<tr>
<td>Thereafter</td>
<td>36,600</td>
<td>1,495</td>
<td>2,500</td>
<td>40,595</td>
</tr>
<tr>
<td>Total</td>
<td>$36,600</td>
<td>$4,215</td>
<td>$2,725</td>
<td>$43,540</td>
</tr>
</tbody>
</table>

Source: Management

Subordination of the Series 2016C Bonds

The security and payment of the principal and interest on the Series 2016C Bonds is subordinated to the security for and payment of the principal and interest on the Series 2016A and Series 2016B Bonds, as well as to the payment of total operating expenses and deposits to various reserve funds. A failure to make any debt service payments on the Series 2016C Bonds does not constitute an event of default on the Series 2016A or Series 2016B Bonds under the Series 2016 Bond Master Trust Indenture.

Related Parties

As noted throughout the Study, there are a number of transactions between related parties, including the following:

- Lease Agreement between the Owner and the Operator, which are both members of the Holding Company.
- Development Agreement between the Developer and the Owner. The Developer is an affiliate of the Obligated Group.
- Allocation Agreement between the Owner and the Project Holding Company.
- Project Management Agreement between Senior Resource Development, LLC and the Owner. Senior Resource Development, LLC is a member of the Holding Company.

Each of these transactions are described in more detail in the Study.
SENSITIVITY ANALYSES

The financial forecast was prepared based on assumptions made by Management concerning future operations of the Obligated Group. Various factors and conditions may occur which could adversely affect the forecast of the financial condition of the Obligated Group and its ability to meet 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, operating costs, occupancy variations due to increased competition from other senior housing facilities and Management’s failure to implement its marketing and or operational plans. Furthermore, Management prepared its financial forecast assuming that the Obligated Group obtains financing at rates and terms similar to those provided by the Underwriter, and the debt service requirements of the Series 2016 Bonds and other long-term obligations 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) an extended fill up of the Project’s Assisted Living Community and Memory Care Community to 30 months, (2) a reduction in stabilized occupancy of the Assisted Living Community and Memory Care Community to a point such that the debt service coverage ratio reaches 1.0 and (3) a 10 percent reduction in the monthly service fees of the Project.
Sensitivity Analysis #1 was conducted to reflect the impact of an extension in the assumed move-in period of the Assisted Living Community from 22 months to 30 months and the Memory Care Community from 25 months to 30 months without a corresponding ability to fully reduce operating expenses.

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

| Table 28 |
| Sensitivity Analyses #1 |
| For the Year Ending December 31, |

<table>
<thead>
<tr>
<th>AS FORECASTED</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016A and Series 2016B Bonds Only</td>
<td>N/A</td>
<td>N/A</td>
<td>1.39</td>
<td>1.46</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016 Bonds</td>
<td>N/A</td>
<td>N/A</td>
<td>1.28</td>
<td>1.35</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming All Management Fees are Paid</td>
<td>148</td>
<td>60</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>156</td>
<td>74</td>
<td>94</td>
<td>138</td>
</tr>
<tr>
<td>Assisted Living Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Move-in Period Begins May 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable Occupancy Achieved = February 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>19.33</td>
<td>72.67</td>
<td>94.83</td>
<td>95.00</td>
</tr>
<tr>
<td>Memory Care Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Move-in Period Begins May 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable Occupancy Achieved = May 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>9.58</td>
<td>37.17</td>
<td>51.17</td>
<td>52.00</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>$ -</td>
<td>$ 221</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Deferred Development Fees</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>SENSITIVITY #1</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>---------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016A and Series 2016B Bonds Only</td>
<td>N/A</td>
<td>N/A</td>
<td>1.18</td>
<td>1.46</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016 Bonds</td>
<td>N/A</td>
<td>N/A</td>
<td>1.08</td>
<td>1.34</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Management Fees are Paid As Able</td>
<td>135</td>
<td>9</td>
<td>24</td>
<td>50</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>142</td>
<td>22</td>
<td>47</td>
<td>84</td>
</tr>
<tr>
<td>Assisted Living Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Move-in Period Begins May 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable Occupancy Achieved = October 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>16.33</td>
<td>59.42</td>
<td>88.25</td>
<td>95.00</td>
</tr>
<tr>
<td>Memory Care Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Move-in Period Begins May 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable Occupancy Achieved = October 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupancy</td>
<td>8.17</td>
<td>32.08</td>
<td>48.25</td>
<td>52.00</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>$ 81</td>
<td>$ 271</td>
<td>$ 552</td>
<td>$ 292</td>
</tr>
<tr>
<td>Deferred Development Fees</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>300</td>
<td>420</td>
<td>720</td>
</tr>
</tbody>
</table>

Source: Management

N/A = Not applicable
Sensitivity Analysis #2 was conducted to estimate the reduction in the forecasted stabilized occupancy of the Assisted Living Community and the Memory Care Community to a breakeven point such that the Obligated Group’s maximum annual debt service coverage ratio on the Series 2016 Bonds for the year ending December 31, 2021 would approximate 1.0 with no corresponding ability to fully reduce operating expenses.

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

| Table 29  
Sensitivity Analyses #2  
For the Year Ending December 31, |
<table>
<thead>
<tr>
<th>As Forecasted</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016A and Series 2016B Bonds Only</td>
<td>N/A</td>
<td>N/A</td>
<td>1.39</td>
<td>1.46</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016 Bonds</td>
<td>N/A</td>
<td>N/A</td>
<td>1.28</td>
<td>1.35</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming All Management Fees are Paid</td>
<td>148</td>
<td>60</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>156</td>
<td>74</td>
<td>94</td>
<td>138</td>
</tr>
<tr>
<td>Assisted Living Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>19.33</td>
<td>72.67</td>
<td>94.83</td>
<td>95.00</td>
</tr>
<tr>
<td>Occupancy Percentage</td>
<td>19.0%</td>
<td>71.2%</td>
<td>93.0%</td>
<td>93.1%</td>
</tr>
<tr>
<td>Memory Care Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>9.58</td>
<td>37.17</td>
<td>51.17</td>
<td>52.00</td>
</tr>
<tr>
<td>Occupancy Percentage</td>
<td>17.1%</td>
<td>66.4%</td>
<td>91.4%</td>
<td>92.9%</td>
</tr>
<tr>
<td>Total</td>
<td>28.91</td>
<td>109.84</td>
<td>146.00</td>
<td>147.00</td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>18.3%</td>
<td>69.5%</td>
<td>92.4%</td>
<td>93.0%</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>$ -</td>
<td>$ 221</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Deferred Development Fees</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>Sensitivity #2</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>---------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016A and Series 2016B Bonds Only</td>
<td>N/A</td>
<td>N/A</td>
<td>1.03</td>
<td>1.08</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016 Bonds</td>
<td>N/A</td>
<td>N/A</td>
<td>0.94</td>
<td>1.00</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming All Management Fees are Paid</td>
<td>147</td>
<td>28</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>154</td>
<td>42</td>
<td>43</td>
<td>54</td>
</tr>
<tr>
<td>Assisted Living Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stable Occupancy Achieved = October 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>17.83</td>
<td>65.42</td>
<td>83.88</td>
<td>84.00</td>
</tr>
<tr>
<td>Occupancy Percentage</td>
<td>17.5%</td>
<td>64.1%</td>
<td>82.2%</td>
<td>82.4%</td>
</tr>
<tr>
<td>Memory Care Units:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Occupancy</td>
<td>8.83</td>
<td>33.54</td>
<td>45.13</td>
<td>45.75</td>
</tr>
<tr>
<td>Occupancy Percentage</td>
<td>8.3%</td>
<td>59.9%</td>
<td>80.6%</td>
<td>81.7%</td>
</tr>
<tr>
<td>Total</td>
<td>26.66</td>
<td>98.96</td>
<td>129.01</td>
<td>129.75</td>
</tr>
<tr>
<td>Average Occupied Units</td>
<td>16.9%</td>
<td>62.6%</td>
<td>81.7%</td>
<td>82.1%</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>$ 84</td>
<td>$ 289</td>
<td>$ 559</td>
<td>$ 838</td>
</tr>
<tr>
<td>Deferred Development Fee</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
</tbody>
</table>

Source: Management  
N/A = Not applicable
Sensitivity Analysis #3 was conducted to estimate the impact of reducing monthly service fees by 10 percent without a corresponding decrease in operating expenses.

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

<table>
<thead>
<tr>
<th>Table 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitivity Analyses #3</td>
</tr>
<tr>
<td>For the Year Ending December 31,</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AS FORECASTED</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016A and Series 2016B Bonds Only</td>
<td>N/A</td>
<td>N/A</td>
<td>1.39</td>
<td>1.46</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio on Series 2016 Bonds</td>
<td>N/A</td>
<td>N/A</td>
<td>1.28</td>
<td>1.35</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming All Management Fees are Paid</td>
<td>148</td>
<td>60</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>156</td>
<td>74</td>
<td>94</td>
<td>138</td>
</tr>
<tr>
<td>Assisted Living Revenue Summary:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assisted Living Revenue (in thousands)</td>
<td>$1,105</td>
<td>$4,616</td>
<td>$6,346</td>
<td>$6,561</td>
</tr>
<tr>
<td>Average Assisted Living Monthly Service Fee</td>
<td>$4,614</td>
<td>$4,752</td>
<td>$4,895</td>
<td>$5,042</td>
</tr>
<tr>
<td>Memory Care Revenue Summary:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Memory Care Revenue (in thousands)</td>
<td>$642</td>
<td>$2,788</td>
<td>$4,041</td>
<td>$4,247</td>
</tr>
<tr>
<td>Average Memory Care Monthly Service Fee</td>
<td>$6,229</td>
<td>$6,416</td>
<td>$6,608</td>
<td>$6,806</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Development Fees</td>
<td>875</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SENSITIVITY #3</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio Assuming Management Fees Are Subordinated and Accrued</td>
<td>N/A</td>
<td>N/A</td>
<td>1.07</td>
</tr>
<tr>
<td>Maximum Annual Debt Service Coverage Ratio Assuming Management Fees Are Paid</td>
<td>N/A</td>
<td>N/A</td>
<td>0.98</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming All Management Fees are Paid</td>
<td>145</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Number of Days Cash on Hand Assuming Subordinate Management Fees Are Accrued and Deferred</td>
<td>152</td>
<td>40</td>
<td>44</td>
</tr>
<tr>
<td>Assisted Living Revenue Summary:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assisted Living Revenue (in thousands)</td>
<td>$1,011</td>
<td>$4,225</td>
<td>$5,807</td>
</tr>
<tr>
<td>Average Assisted Living Monthly Service Fee</td>
<td>$4,152</td>
<td>$4,277</td>
<td>$4,405</td>
</tr>
<tr>
<td>Memory Care Revenue Summary:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Memory Care Revenue (in thousands)</td>
<td>$577</td>
<td>$2,509</td>
<td>$3,637</td>
</tr>
<tr>
<td>Average Memory Care Monthly Service Fee</td>
<td>$5,606</td>
<td>$5,774</td>
<td>$5,948</td>
</tr>
<tr>
<td>Outstanding Payment Balances (Dollars in Thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Subordinate Management Fees</td>
<td>$84</td>
<td>$289</td>
<td>$563</td>
</tr>
<tr>
<td>Deferred Development Fees</td>
<td>875</td>
<td>875</td>
<td>875</td>
</tr>
<tr>
<td>Accrued Allocation Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Management
N/A = Not applicable
[THIS PAGE INTENTIONALLY LEFT BLANK]
BOND TRUST INDENTURE

ARTICLE XII AMENDMENTS OF LOAN AGREEMENT, MASTER INDENTURE, SERIES 2016 OBLIGATIONS

SECTION 1201. AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE, SERIES 2016 OBLIGATIONS NOT REQUIRING CONSENT OF BONDHOLDERS.

SECTION 1202. AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE AND SERIES 2016 OBLIGATIONS REQUIRING CONSENT OF BONDHOLDERS.

SECTION 1203. LIMITATION ON AMENDMENTS

SECTION 1204. OPINION OF COUNSEL REQUIRED.

SECTION 1205. PARTIAL CONSENT TO AMENDMENT OF MASTER INDENTURE.

ARTICLE XIII AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE AND SERIES 2016 OBLIGATIONS

SECTION 1301. AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE AND SERIES 2016 OBLIGATIONS

SECTION 1302. LIMITATION OF RIGHTS

SECTION 1303. NO LIABILITY OF THE ISSUER’S OFFICERS

SECTION 1304. NOTICES

SECTION 1305. PAYMENTS ACTIONS DUE ON HOLIDAYS, ETC.

SECTION 1306. SUCCESSORS AND ASSIGNS

SECTION 1307. SEVERABILITY

SECTION 1308. APPLICABLE LAW, VENUE

SECTION 1309. COUNTERPARTS

SECTION 1310. FILING CONTINUATION STATEMENTS

SECTION 1311. CONTRACTUAL INTERPRETATION

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SECTION 1401. APPOINTMENT OF SERIES 2016C BONDHOLDER REPRESENTATIVE

SECTION 1402. BONDHOLDER REPRESENTATIVE EXPENSES

SECTION 1403. CONSENTS OF BONDHOLDERS

SECTION 1404. APPOINTMENT OF SERIES 2016C BONDHOLDER REPRESENTATIVE

SECTION 1405. NOTICES AND REPORTING OBLIGATIONS

SECTION 1406. AMOUNTS RECEIVABLE TO SERIES 2016C BONDHOLDER REPRESENTATIVE

SECTION 1407. PAYMENTS/DISTRIBUTIONS

SECTION 1408. AMENDMENTS OF SERIES 2016C BONDHOLDER REPRESENTATIVE

PART II GRANTING CLAUSES:

GRANTING CLAUSES:

(a) That, as security for payment of the principal of, and premium, if any, and interest on the Bonds when due, and for the funds that may be advanced by the Bond Trustee pursuant hereto, the Issuer does hereby pledge and assign to, and grant a security interest to the Bond Trustee in, the following described property in this subsection (a) (collectively, the “Trust Estate”):

(i) All rights, title and interest of the Issuer under, in and to the Series 2016 Obligations (except Obligation No. 4), the Assigned Rights in the Loan Agreement, and all receivables and receipts receivable by the Issuer therefrom and the security therefor included in the Pledged Assets that have been pledged therefor pursuant to the terms and conditions set forth in the Master Indenture.

(ii) All funds, except the Rebate Fund, including moneys, investment income and investments therein (except for moneys deposited with or paid to the Bond Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, the lien upon which shall be solely for the benefit of the Holders of the Bonds to be redeemed or paid with said moneys) held by the Bond Trustee pursuant to the terms of this Bond Indenture, and any other moneys payable to the Bond Trustee by or for the account of the Issuer pursuant to the Series 2016 Obligations and the Bond Fund, subject to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Indenture.

(iii) Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for the benefit of the Issuer, the Bond Trustee, and each Debtor, and for the benefit of the Issuer as represented by the Bond Trustee, and the Issuer, or by anyone on its behalf or with its written consent in favor of the Bond Trustee, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

(b) In order to secure, for the benefit of the Bondholders, the payment of amounts required to be paid to the United States of America under Section 148(e) of the Code, the Issuer does hereby transfer to and grants a lien and security interest to the Bond Trustee, for the benefit of the United States Treasury, on the amount, if any, created for the Series 2016A and the Series 2016C Bonds in the Rebate Fund and all money and investments credited thereto, which amounts are to be used solely as herein provided and not to pay principal of, and premium, if any, and interest, on the Bonds.

THEREFORE, TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its assigns forever:

IN TRUST, HOWEVER, for the equal and proportionate benefit and security of the Holders from time to time of the Bonds issued and secured by this Bond Indenture, without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others except as in the terms and conditions hereinafter stated, subject, however, to the provisions contained in this Bond Indenture related to the coordination of the Series 2016C Bonds to the Series 2016A Bonds and the Series 2016B Bonds, including, without limitation, Section 912 hereof:

PROVIDED, HOWEVER, that if the Issuer, its successors or assignees, shall well and truly pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the 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 and all the covenants and conditions pursuant to the terms of this Bond Indenture to be kept, performed, and observed by it, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Bond Indenture, then and in such event the entire principal Account and Interest Account in the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the Bondholders, the entire amount due to or become due thereon, and all sums as herein permitted, and shall well and truly keep, perform, and observe all the covenants and conditions pursuant to the terms of this Bond Indenture or any of them to be kept, performed, and observed by it, and shall well and truly pay or cause to be paid, the principal of the Bonds, all sums of money due or to become due to it in accordance with the terms and provisions hereof, or provision for such payment shall have been made in accordance with the provisions of this Bond Indenture, and all other sums payable under this Bond Indenture shall have been paid or provided for as required in this Bond Indenture, then this Bond Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND 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, rights, interests and revenues and funds hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the Issuer has agreed and
covenanted, and does hereby agree and covenant with the Bond Trustee and with the respective Holders from time to time of the Bonds as follows:

ARTICLE I
Definitions and Rules of Construction

SECTION 101. DEFINITIONS.

Unless otherwise required by the context, all words and terms defined in the whereas clauses or of otherwise in the hereinafter defined Loan Agreement and the hereinafter defined Master Indenture shall have the same meaning in this Bond Indenture. Except as set forth below or unless the context otherwise requires, all undefined capitalized terms shall have the meanings assigned to them in the Master Indenture or Loan Agreement. In addition, the following words and terms shall have the following meanings in this Bond Indenture unless the context otherwise requires:

"Act" means Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, and Chapter 617, Florida Statutes, as amended, Ordinance No. 1-01 duly enacted by 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 No. 2-09, duly enacted by the Town Council (the "Town Council") of, 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, and particularly as amended and supplemented by Amendment No. 69 to the Interlocal Agreement dated July 18, 2016 ("Amendment No. 69"), Resolution No. 16-16, duly adopted by the City Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Town Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively, and other applicable provisions of law.

"Assigned Rights" shall have the meaning ascribed to said term in the Loan Agreement.

"Authorized Denomination" means $25,000 and any integral multiple of $5,000 in excess thereof.

"Authorized Officer" means the Chairperson, Vice Chairperson, Secretary, Executive Director, and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise act with respect to the Bonds.

"Authorized Representative" means the person or persons designated to act on behalf of the Obligated Group Agent by certificate containing the specimen signature(s) of such person or persons signed by the Chair and filed with the Issuer and the Bond Trustee.

"Beneficial Owners" means the beneficial owners of Bonds under the rules of DTC or any successor securities depository.

"Bond Counsel" means Barr & Forman LLP, Orlando, Florida, or any other attorney or firm of attorneys nationally recognized on the subject of municipal bonds and reasonably acceptable to the Bond Trustee and the Issuer.

"Bond Financed Property" shall have the meaning ascribed to it in Section 501(a).

"Bond Fund" means the Bond Fund established by Section 601 hereof.

"Bond Indenture" means this Bond Trust Indenture, including any supplements hereto.

"Bond Payment Dates" means, collectively, the Interest Payment Dates and all dates on which principal or redemption price of, or interest on any of the Bonds shall be payable according to their terms and the terms of this Bond Indenture, including without limitation, purchase dates, scheduled mandatory sinking fund redemption date, unscheduled mandatory redemption dates, dates of acceleration of the Bonds pursuant to Section 902 hereof, optional redemption dates, extraordinary mandatory redemption dates, and stated maturity dates, so long as any Bonds shall be Owing (each, a "Bond Payment Date").

"Bond Purchase Agreement" means that certain Bond Purchase Agreement dated [ ], 2016, by and between the Underwriter, the Bond Trustee and the Obligated Group Agent.

"Bond Register" means the books for the registration of the Bonds and for the registration of the transfer of the Bonds kept and maintained by the Bond Trustee as bond registrar.

"Bond Trustee" means U.S. Bank National Association, its successors and assigns, or any successor bond trustee under this Bond Indenture.

"Bond Year" means the year beginning on October 1 of each year and ending on September 30 of the immediately succeeding year, provided that for the Bond Year ending on September 30, 2017, the Bond Year begins on the Issue Date.

"Bondholder," "bondholder," "holder," or "holder" means the registered owner of any Bond.

"Bonds" means the Series 2016 Bonds.

"Chair" means the Chair, Vice-Chair, Executive Director or any similar titled officer of the governing body of the Issuer.

"Change in Control" means, unless approved in writing in advance by a Majority of the Bondholders, (a) (i) the members of the Borrower on the Issue Date shall fail to own beneficially (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended) and of record, directly or indirectly, 100% of the aggregate voting interests in the Obligated Group, or (ii) the Obligated Group shall cease to have the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Obligated Group, or (b) (i) the Principals collectively shall fail to own beneficially (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended) and of record, directly or indirectly, 50% of the aggregate voting and economic interests in the Initial Members or (ii) the Principals collectively shall cease to have the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Initial Members.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by Section 503 hereof.

"Costs of the Project" means all costs of acquiring, constructing, equipping and improving the Series 2016 Project, including, without limitation: (i) the purchase price and related costs for the acquisition of real property or any interest therein; (ii) the cost of labor, materials, and supplies furnished or used in the acquisition, construction, and installation of the improvements and the costs of acquiring and installing equipment; (iii) acquisition, transportation, and installation costs for personal property and fixtures; (iv) fees for architectural, engineering, developmental, and supervisory services to such architects, engineers, developers, and construction supervisors as the Obligated Group shall approve; (v) expenses incurred in the enforcement of any remedy against any contractor, subcontractor, materialman, vendor, supplier, or surety; (vi) expenses incurred by the Issuer, the Project Monitor, the Series 2016 Bondholder Representative and the Obligated Group in connection with the financing of the Series 2016 Project, including legal, consulting, and accounting fees, but excluding costs of issuance; (vii) repayment of indebtedness incurred in connection with the financing of the Series 2016 Project, including legal, consulting, and accounting fees, and expenses set forth in (i) through (vii) and, (viii) reimbursement to the Obligated Group for any of the foregoing costs, fees, and expenses set forth in (i) through (vii) above, paid by it with its own funds.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund established by Section 601 hereof.

"Determination of Taxability" means a determination that interest accrued or paid on any Series 2016A Bonds or Series 2016C Bonds is included in gross income for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following: (a) the date on which any other person is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Series 2016A Bonds or the Series 2016C Bonds is included in gross income for federal income tax purposes; (b) the date on which the Issuer or the Obligated Group receives notice from an Owner that the Owner has been advised in (i) writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Owner, with respect to interest on any of the Series 2016A Bonds or any of the Series 2016C Bonds received by such Owner is included in gross income of such Owner for federal income tax purposes, or (ii) by an Opinion of Counsel approved by the Issuer received by the Owner which consequences, in effect, that interest on the Series 2016A Bonds or the Series 2016C Bonds is included in gross income for federal income tax purposes; (c) the day on which the Issuer is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service that the interest on the Series 2016A Bonds or the Series 2016C Bonds received by such Owner is included in gross income for federal income tax purposes, or (d) the day on which the Issuer is advised in writing by counsel to an Owner that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Issuer and the Obligated Group have been given written notice and an opportunity to participate and defend that the interest on the Series 2016A Bonds or the Series 2016C Bonds is included in gross income for federal income tax purposes.

"DTC" means The Depository Trust Company, New York, New York, the securities depository for the Bonds held in book-entry form pursuant to Section 212 hereof.

"DTC Participant" means any direct or indirect participant in DTC in accordance with DTC's customary practices.

"Event of Default" means any of the events enumerated in Section 901 hereof.

"Financing Instruments" means the Master Indenture, this Loan Agreement, the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Continuing Disclosure Agreement, the Land Use Restriction Agreement, the Assignment of Contract Documents, the Construction Monitoring Agreement, the Project Monitoring Agreement, the Guaranty Agreement, the Series 2016C Bondholder Representative Agreement and the Tax Agreement.

"Initial Reset Date" means October 1, 2026.

"Interest Account" means the Interest Account established in the Bond Fund.

"Interest Payment Date" means each date on which an installment of interest on the Bonds shall become due, which shall be April 1 and October 1 of each year, commencing on October 1, 2017.

"Issuance Fee" means any fee payable to the Issuer, together with the fees and expenses of the Issuer’s attorneys, financial advisors and agents, that is due on the date of issuance of the Bonds.

"Issuer’s Counsel" means Michael J. Stebbins, P.L., Pensacola, Florida.

"Issuer Representative" means the person or persons designated to act on behalf of the Issuer by certificate containing the specimen signature(s) of such person or persons signed by the Chair and filed with the Bond Trustee.

"Investment Rating" means a rating by any Rating Agency (as defined in the Master Trust Indenture) to such Bond as (i) the highest rating category assigned by such Rating Agency, and (ii) the rating of the Bond as of the date of issuance of the Bonds.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement dated as of the date of issuance of the Bonds by and among the Obligated Group, the Issuer, the Bond Trustee and the Compliance Monitor.

"Letter of Representations" means the Blanket Letter of Representations from the Issuer to the Securities Depository to any amendments thereto or successor agreements between the Issuer and any successor Securities Depository, relating to a book-entry system to be maintained by the Securities Depository with respect to the Bonds. Notwithstanding any provision of this
Bond Indenture including Article XI hereof regarding amendments, the Bond Trustee may enter into any such amendment or successor agreement without the consent of Bondholders.

"Loan Agreement" means the Loan Agreement dated as of the date hereof, between the Obligated Group and the Issuer.

"Local Agency" means the City of Palm Coast, Florida.

"Majority of the Bondholders" means the Holders of more than fifty percent (50%) in aggregate principal amount of Bonds then Outstanding.

"Master Indenture" is the Master Indenture defined in the Whereas clauses of this Bond Indenture.

"Maximum Rate" means the lesser of (a) the 30 year MMD (which means as of any particular date an interest rate equal to the Municipal Market Data Index for general obligation bonds having an "Aaa" or "AA-A" credit rating from Moody's, S&P or Fitch, respectively, having a term equal to 30 years, published on the most recent date on or prior to such date by Thomson Reuters in the Thomson Municipal Market Monitor, or if such index is not available, another comparable index determined by the Rating Agency) plus ten percent (10%), and (b) the maximum rate permitted by law.

"Outstanding" or "Bonds Outstanding" means all Bonds that have been authenticated and delivered by the Bond Trustee under this Bond Indenture, except the following:

(i) Bonds canceled or purchased by or delivered to the Bond Trustee for cancellation pursuant to the provisions of this Bond Indenture;

(ii) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Bond Trustee;

(iii) Bonds deemed paid pursuant to Section 801 of this Bond Indenture; and

(iv) Bonds that have been authenticated under Sections 207A(a) and 208 of this Bond Indenture (relating to registration and exchange of Bonds) or Section 210 of this Bond Indenture (relating to mutilated, lost, stolen, destroyed or undelivered Bonds) in lieu of other Bonds.

"Owner" or "Registered Owner" means the person or persons in whose name or names a Bond shall be registered on the books of the Issuer kept by the Bond Trustee for that purpose in accordance with the terms of this Bond Indenture.

"Principal Account" means the Principal Account established in the Bond Fund.

"Project Fund" means the Project Fund established by Section 502 hereof.

"Required Debt Service Reserve" means the Beneficial Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

"Reset Date" means, with respect to the Series 2016C Bonds, the Initial Reset Date and any Reset Date selected by the Obligated Group Agent pursuant to the Master Indenture and time commencing on any applicable Reset Date and ending on the day prior to the next succeeding Reset Date or, if earlier, at the maturity of the Series 2016C Bonds.

"Reset Rate" means, with respect to the Series 2016C Bonds, the adjusted rate of interest borne by the Series 2016C Bonds determined as provided for the Indenture.

"Securities Depository" means DTC, and its successors and assigns.


"Series 2016A Bonds" means the Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A, in the aggregate principal amount of $36,600,000.

"Series 2016A Debt Service Reserve Account" means the trust account by that name within the Debt Service Reserve Fund established with respect to the Series 2016A Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016A Interest Sub-Account" means the trust account by that name within the Interest Account established with respect to the Series 2016A Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016A Principal Sub-Account" means the trust account by that name within the Principal Account established with respect to the Series 2016A Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016B Bonds" means the Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B, in the aggregate principal amount of $42,215,000.

"Series 2016B Debt Service Reserve Account" means the trust account by that name within the Debt Service Reserve Fund established with respect to the Series 2016B Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016B Interest Sub-Account" means the trust account by that name within the Interest Account established with respect to the Series 2016B Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016B Principal Sub-Account" means the trust account by that name within the Principal Account established with respect to the Series 2016B Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016C Bonds" means the Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C, in the aggregate principal amount of $2,725,000.

"Series 2016C Interest Sub-Account" means the trust account by that name within the Interest Account established with respect to the Series 2016C Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016C Principal Sub-Account" means the trust account by that name within the Principal Account established with respect to the Series 2016C Bonds pursuant to Section 601 of this Bond Indenture.


"Series 2016C Bondholder Representative Agreement" means the Series 2016C Bondholder Representative Agreement by and among the Obligated Group Agent, the Series 2016C Bondholder Representative and the Bond Trustee.

"Series 2016C Bonds" means the Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C, in the aggregate principal amount of $2,725,000.

"Series 2016C Interest Account" means the trust account by that name within the Interest Account established with respect to the Series 2016C Bonds pursuant to Section 601 of this Bond Indenture.

"Series 2016C Principal Account" means the trust account by that name within the Principal Account established with respect to the Series 2016C Bonds pursuant to Section 601 of this Bond Indenture.


"Sponsoring Political Subdivisions" means, collectively, the City of Gulf Breeze, Florida, and the Town of Canton, Florida.

"Supplemental Master Indenture Number 1" means the Supplemental Master Trust Indenture Number 1 dated as of December 1, 2016, between the Obligated Group and the Master Trustee.

"Supplemental Master Indenture Number 2" means the Supplemental Master Trust Indenture Number 2 dated as of December 1, 2016, between the Obligated Group and the Master Trustee.

"Tax Agreement" means the Tax Regulatory Agreement and No Arbitrage Certificate or similarly titled document dated the date of issuance of the Bonds by and between the Issuer, the Bond Trustee and the Obligated Group Agent.

"Treasury" means the United States Department of the Treasury, and any successor to its functions.

"Treasury Regulation" means all temporary or final federal income tax regulations issued or amended with respect to the Code by the Treasury or the Internal Revenue Service.

"Trust Estate" means the Trust Estate as defined and set forth in the Granting Clauses hereof.
SECTION 102. RULES OF CONSTRUCTION.

The following rules shall apply to the construction of this Bond 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. Singular words shall connotate the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to the payment of Bonds at their stated maturity.

(c) All references herein to particular Articles or Sections are references to Articles or Sections of this Bond Indenture unless otherwise indicated.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Bond Indenture nor shall they affect its meaning, construction or effect.

(e) All references herein to the payment of Bonds are references to payment of principal of and interest on Bonds.

(f) All accounting terms used herein that are not otherwise expressly defined in this Bond Indenture shall have the meanings respectively given to them in accordance with GAAP. Except as otherwise expressly provided herein, all financial computations made pursuant to this Bond Indenture shall be made in accordance with GAAP and all balance sheets and other financial statements shall be prepared in accordance with GAAP.

(g) Unless otherwise specified, the interest rate applicable to all Bonds shall be calculated based on a year consisting of three hundred sixty (360) days comprised of twelve thirty-day months.

(h) Capitalized terms used herein but not defined shall have the meanings applied to them in the Loan Agreement or the Master Indenture.

(i) Every request, order, demand, application, appointment, notice, statement, certificate, consent, direction or similar action under this Bond Indenture by any party must be in writing and signed by a duly authorized representative of such party in a duly authorized signature.

(j) All references in this Bond 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 any bankruptcy or arbitration proceedings or judicial or administrative hearing, trial and appeal and in suit is instituted, and including fees and disbursements preparatory to and during any proceedings duly authorized signature.

(k) Whenever the word “includes” or “including” is used, such word means “includes or including by way of example and not limitation.”

ARTICLE II

AUTHORIZATION, EXECUTION, AUTHENTICATION, REGISTRATION AND DELIVERY OF BONDS

SECTION 201. AUTHORIZATION OF BONDS.

The Issuer hereby authorizes the issuance of the Bonds in the aggregate principal amount of $43,540,000.

SECTION 202. DETAILS OF BONDS.

(a) Series 2016A Bonds. The Series 2016A Bonds shall be issued as registered bonds without coupons in Authorized Denominations, shall be dated their date of delivery, shall be numbered consecutively from CR-1 upwards, or in such other manner as the Issuer, with the concurrence of the Bond Trustee, determines, shall bear interest computed on the basis of a 366-day year of twelve 30-day months, payable semiannually commencing on April 1, 2017, and on each Interest Payment Date thereafter at the rates, and shall mature on October 1 in years and amounts, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Rate</th>
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<tbody>
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Series 2016B Bonds. The Series 2016B Bonds shall be issued as registered bonds without coupons in Authorized Denominations, shall be dated their date of delivery, shall be numbered consecutively from BR-1 upwards, or in such other manner as the Issuer, with the concurrence of the Bond Trustee, determines, shall bear interest computed on the basis of a 366-day year of twelve 30-day months, payable semiannually commencing on April 1, 2017, and on each Interest Payment Date thereafter at the rates, and shall mature on October 1 in years and amounts, as follows:

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<tr>
<th>Year</th>
<th>Amount</th>
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Series 2016C Bonds. The Series 2016C Bonds shall be issued as registered bonds without coupons in Authorized Denominations, shall be dated their date of delivery, shall be numbered consecutively from CR-1 upwards, or in such other manner as the Issuer, with the concurrence of the Bond Trustee, determines, shall bear interest computed on the basis of a 366-day year of twelve 30-day months, payable semiannually commencing on April 1, 2017, and on each Interest Payment Date thereafter at the rates, and shall mature on October 1 in years and amounts, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>20__</td>
<td>$[________]</td>
<td>[_____]%</td>
</tr>
</tbody>
</table>

(l) 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.

(m) For purposes hereof, the Issuer shall not be deemed to have knowledge of any fact or the occurrence of any event unless and until its Authorized Officer has written notice thereof or actual knowledge thereof.

(n) Whenever the Issuer 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 Issuer contained in this Bond 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 Issuer, 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.

SECTION 203. EXECUTION OF BONDS; LIMITED OBLIGATIONS.

The Bonds shall be signed by the manual or facsimile signature of the Chair, shall be attested by the manual or facsimile signature of the Secretary or the Executive Director of the Issuer and a manual or facsimile of its seal shall be printed thereon. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of the Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery.
The Bonds, together with interest and any premium thereon, shall be limited and not general obligations of the Issuer giving rise to no pecuniary liability of the Issuer, shall be payable solely from the Trust Estate, and shall be a valid claim of the respective Owners thereof only against the Trust Estate, which is hereby again specifically pledged and assigned to the Bond Trustee for the equal and ratable payment of the Bonds and shall be held for no other purpose than to pay the principal of, premium, if any, and interest on Bonds, except as may be otherwise expressly authorized in this Bond Indenture.


No agreements or provisions contained in this Bond Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Series 2016 Project or the Issuer, sale and delivery of the 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 application of revenues therefrom and the proceeds of the Series Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein 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 can be paid or recovered from the Financing Instruments or revenues therefrom that have been pledged to payment of the Bonds or the 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 Issuer 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 Issuer, provision shall have been made in an manner satisfactory to the Issuer, 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 Issuer or its directors, officers, employees, agents and counsel except as may be payable from the Financing Instruments or revenues therefrom that have been pledged to payment of the Bonds or the proceeds of the Bonds.

The Issuer shall be under no obligation to institute any suit or to take any remedial proceedings in the Event of a Default under this Bond 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 the powers and duties hereunder, including, without limitation, its acceptance or possession of the Series 2016 Project or any covenant therewith until it shall be indemnified to its satisfaction and to all reasonable counsel fees and other reasonable disbursements, and against all liability. The Issuer nevertheless may, in its sole discretion, but is not required to, begin, sue in and defend any suit or action of any kind, or to take any other judgment proper to be done by it such Issuer, without indemnity, and in such case the Issuer shall be entitled to reimbursement from any money under this Bond Indenture and, to the subject of the prior rights of the Bond Trustee, shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

The Issuer shall be entitled to advice of counsel concerning all matters under this Bond Indenture and its duties under this Bond Indenture, the other Financing Instruments. The Issuer may in all cases pay such reasonable compensation, fees, agents and receives and shall be entitled to reimbursement from the Obligated Group 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 be responsible for any loss or damage resulting from any action or nonaction based on its good faith reliance upon such opinion or advice.

The permission to the Issuer to do things enumerated in this Bond Indenture or in the other Financing Instruments to which the Issuer in 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 this Bond Indenture and in any of the other Financing Instruments to which it is a party and shall not be answerable for other than its 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 this Bond Indenture, the other Financing Instruments. 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 is the owner of any Bond as shown on the Bond Register will be conclusive and binding upon the future owners or holders of the same Bonds and upon Bonds issued in exchange therefor or in place of such Bonds.

**SECTION 240. AUTHENTICATION OF BONDS.**

The Bonds shall bear a certificate of authentication, substantially in the form set forth in composite EXHIBIT A hereto, duly executed and delivered by the Bond Trustee. The Bond Trustee shall authenticate each Bond with the manual signature of an authorized officer of the Bond Trustee, but it shall not be necessary for the same officer to authenticate all of the Bonds. Only such authenticated Bonds shall be entitled to rights hereunder. The Bond Trustee shall authenticate each Bond with a certificate on any Bond issued hereunder shall be conclusive evidence that the Bonds has been duly issued and is secured by the provisions hereof.

**SECTION 250. FORM OF BONDS.**

The Bonds shall be substantially in the form set forth in composite EXHIBIT A attached hereto with such appropriate variations, omissions and insertions permitted or required by this Bond Indenture or which may be consistent with this Bond Indenture and necessary or appropriate to conform to the rules and requirements or the laws of the State or any usage or requirement of law with respect thereto. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.
SECTION 209. If any Bond has been mutilated, lost or destroyed, the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Bond or in lieu of and in substitution for such lost or destroyed Bond; provided, however, that the Issuer and the Bond Trustee shall so execute, authenticate and deliver such new Bond only if the Holder has paid the reasonable expenses and charges of the Issuer and the Bond Trustee in connection therewith and, in the case of a lost or destroyed Bond, (a) shall have filed with the Issuer and the Bond Trustee evidence satisfactory to them that such Bond was lost or destroyed and that the Holder was the owner thereof and (b) shall have furnished to the Issuer and the Bond Trustee indemnity satisfactory to them.

SECTION 208. TEMPORARY BONDS. Prior to the preparation of Bonds in definitive form the Issuer may issue temporary Bonds. The execution of any Bond of any Authorized Denomination by the manual or facsimile signature of the Chair of the Issuer shall constitute full and effective title to the Bond Trustee and subject to the restrictions set forth in Section 208 hereof, such Bond may be exchanged for an equal aggregate principal amount of Bonds of Authorized Denominations, of the same series, form and maturity, bearing interest at the same rate as the Bonds surrendered, and registered in the name or names requested by the Holder. The Issuer shall execute, and the Bond Trustee shall authenticate any Bonds necessary to provide for exchange of Bonds pursuant to this Section.

SECTION 206. EXCHANGE OF BONDS; PERSONS TREATED AS HOLDERS. (a) The Bond Trustee shall maintain the Bond Register. Upon surrender of any Bond at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the Holder or by its duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Trustee and subject to the restrictions set forth in Section 208 hereof, such Bond may be exchanged for an equal aggregate principal amount of Bonds of Authorized Denominations, of the same series, form and maturity, bearing interest at the same rate as the Bonds surrendered, and registered in the name or names requested by the Holder. The Issuer shall execute, and the Bond Trustee shall authenticate any Bonds necessary to provide for exchange of Bonds pursuant to this Section.

(b) The Bond Trustee shall treat the Holder as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Holder, except that interest payments shall be made to the Holder registered on the fifteenth (15th) day of each month immediately preceding the Interest Payment Date to the Bond Register.

SECTION 207. CHARGES FOR EXCHANGE OF BONDS; NEGOTIABILITY; REGISTRATION, TRANSFER, EXCHANGE. Any exchange of Bonds shall be at the expense of the Obligated Group, except that the Bond Trustee as bond registrar shall make a charge to any Bondholder requesting such exchange in the amount of any tax or other governmental charge required to be paid with respect thereto, as so advised in writing by such Bondholder.

The Bonds shall be and shall have all the qualities and incidents of negotiable instruments under the laws of the State, and Bondholders, in accepting any Bonds, shall be conclusively deemed to have agreed that the Bonds shall be and have all of said qualities and incidents of negotiable instruments.

The Issuer shall cause books for the registration of the Bonds and for the registration of transfer and exchange of the Bonds as provided in this Bond Indenture to be kept by the Bond Trustee, which is hereby appointed the Issuer’s bond registrar and agent for the transfer and exchange of the Bonds and as such shall maintain the books of the Issuer for the registration, transfer and exchange of ownership of each Bond as provided in this Bond Indenture. The Bond Trustee, and for and on behalf of the Issuer, shall keep the Bond registration record, in which shall be recorded any and all transfers of record ownership of Bonds. No Bonds shall be registered to bearer. Subject to the transfer restrictions with respect to the Bonds set forth in the last paragraph hereof, any Bond may be endorsed or exchanged for a Bond of the same series upon the registration books upon surrender thereof by the registered Bondholder in person or by his attorney-in-fact or legal representative duly authorized in writing together with a written instrument of transfer in form and with guarantee of signature satisfactory to the Bond Trustee duly executed by the registered Bondholder or his attorney-in-fact or legal representative duly authorized in writing. Upon any such registration of transfer, the Issuer shall cause to be executed and the Bond Trustee shall authenticate and deliver in the name of the transferee a newly registered Bond or Bonds of Authorized Denominations and of the same series, maturity or maturities, and interest rate(s) (and in the same aggregate principal amount(s)), and the Bond Trustee shall enter the transfer of ownership in the registration books. No transfer of any Bond shall be effective until entered on the registration books.

There shall be no charge to any Bondholder for the registration, exchange, or transfer of Bonds. Such Bond registered to the absolute Holder of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Bond Indenture and the Loan Agreement, whether such Bond shall be overdue or not, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. Payment of, or on account of, the principal of and interest and redemption premium, if any, on any Bond shall be made to or upon the written order of such registered Bondholder or his attorney-in-fact or legal representative duly authorized in writing. 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.

The execution of any Bond of any Authorized Denomination by the manual or facsimile signature of the Chair of the Issuer and the issuance and delivery thereof shall constitute full and effective title to the Bond Trustee and subject to the restrictions set forth in Section 208 hereof; provided, however, that the Issuer shall, at the Obligated Group’s expense, endorse thereon such legends or text as may be necessary or appropriate to conform to any requirements of law with respect thereto. The Issuer shall, at the Obligated Group’s expense, promptly prepare, execute and deliver to the Bond Trustee before the first Interest Payment Date any such Bond as shall be satisfactory to the Bond Trustee and subject to the restrictions set forth in Section 208 hereof, with appropriate variations, omissions and insertions. The Bonds may have such other certificates or documents as may reasonably be requested by the Bond Trustee, Bond Counsel, Issuer’s Counsel and the Issuer.

SECTION 210. CANCELLATION AND DISPOSITION OF BONDS. All Bonds that have been paid (whether at maturity, upon acceleration or call for redemption or otherwise) or delivered to the Bond Trustee by the Obligated Group for cancellation shall not be reissued, and the Bond Trustee shall, unless otherwise directed by the Issuer, create, shred or otherwise dispose of such Bonds in accordance with the standard procedures of the Bond Trustee. The Bond Trustee, upon an owner's request, deliver to the Issuer a certificate of any such cancellation, shredding or other disposition.

SECTION 211. BOOK-ENTRY PROVISIONS. The Bonds will be initially issued in book-entry form. (a) The Bonds will be issued initially in book-entry form. When the Bonds are held in book-entry form, the provisions of this Section 211 shall be applicable, anything else in this Bond Indenture to the contrary notwithstanding. The Bonds will be registered in the name of Cede & Co., a nominee of DTC, and immobilized in DTC's custody. One Bond for the original principal amount of each series and maturity will be registered to Cede & Co. Beneficial Owners of the Bonds will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in Authorized Denominations. Payments of principal of, and premium, if any, and interest on, the Bonds will be made to DTC or its nominee as the sole Bondholder on the applicable Bond Payment Date, without the need for presentation of such Bond.

(b) DTC is responsible for the transfer of the payments of the principal of, and premium, if any, and interest on, the Bonds to its Participants, acting as nominees of the Beneficial Owners of the Bonds, in accordance with rules specified by DTC and its Participants. Neither the Issuer nor the Bond Trustee makes any assumptions that DTC, its Participants or any other nominees of the Beneficial Owners of the Bonds will act in accordance with such rules or on a timely basis.

(c) Transfer of the beneficial ownership interests in the Bonds shall be made by DTC and its Participants, acting as nominees of the Beneficial Owners of the Bonds, in accordance with rules specified by DTC and its Participants. Neither the Issuer nor the Bond Trustee makes any assumptions that DTC, its Participants or any other nominees of the Beneficial Owners of the Bonds will act in accordance with such rules or on a timely basis.

(d) The Issuer and the Bond Trustee Disclaim Any Responsibility or Obligation to the Participants or the Beneficial Owners with Respect to (I) the Accuracy of Any Records Maintained by DTC or Any Participant, (II) the Payment by DTC to Any Participant or by Any Other Person to Any Participant or Beneficial Owner in Respect of the Principal of, and Premium, If Any, and Interest on, the Bonds, (III) the Delivery by DTC to Any Participant or Beneficial Owner in Respect of the Principal of, and Premium, If Any, and Interest on, the Bonds.
OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS BOND INDENTURE TO BE GIVEN TO BONDHOLDERS, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN ANY PARTIAL REDEMPTION OF THE BONDS, OR (V) ANY ACT OF ANY PARTICIPANT UNDER THE BOND INDENTURE AS BONDHOLDER.


SECTION 212. REMARKETING OF TENDERED SERIES 2016C BONDS.

The Series 2016C Bonds will initially bear interest at the interest rates shown in Section 202 hereof but not including the Initial Reset Date. On and after the Initial Reset Date, the Series 2016C Bonds shall bear interest at the Reset Rate from and after the Initial Reset Date, or from any other succeeding Reset Date, as provided in subsection (c) below. For all Series 2016C Bonds, the Bond Trustee shall validly act as Bondholder for the Bonds. The Bond Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Holders of the Replacement Bonds shall be entitled to the lien and benefit of this Bond Indenture as if they were original holders of the Bonds.

(a) No less than 60 days prior to the end of each Reset Period with respect to the Series 2016C Bonds, the Obligated Group shall deliver to the Bond Trustee and the Remarketing Agent written notice of the Obligated Group’s determination of the next succeeding Reset Period, which Reset Period shall end on an April 1 or October 1, but not later than the maturity date of the Series 2016C Bonds, provided, however, that if the Obligated Group fails to specify the next succeeding Reset Period, such Reset Period shall be the same length as the preceding Reset Period, or until the maturity date of the Series 2016C Bonds, whichever is shorter.

(b) The interest rate applicable to the Series 2016C Bonds on and after the Initial Reset Date shall be the Reset Rate which shall be initially determined by the Remarketing Agent on a date not less than 45 days prior to the Initial Reset Date and thereafter on a date not less than 45 days prior to each succeeding Reset Date. The Reset Rate applicable to the Series 2016C Bonds shall be the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable the Series 2016C Bonds to be sold at par on the Reset Date, provided that the Reset Rate shall not exceed the Maximum Rate. On the date of such determination of the Reset Rate, the Remarketing Agent shall notify the Bond Trustee and the Obligated Group of the Reset Rate. No less than 40 days prior to the Reset Date, the Bond Trustee shall promptly notify each Holder of Series 2016C Bonds of the Reset Rate which will be applicable to such Series 2016C Bonds during the next Reset Period and the length of the next Reset Period. If Series 2016C Bonds are tendered for purchase by the Holders and the Remarketing Agent is unable to remarket all of such tendered bonds at the Reset Rate determined as described above, the Remarketing Agent may increase the Reset Rate for the Series 2016C Bonds to that rate of interest which is the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable all of the Series 2016C Bonds to be sold at par on the Reset Date, provided that such increased Reset Rate shall not exceed the Maximum Rate. The Remarketing Agent shall not increase the Reset Rate within the last five business days of the Reset Period. The Reset Rate shall be given no less than 10 days preceding the Reset Date and shall be given by the Remarketing Agent concurrently to the Bond Trustee and the Obligated Group. No more than three Business Days after receiving written notice of an adjustment to the Reset Rate, the Bond Trustee shall notify by mail the Obligated Group and each Holder of Series 2016C Bonds of any such adjustment in the Reset Rate. If for any reason the Reset Rate for the Series 2016C Bonds is not or cannot be determined by the Remarketing Agent in the manner specified above, the Reset Rate will be the interest rate currently in effect on the Series 2016C Bonds, provided that such rate may not exceed the Maximum Rate.

(c) The Series 2016C Bonds may, at the option of the Holder, be tendered for purchase by the Bond Trustee on behalf of the Obligated Group, but only from the proceeds of the remarketing thereof as provided in subsection (b) below. In order to exercise the option to tender Series 2016C Bonds, the Holder shall deliver to the Bond Trustee a written notice (the “Tender Notice”) in such form and containing such information as is prescribed below. The Tender Notice shall be irrevocable and binding on such Holder and cannot be withdrawn, unless the Reset Rate is increased as described above.

No less than 20 calendar days prior to any Reset Date, the Bond Trustee shall give prompt notice to the Remarketing Agent and the Obligated Group of its receipt of any tender notice.

The Registered Holder of any Series 2016C Bond who has delivered a Reset Tender Notice pursuant to subsection (c) above must present such Series 2016C Bonds to the Bond Trustee or while DTC is the sole registered Holder of the Series 2016C Bonds irrevocably authorize (pursuant to the Tender Notice described above) the Bond Trustee, directly or through its DTC Participant, to make appropriate entries on the books of DTC, any Direct Participant or any Indirect Participant, provided however, the Bond Trustee shall have no obligation to make or accept such entries, if at the time such entry is made, the Bond Trustee has not yet received funds necessary to honor such entry. At no time shall the Bond Trustee be required to advance its own funds as a result of a tender by a beneficial owner under the Indenture, to receive payment of the Purchase Price on or after the Reset Date. Interest will cease to accrue on the Reset Date on Series 2016C Bonds designated to be purchased in the tender notice and which are purchased, or for which sufficient funds are set aside with the Bond Trustee on the Reset Date to pay the Purchase Price of such tendered Series 2016C Bonds, whether or not such Series 2016C Bonds have been presented for payment. All other Series 2016C Bonds shall bear interest from and after the Reset Date at the Rate determined for the new Period.

The Remarketing Agent shall offer for sale and use its best efforts to remarket the tendered Series 2016C Bonds to third parties for purchase at their principal amount on each Reset Date. At or prior to 12:00 Noon, Eastern time, on the fifth (5th) Business Day preceding each Reset Date, the Remarketing Agent will give notice in writing or by facsimile transmission to the Bond Trustee specifying the principal amount of Series 2016C Bonds, if any, which have been remarked and the principal amount of Series 2016C Bonds which have not been remarked. The Remarketing Agent shall deliver to the Bond Trustee for deposit in the Series 2016C Bond Fund, no later than 11:00 a.m., Eastern time, on each such Reset Date, in immediately available funds, an amount equal to the principal amount of Series 2016C Bonds set forth in the Remarketing Agent’s notice as having been remarked. Such Series 2016C Bonds shall be purchased from (i) the proceeds of the remarketing of the Series 2016C Bonds held in the Series 2016C Bond Fund established pursuant to Section 501 hereof or (ii) moneys provided by the Obligated Group. In the event that there are not sufficient funds to purchase all tendered Series 2016C Bonds, failure to purchase tendered Series 2016C Bonds is an Event of Default with respect only to the Series 2016C Bond Fund. In such an event, Series 2016C Bonds will be retired to the extent of the balances thereof.

(g) Notwithstanding anything herein to the contrary, the Holders of the Senior Bonds have a first right of refusal to purchase any Series 2016C Bonds tendered pursuant to this Section 213.

(b) Payment of the Purchase Price of any Series 2016C Bond tendered for purchase shall be made by check or by wire transfer of immediately available funds to the Bond Trustee on behalf of the Obligated Group, but solely from the proceeds of the remarketing thereof for registration of Holder(s) of Registered $1,000,000 or more in aggregate principal amount of Series 2016C Bonds, pursuant to instructions filed by such Holders with the Bond Trustee, to the person in whose name a Series 2016C Bond is registered on the registration books for the Series 2016C Bonds.

ARTICLE III REDEMPTION OF BONDS

SECTION 301. REDEMPTION DATES AND PRICES.

The Bonds may not be called for redemption by the Issuer except as provided below:

(a) Extraordinary Mandatory Redemption. The Bonds shall be subject to redemption by the Issuer, in whole or in part, at a redemption price equal to one hundred percent (100%) of the principal amount thereof plus accrued and unpaid interest, if any, to the next succeeding redemption date, on the earliest date for which notice of redemption can be given, (i) to the extent the Obligated Group makes a prepayment on Series 2016C Obligations under the circumstances required thereby and by the Loan Agreement and the Master Indenture for extraordinary mandatory redemption, and (ii) under the circumstances set forth in Section 502(f) and 603(d) of this Indenture. Each such redemption shall be subject to extraordinary mandatory redemption in an amount that bears the same pro rata relationship to the aggregate principal amount of the Bonds then Outstanding as that portion of the Property Financial with the proceeds of the Bonds (the “Bond Financial Property”) with respect to which proceeds that have been received bears to all Bond Financial Property, such calculation as certified to the Bond Trustee by an Authorized Representative to be true. Under extraordinary mandatory redemption, (i) an Authorized Representative may direct the Bond Trustee to redeem the Bonds from each maturity then outstanding, to the extent practicable, in the proportion that the principal amount of Bonds of such maturity bears to all Series 2016C Bonds; and (ii) the Bond Trustee shall redeem the Bonds in inverse order of maturity, and the Bond Trustee shall redeem in accordance with such instructions or (ii) if the partial extraordinary mandatory redemption is pursuant to a conveyance under Section 3.9(v) of the Master indenture, the Bond Trustee shall apply the proceeds derived therefrom to first redeem Series 2016C Bonds and then, if no Series 2016C Bonds are then outstanding, the Series 2016A Bonds. Notwithstanding the foregoing, each redemption pursuant to extraordinary mandatory redemption pursuant to a conveyance under Section 3.9(v) of the Master indenture, no
Series 2016C Bonds shall be redeemed or purchased pursuant to this Section 301(a) as long as any Senior Bonds remain Outstanding.

(b) Optional Redemption

Series 2016A Bonds. The Series 2016A Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 1 pursuant to Sections 702 or 703 of the Loan Agreement, the maturities of such Series 2016A Bonds to be redeemed to be selected by the Obligated Group Agent at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>100%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>99%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>98%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>97%</td>
</tr>
</tbody>
</table>

Series 2016B Bonds. The Series 2016B Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 2 pursuant to Sections 702 or 703 of the Loan Agreement, the maturities of such Series 2016B Bonds to be redeemed to be selected by the Obligated Group Agent at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>100%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>99%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>98%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>97%</td>
</tr>
</tbody>
</table>

Series 2016C Bonds. The Series 2016C Bonds are subject to redemption prior to maturity on or after October 1, 20__, in whole or in part on any date from an optional prepayment in the event the Obligated Group exercises its option to prepay all or a portion of the amounts available under Obligation No. 3 pursuant to Sections 702 or 703 of the Loan Agreement, the maturities of such Series 2016C Bonds to be redeemed to be selected by the Obligated Group Agent at the redemption prices (expressed as percentages of principal amount) plus accrued interest to the date of redemption, as follows:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>100%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>99%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>98%</td>
</tr>
<tr>
<td>October 1, 20__ and thereafter</td>
<td>97%</td>
</tr>
</tbody>
</table>

The bond trustee to be needed to identify the Bonds. All such notices shall also state that on the redemption date the Bonds called for redemption, except as provided in Section 302(c) hereof, will be payable at the Bond Trustee’s designated corporate trust office and that, from the redemption date, interest will cease to accrue. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption, if any, will be made, except pursuant to Section 212 hereof, upon presentation and surrender of the Bonds to be redeemed and that on the redemption date, the redemption price will become due and payable upon each Bond to be redeemed and that interest thereon will cease to accrue on and after such date.

(c) In the case of an optional redemption under Section 301(b) hereof, the notice may state that it is conditioned upon the deposit of money in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the redemption date and if such amounts have not been so received, the notice will be of no further force and effect, the Issuer will not be required to redeem such Bonds and such Bonds will not be due and payable.

(d) Subject to Section 302(c) hereof, on or before the date fixed for redemption, funds shall be deposited with the Bond Trustee by the Obligated Group to pay the principal of, and interest on, the Bonds called for redemption. Upon the happening of the above conditions, the Bonds or portions thereof called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by this Bond Indenture, and shall not be deemed to be Outstanding under the provisions of this Bond Indenture.

SECTION 303. MANDATORY SINKING FUND.

Series 2016A Bonds. The Series 2016A Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
<td>$1</td>
</tr>
<tr>
<td>20__</td>
<td>$1</td>
</tr>
<tr>
<td>20__</td>
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<td>20__</td>
<td>$1</td>
</tr>
<tr>
<td>20__</td>
<td>$1</td>
</tr>
</tbody>
</table>

*Final Maturity*

The Series 2016A Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016A Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>20__</td>
<td>$1</td>
</tr>
<tr>
<td>20__</td>
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Series 2016B Bonds. The Series 2016B Bonds maturing on October 1, 20__, are subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016B Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

<table>
<thead>
<tr>
<th>Year (October 1)</th>
<th>Amount</th>
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*Final Maturity*
Obligated Group Agent shall pay the Put Option Price (defined below) for all of the Put Bonds to be purchased by the Bond Trustee has received a Put Option Notice (the “Put Bonds”) shall be purchased by the Obligated Group Agent, specify a date which will be no earlier than 10 days, and no later than 60 days after the Put Option Expiration Date, on which all Series 2016 Bonds for which the Put Option was exercised. Each such Bond so purchased or redeemed will be credited by the Bond Trustee at one hundred percent (100%) of the principal amount thereof on the obligation of the Issuer on such mandatory redemption payment date, and any excess will be credited on future mandatory redemption obligations in chronological order, and the principal amount of such Bonds shall be redeemed by operation of mandatory redemption and the loan payments specified in Section 401 of the Agreement for mandatory redemption will be accordingly reduced.

SECTION 304. SPECIAL MANDATORY REDEMPTION.

The Bonds are also subject to mandatory redemption in whole on the earliest practicable date for which notice can be given in accordance with this Bond Indenture at 105% of the principal amount Outstanding plus accrued interest to the redemption date following a Determination of Taxability.

The Series 2016C Bonds shall be subject to mandatory redemption prior to maturity, in part, at a redemption price equal to 100% of the principal amount of the Series 2016C Bonds to be redeemed plus accrued interest thereon to the redemption date, in the years and in the principal amounts as follows:

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<tr>
<th>Year</th>
<th>Amount</th>
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* Final Maturity

Section not less than one hundred eighty (180) days prior to the proposed tender date under this Section 305(a) (an “Optional Tender Date”).

(b) Upon receipt of the Issuer and the Bond Trustee of an Optional Tender Notice identifying the Series 2016C Bonds to be purchased, such tendered Series 2016C Bonds shall be subject to mandatory tender for purchase by the Bond Trustee on behalf of the Obligated Group at the Purchase Price on the Optional Tender Date as specified in the Optional Tender Notice.

(c) If the tendered Series 2016C Bonds are not purchased by the Bond Trustee on behalf of the Obligated Group on the Tender Date, such failure to purchase the tendered Bonds will constitute an Event of Default on the Series 2016C Bonds under Section 401 hereof.

(d) The Bond Trustee shall only pay the Purchase Price of tendered Series 2016C Bonds from moneys provided to it by the Obligated Group or from the Remarketing Agent pursuant to Section 213, and shall not be required to expend the funds of the Bond Trustee to pay such Purchase Price.

(e) Notwithstanding anything herein to the contrary, the Holders of the Senior Bonds have a first right of refusal to purchase any Series 2016C Bonds tendered pursuant to this Section 305.

SECTION 306. OPTIONAL TENDER OF BONDS IN CONNECTION WITH A CHANGE IN CONTROL.

(a) Upon the occurrence of a Change in Control, each Holder of the Series 2016 Bonds will have the right to require the Obligated Group Agent to repurchase all or any part (in Authorized Denominations) of its Series 2016 Bonds in connection with the terms set forth in the Bond Indenture (the “Put Option”). A Holder may exercise its Put Option by delivering a notice to the Bond Trustee, specifying the principal amount of Series 2016 Bonds to be purchased by the Obligated Group Agent (a “Put Option Notice”). A Put Option Notice must be delivered to the Bond Trustee within ten Business Days after receiving a notice of a Change in Control from the Obligated Group Agent.

(b) Upon the expiration of 60 days from the time the notice of Change in Control is delivered to the Holders (“Put Option Expiration Date”), the Bond Trustee shall, at the direction of the Obligated Group Agent, specify a date which will be no earlier than 10 days, and no later than 60 days after the Put Option Expiration Date, on which all Series 2016 Bonds for which the Bond Trustee has received a Put Option Notice (the “Put Bonds”) shall be purchased by the Obligated Group Agent (the “Put Option Purchase Date”). On the Put Option Purchase Date, the Obligated Group Agent shall pay the Put Option Price (defined below) for all of the Put Bonds to the Bond Trustee in immediately available funds and the Bond Trustee shall pay the same to the Holders of the Put Bonds within ten Business Days after receiving a notice of a Change in Control from the Obligated Group Agent.

(c) The purchase price of any Put Bond shall be equal to the then applicable optional redemption price (as set forth in the chart below) for such Series 2016 Bond as if such Series 2016 Bond were being optionally purchased pursuant to subsections 301(b) or (c) hereof; provided, however, that if the Put Option Purchase Date occurs prior to October 1, 20[__] the Obligated Group must obtain prior approval of a Majority of the Bondholders. If the Put Option Purchase Date occurs on or after October 1, 20[__] the purchase price for any Series 2016 Bond shall be equal to the lesser of the optional redemption price as set forth in Section 310 hereof or the amounts in the chart set forth below, plus accrued interest (the “Put Option Price”).

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Prices</th>
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<tr>
<td>October 1, 20[<strong>] through September 30, 20[</strong>]</td>
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<td>October 1, 20[<strong>] through September 30, 20[</strong>]</td>
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<td>October 1, 20[__] and thereafter</td>
<td>3%</td>
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(d) No Holder of a particular series of Series 2016 Bonds shall have a Put Option with respect to a Change in Control that is consented to in advance by a Majority of the Bondholders.

(e) The Bond Trustee may pay the Put Option Price or Purchase Price of the Series 2016 Bonds tendered pursuant to this paragraph from moneys provided to it by the Obligated Group Agent, and shall not be required to expend funds of the Bond Trustee.

(f) Tender Notices pursuant to this section shall be sent by the Bond Trustee to the Obligated Group and the Project Monitor.

(g) For purposes of clarity, it shall not be a Change in Control, and the provisions of this Section 306 shall not apply, if the Obligated Group obtains prior written approval of a Majority of the Bondholders.

A failure to pay the Put Option Price as described herein is an Event of Default.
ARTICLE IV
GENERAL COVENANTS AND PROVISIONS

SECTION 401. PAYMENT OF BONDS.

(a) The Issuer solely from and to the extent of the Trust Estate shall promptly pay when due the principal (whether at maturity, upon acceleration or call for redemption or otherwise) of, and premium, if any, and interest on, the Bonds at the places, on the dates, and in the manner provided herein and in the Bonds; provided, however, that such obligations are not a debt, liability or general obligation of the Issuer, the State or any political subdivision thereof or a pledge of the faith and credit of the Issuer, the State or any political subdivision thereof, but shall be payable solely as provided herein, which revenues and receipts are hereby specifically pledged to such purposes in the manner and to the extent provided herein. Neither, the members, officers, employees or agents of the Issuer nor any persons executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds are issued pursuant to the Act and shall not constitute an indebtedness of the Issuer within the meaning of any State debt limitation or restriction.

(b) No Holder of the Bonds shall have the right to compel the exercise of the taxing power, if any, of the Issuer, the State or any political subdivision or agency of the State, to pay any principal of, or redemption premium, if any, or interest on, the Bonds. The Issuer has no taxing power.

SECTION 402. COVENANTS AND REPRESENTATIONS OF THE ISSUER.

The Issuer shall observe and perform all covenants, conditions and agreements on its part contained in this Bond Indenture, in every Bond executed, authenticated and delivered hereunder and in all its proceedings pertaining thereto; provided, however, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder, including untrue or misleading representations or warranties, shall be limited solely to the Trust Estate. The Issuer represents that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Bond Indenture, to execute and assign the Loan Agreement, to assign the Series 2016 Obligations and to pledge the revenues, receipts and funds in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken; and that the Bonds in the hands of the Holders thereof, when issued and the purchase price paid therefor, are and will be valid and enforceable obligations of the Issuer according to the terms thereof, except as may be limited by bankruptcy laws and usual equity principles.

SECTION 403. INSTRUMENTS OF FURTHER ASSURANCE.

The Issuer, at the Obligated Group’s expense, shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplementary hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Bond Trustee of all the rights secured hereby and the revenues and receipts pledged hereby to the payment of the principal of, and premium, if any, and interest on, the Bonds. The Issuer, at the Obligated Group’s expense, shall cooperate with the Bond Trustee and with the Bondholders in protecting the rights and security of the Bondholders.

SECTION 404. INSPECTION OF BOOKS.

All books and documents in the Issuer’s possession relating to the Loan Agreement, the Series 2016 Obligations, the Series 2016 Project and the revenues derived therefrom shall be open to inspection during normal business hours and upon reasonable notice by such agents as the Bond Trustee or the Majority of Bondholders may from time to time designate.

SECTION 405. RIGHTS UNDER LOAN AGREEMENT AND THE SERIES 2016 OBLIGATIONS.

The Bond Trustee in its own name or in the name of the Issuer may enforce all Assigned Rights of the Issuer and all obligations of the Obligated Group under and pursuant to the Loan Agreement and the Series 2016 Obligations for and on behalf of the Holders in accordance herewith.

SECTION 406. COMPLIANCE WITH CODE.

The Issuer covenants and agrees not, itself, to take any action with respect to the funds held in accordance with this Bond Indenture that is inconsistent with the provisions of this Bond Indenture or that would adversely affect the excludability of interest for federal income tax purposes of the Series 2016A Bonds or the Series 2016C Bonds within the meaning of Section 148(b) of the Code. The Issuer shall not be responsible for the Obligated Group’s actions. At the request of the Issuer, the Obligated Group will obtain at the Obligated Group’s expense an Opinion of Bond Counsel with respect to action proposed that the Issuer take. The Issuer further covenants and agrees, at the expense of the Obligated Group, to comply with and take all actions required of it by the Tax Agreement and not delegated to or assumed by the Obligated Group and to continue to do so as specified therein notwithstanding any satisfaction or discharge of this Bond Indenture.

SECTION 407. REPORTS BY BOND TRUSTEE.

The Bond Trustee shall make monthly reports to the Obligated Group in accordance with the Bond Trustee’s then-current forms of reporting such information to a borrower of all moneys received and expended by it under this Bond Indenture. Upon request therefrom, the Issuer shall be entitled to copies of such reports from the Bond Trustee.

SECTION 408. LETTER OF REPRESENTATIONS.

The Issuer, the Obligated Group Agent and the Bond Trustee agree that, notwithstanding anything else in this Bond Indenture to the contrary, so long as Cede & Co. or some other nominee of DTC is the sole Bondholder, they each will give notices, make payments, establish record dates for consents and similar purposes with respect to the Bonds, and select Bonds for redemption as set forth in the letter of representations filed by the Issuer with DTC. Any actions that the Issuer is required to undertake pursuant to such letter of representations shall be at the sole cost and expense of the Obligated Group.

ARTICLE V
CUSTODY AND APPLICATION OF BOND PROCEEDS, PROJECT FUND; COST OF ISSUANCE FUND

SECTION 501. APPLICATION OF BOND PROCEEDS AND FUNDS OF THE OBLIGATED GROUP.

Simultaneously with the delivery of the Bonds, funds of the Obligated Group and the proceeds (including accrued interest less any original issue discount and the underwriter’s discount) of the Bonds shall be applied by the Bond Trustee as provided on EXHIBIT C hereof.

SECTION 502. PROJECT FUND.

(a) There is hereby established with the Bond Trustee a trust fund designated “Capital Trust Agency - Project Fund: Tuscan Gardens Senior Living Community Project.” Within the Project Fund, there are hereby created two Capitalized Interest Accounts: (i) a Senior Bonds Capitalized Interest Account to apply to pay interest on the Senior Bonds (the “Senior Bonds Capitalized Interest Account”), and (ii) a Series 2016C Bonds Capitalized Interest Account to apply to pay interest on the Series 2016C Bonds (the “Series 2016C Capitalized Interest Account”) and together with the Senior Bonds Capitalized Interest Account, the “Capitalized Interest Accounts”). The Bond Trustee shall use amounts in the Capitalized Interest Accounts to pay capitalized interest on the respective Series 2016 Bonds and any Annual Issuer’s Fee when payable. Until such accounts are depleted, the Bond Trustee shall apply amounts in (i) the Capitalized Interest Accounts to pay capitalized interest on the applicable series of Bonds, as further provided in subsection 502(d), and (ii) the Senior Bonds Capitalized Interest Account to pay the Annual Issuer’s Fee, as further provided in subsection 502(e). All investment earnings on amounts held in the Project Fund shall be deposited to the Interest Account of the Bond Fund, as received.

(b) Before any payment shall be made from the Project Fund for Qualified Costs of the Project, there shall be filed with the Bond Trustee a Disbursement Request, as defined in and attached to the Construction Disbursement Agreement. The Bond Trustee shall have no duty to verify the accuracy of matters set forth in the Disbursement Request and its attachments or exhibits. The Bond Trustee may conclusively rely upon the receipt of signed exhibits attached to the Disbursement Request as evidence that all conditions precedent required by Section 3.4 of the Construction Disbursement Agreement have been satisfied.

(c) Upon receipt of each such disbursement request and accompanying certificate, the Bond Trustee shall within five (5) Business Days, make payment from the Project Fund in accordance with such disbursement request; provided, however, that if such certificate states that no Event of Default exists, the Bond Trustee shall not be required to make, but may make, such payment but subject to executed disbursement request and certificate if it determines that such payment is in the interest of the Holders of the Bonds. In no event shall the Bond Trustee be obligated to make disbursements until it has received the written approval of the Construction Consultant or Project Monitor, as applicable, upon Disbursement Request. All such payments shall be made by check or shall payable either (i) directly to the person, firm, or corporation to be paid, (ii) to both the Obligated Group Agent and such person, firm, or corporation, or (iii) upon
(d) The Annual Issuer’s Fee payable from the Senior Bonds Capitalized Interest Account shall be paid to the Issuer by the Bond Trustee when due, without need for any disbursement request or direction from any Person.

(e) All proceeds of the Bonds remaining in the Project Fund on the Completion Date, less amounts that the Obligated Group Agent has directed the Bond Trustee to retain or set aside to meet costs not then due and payable or which are being contested, (i) shall be transferred to the Bond Fund by the Bond Trustee and used for the redemption of the Series 2016 Bonds pursuant to Section 301(a) hereof, or (ii) if the Bond Trustee Receives an Opinion of Bond Counsel, (A) transferred to the Bond Fund by the Bond Trustee and used to pay principal of or interest on the Series 2016 Bonds, or (B) used to pay Qualified Costs of the Project. The amount placed in the Bond Fund may be invested at the written direction of the Obligated Group Agent, who shall request that an investment be made which would produce a yield which is not greater than the yield on the Series 2016A Bonds or the Series 2016C Bonds, or shall otherwise request such that investments shall consist solely of Bonds within the meaning of Section 148(b)(3) of the Code.

SECTION 503. COST OF ISSUANCE FUND.

(a) There is hereby established with the Bond Trustee a trust fund designated “Capital Trust Agency - Cost of Issuance Fund: Tuscan Gardens of Palm Coast Project” (the “Cost of Issuance Fund”).

(b) The Obligated Group Agent shall request that amounts in the Cost of Issuance Fund be used for payment of Costs of Issuance. All investment earnings on amounts held in the Cost of Issuance Fund shall be transferred to the Interest Account of the Bond Fund as received. Amounts on deposit in the Cost of Issuance Fund shall be requisitioned in accordance with the requisition form attached hereto as EXHIBIT B.

(c) Upon receipt of each such requisition and signed certification, the Bond Trustee shall within two (2) Business Days, make payment from the Fund of Issuance Fund to account with such requisition. All such payments shall be made by check, draft or wire transfer payable either (i) directly to the person, firm or corporation to be paid, (ii) to both the Obligated Group and such person, firm or corporation, or (iii) upon receipt of evidence that the Obligated Group for previously paid such amount, to the Obligated Group. Copies of requisitions will be provided to the Issuer on request.

(d) On the ninetieth (90th) day following the date of issuance of the Bonds, the balance of any moneys remaining in the Cost of Issuance Fund shall be transferred to the Project Fund.

(e) Any provision hereof to the contrary notwithstanding, the Bond Trustee is authorized and directed to pay the costs of issuance related to the Issuer, described on SCHEDULE

ARTICLE VI
OTHER REVENUES AND FUNDS

SECTION 601. ESTABLISHMENT OF FUNDS.

The following trust funds, all to be held by the Bond Trustee, are hereby established hereunder:

(a) “Capital Trust Agency - Bond Fund: Tuscan Gardens of Palm Coast Project” (the “Bond Fund”) in which there shall be established the following accounts, to be used solely to pay the Bonds named in the account title: (i) Senior Bonds Interest Account (the “Senior Bonds Interest Account”), in which shall be established the following sub-accounts, to be used solely to pay the Senior Bonds Interest Account and together with the Senior Bonds Interest Account, the “Interest Accounts”), (iii) Senior Bonds Principal Account (the “Senior Bonds Principal Account”) in which there shall be established the following sub-accounts, to be used solely to pay the Bonds named in the account title: (i) Series 2016A Interest Sub-Account (the “Series 2016A Interest Sub-Account”) and (B) Series 2016B Interest Sub-Account (the “Series 2016B Interest Sub-Account”) and (iv) Series 2016C Bonds Principal Account (the “Series 2016C Bonds Principal Account”) and together with the Senior Bonds Principal Account, the “Principal Accounts”).

(b) “Capital Trust Agency - Debt Service Reserve Fund: Tuscan Gardens of Palm Coast Project” (the “Debt Service Reserve Fund”) in which there shall be established the following accounts: (i) the Series 2016A Debt Service Reserve Account (the “Series 2016A Debt Service Reserve Account”) and (ii) the Series 2016B Debt Service Reserve Account (the “Series 2016B Debt Service Reserve Account”).

(c) “Capital Trust Agency - Rebate Fund: Tuscan Gardens of Palm Coast Project” (the “Rebate Fund”).

SECTION 602. FUNDS RECEIVED.

(a) The Bond Trustee, upon receipt thereof, shall deposit all payments and receipts derived from the Series 2016 Obligations or the security therefor under the Loan Agreement in the following order, subject to credits as provided in this Article VI:

(i) to the applicable Senior Bonds Interest Account of the Bond Fund commencing on December 1, 2016 an amount equal to one-fourth (1/4th) of the amount remaining after the interest to become due on the respective series of Bonds on April 1, 2017, and commencing on April 1, 2017, and continuing on the fifth (5th) day of each month thereafter, an amount equal to one-sixth (1/6th) of the amount of interest due on the Bonds on the next Interest Payment Date, or such lesser amount that, together with amounts already on deposit in the applicable Principal Account, will be sufficient to pay the interest on the Bonds to become due on such Interest Payment Date;

(ii) to the applicable Senior Bonds Principal Account of the Bond Fund, commencing on October 1, 2019, an amount equal to one-twelfth (1/12th) of the amount of principal that will become due on the respective series of Bonds on the following October 1 or will be payable on such October 1 pursuant to Section 303 hereof or shall lesser amount that, together with amounts already on deposit in the applicable Principal Account, will be sufficient to pay principal of the respective series of Bonds to become due or be paid at redemption on such October 1;

(iii) to the Series 2016C Bonds Interest Account of the Bond Funds commencing on October 1, 2019, an amount equal to one-twelfth (1/12th) of the amount of principal that will become due on the Bonds on the following October 1 or will be payable on such October 1 pursuant to Section 303 hereof or shall lesser amount that, together with amounts already on deposit in the applicable Principal Account, will be sufficient to pay the interest on the Bonds to become due on such Interest Payment Date;

(iv) to the Series 2016C Bonds Principal Account of the Bond Fund, commencing on October 1, 2019, an amount equal to one-twelfth (1/12th) of the amount of principal that will become due on the Bonds on the following October 1 or will be payable on such October 1 pursuant to Section 303 hereof or shall lesser amount that, together with amounts already on deposit in the Principal Account, will be sufficient to pay principal of the Bonds to become due or be paid at redemption on such October 1;

(v) if the balance in the applicable account(s) of the Debt Service Reserve Fund is less than the Required Debt Service Reserve due to a transfer therefrom to pay principal of or interest on the Senior Bonds, to the applicable account(s) in the Debt Service Reserve Fund, an amount equal to the amount necessary to restore the amount on deposit to the Required Debt Service Reserve in not more than four (4) substantially equal monthly payments, with the first such payment due on the twentieth (20th) day of the month after such deficit occurs. If the balance in the applicable account(s) of the Debt Service Reserve Fund is less than ninety percent (90%) of the Required Debt Service Reserve for the applicable series of Bonds due to a reduction in market value pursuant to the revaluation provisions of Section 701, to the applicable account(s) of the Debt Service Reserve Fund, an amount necessary to restore the amount on deposit to the Required Debt Service Reserve in not more than four (4) substantially equal monthly payments,

(b) If on the twenty-fifth (25th) day of any month sufficient funds are not received by the Bond Trustee to make the deposits to the Bond Fund or the Debt Service Reserve Fund required on such date, the Bond Trustee shall within three (3) Business Days notify the Obligated Group of such by telephone or telex with receipt confirmed in writing, by first class registered or certified mail, with a copy to the Issuer.

SECTION 603. BOND FUND.

(a) Interest Accounts

(i) Interest Accounts The Bond Trustee shall use moneys (i) in the Series 2016A Interest Sub-Account solely to pay interest on the Series 2016A Bonds, (ii) in the Series 2016B

1 attached hereto in addition to any other costs of issuance requisitioned pursuant to this Section 503, without further review, direction or approval by any party, upon receipt of requisitions therefor.
Interest Sub-Account to pay interest on the Series 2016B Bonds and (iii) in the Series 2016C Interest Account solely to pay interest on the Series 2016C Bonds, as each of the same shall become due.

(b) Principal Accounts. The Bond Trustee shall use moneys (i) in the Series 2016A Principal Sub-Account solely to pay the principal of, and premium, if any, on, the Series 2016A Bonds and (ii) in the Series 2016B Principal Sub-Account solely to pay the principal of, and premium, if any, on, the Series 2016B Bonds, each whether at maturity, by acceleration, call for redemption, or otherwise. The Bond Trustee shall provide for redemption of Bonds in accordance with the mandatory sinking fund requirements set forth in Section 503 hereof; provided, however, that on or before the seventieth (70th) day immediately preceding any such Bond Payment Date, an Authorized Representative, on behalf of the Issuer, may:

(i) pay to the Bond Trustee for deposit in the applicable sub-account of the Principal Account as an advance payment on the Series 2016 Obligations such amount as the Obligated Group may determine, accompanied by a certificate signed by an Authorized Representative directing the Bond Trustee to apply such amount on or before such seventieth (70th) day to the purchase of Bonds required to be redeemed on such Bond Payment Date, and the Bond Trustee shall thereupon, at the expense of the Obligated Group, use all reasonable efforts to purchase for book value such Bonds as purchased for such amount on or before such seventieth (70th) day in an amount not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date;

(ii) deliver to the Bond Trustee for cancellation Bonds required to be redeemed on such Bond Payment Date in any aggregate principal amount desired; or

(iii) instruct the Bond Trustee to apply a credit against the sinking fund redemption obligation for any such Bonds that previously have been redeemed (other than through the operation of the sinking fund) and cancelled by the Bond Trustee and not previously applied as a credit against any sinking fund redemption obligation.

Each Bond so purchased, delivered, or previously redeemed shall be credited by the Bond Trustee at one hundred percent (100%) of the principal amount thereof against amounts required to be transferred to the Principal Account on account of such Bonds, and the principal amount of Bonds to be redeemed on such Bond Payment Date shall be reduced by the amount of Bonds so purchased, delivered, or previously redeemed. Any principal amount of such Bonds in excess of the principal amount required to be redeemed on such Bond Payment Date shall be credited in chronological order against future transfers to the Principal Account and shall similarly reduce the principal amount of Bonds to be redeemed on the next Bond Payment Date. Within seven (7) days of the receipt of such Bonds or instructions described in items (i), (ii) or (iii) of this subsection, the Bond Trustee shall transfer any amounts in the Principal Account in excess of the amount necessary to fulfill the remaining mandatory sinking fund redemption obligation for the Bond Payment Date to the Debt Service Reserve Fund to the extent the amount therein is less than the Required Debt Service Reserve, and hold any excess amounts to be used as a credit for future sinking fund payments.

(c) The Bond Trustee shall preserve all statements, forms and explanations received from the Obligated Group, the Rebate Analyst or the Issuer pursuant to this Section and all records of transactions in the Rebate Fund until six (6) years after the discharge of the Bonds.

(e) The Bond Trustee may conclusively rely on the information provided and the instructions and forms prepared by or on behalf of the Obligated Group in compliance with any action to be taken by it, including payments to be made, pursuant to this Section and shall have no liability for any consequences of any failure of the Obligated Group to supply accurate or sufficient instructions or to compute correctly any amount pursuant to this Section. The Bond Trustee and the Issuer shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments. The Obligated Group has assumed the obligation to calculate and pay rebate amounts.

(f) If any time during the term of this Bond Indenture the Obligated Group, the Issuer or the Bond Trustee shall desire to take any action that would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide at the expense of the Obligated Group to the other person named herein an Opinion of Bond Counsel to the effect that such action shall not adversely affect the eligibility of the Series 2016A Bonds or the Series 2016C Bonds from qualification as the securities of the United States, the Series 2016A Bond or Series 2016C Bond for federal income tax purposes and shall be in compliance with the laws of the State.

(g) Notwithstanding any other provision of this Bond Indenture, in particular Article VII hereof, the obligation to pay rebatable arbitrage to the United States of America and to comply with all other requirements of this Section shall survive the defeasance or payment in full of the Bonds until such obligation is fully discharged. Any amounts remaining in the Rebate Fund after such obligation is fully discharged shall be refunded to the Obligated Group.

SECTION 605. DEBT SERVICE RESERVE FUND.

(a) Upon issuance of the Bonds, the Bond Trustee shall deposit an amount equal to the Required Debt Service Reserve into the respective accounts of the Debt Service Reserve Fund.

(b) The Bond Trustee shall use amounts in the respective accounts of the Debt Service Reserve Fund for each series of Bonds to make transfers to the respective sub-accounts of the Bond Fund for such series of Bonds to the Principal Account in principal (whether at maturity, by acceleration, or pursuant to mandatory sinking fund redemption) and interest on the Senior Bonds as the same shall become due whenever and to the extent that the money on deposit in the Bond Fund is insufficient for such purposes. In the event the balance in either account of the Debt Service Reserve Fund on any Interest Payment Date shall fall below the Required Debt Service Reserve, the Bond Trustee shall transfer funds to the applicable account of the Debt Service Reserve Fund to restore such Required Debt Service Reserve, in accordance with Section 602(a)(i) hereof. In the event the Debt Service Reserve Fund is not restored in the manner and time specified in accordance with Section 602(a)(i) hereof, an Event of Default shall occur pursuant to Section 601 of the Loan Agreement. In the event the balance in the Series 2016A Account of the Debt Service Reserve Fund on any Interest Payment Date shall exceed the Required Debt Service Reserve Fund and the balance of the Debt Service Reserve Fund on any Interest Payment Date shall exceed the Required Debt Service Reserve Fund, the Bond Trustee shall transfer any amounts in the Principal Account in excess of the amount necessary to fulfill the remaining mandatory sinking fund redemption obligation for the Bond Payment Date to the Debt Service Reserve Fund to the extent the amount therein is less than the Required Debt Service Reserve, and hold any excess amounts to be used as a credit for future sinking fund payments.

(c) The Bond Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments. The Obligated Group has assumed the obligation to calculate and pay rebate amounts.

(f) The Bond Trustee shall at the direction of the Obligated Group Agent create accounts within the funds and accounts of the Bond Holders for the payment of the Required Debt Service Reserve Fund and for the payment of the Required Debt Service Reserve Fund for the payment of the Required Debt Service Reserve Fund, as required pursuant to Section 507 hereof. In the event the balances in the Senior Bonds Interest Accounts and the Senior Bonds Principal Account in the Bond Fund shall be insufficient for the purposes thereof, the Bond Trustee shall transfer first to the Senior Bonds Interest Account and then to the Senior Bonds Principal Account such amounts as may be necessary therefor from the Debt Service Reserve Fund. Investment earnings on amounts in the Interest Accounts shall be retained in the Interest Accounts. If the balance in the Interest Accounts on any Interest Payment Date (before the transfers to be made from such account on such date exceed the amount payable on the Bonds on such date), the excess shall be retained in the Interest Accounts and used as a credit against required transfers to the Interest Accounts during the following months preceding the next Interest Payment Date. Investment earnings on amounts in the Interest Accounts shall be retained in the Interest Accounts. If the event the balance in the Principal Accounts on any October 1 shall exceed the amount necessary on such date to pay principal of the Bonds on the next principal payment date, the excess shall be retained therein and used to pay principal of the Bonds due and to the extent not so used, credited against required transfers thereto.

(g) The Bond Trustee shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments. The Obligated Group has assumed the obligation to calculate and pay rebate amounts.

SECTION 606. REBATE FUND.

(a) The Bond Trustee shall maintain the Rebate Fund at all times prior to the final payment to the United States of America of the amounts described in subsection (c) of this Section, which fund shall not be part of the Trust Estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under this Bond Indenture and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any eligibility from gross income of interest on the Series 2016A Bonds or the Series 2016C Bonds under the Code.

(b) The Bond Trustee shall deposit or transfer to the credit of the Rebate Fund each amount paid to the Bond Trustee by the Obligated Group pursuant to Section 407 of the Loan Agreement or moneys from other funds or accounts that the Bond Trustee is authorized to transfer to the Rebate Fund or to any other account under the Loan Agreement. The Bond Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(c) The Bond Trustee, on behalf of the Issuer at the written direction of the Obligated Group, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst) in the amount, to the place and in the manner required by Section 148(f) of the Code, the Regulations, and rulings thereunder. All such payments shall be made by the Bond Trustee for the account and in the name of the Issuer and shall be paid by check mailed by certified United States mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by Internal Revenue Service Form 8833-T as prepared by the Obligated Group on behalf of the Issuer and executed and delivered pursuant to Section 407 of the Loan Agreement), to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by Internal Revenue Service Form 8833-T as prepared by the Obligated Group on behalf of the Issuer and executed and delivered pursuant to Section 407 of the Loan Agreement), or as otherwise directed by the Obligated Group, and the Issuer shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments. The Obligated Group has assumed the obligation to calculate and pay rebate amounts.

SECTION 607. NON-PRESENTMENT OF BONDS.

(a) If any Bond shall not be presented for payment when the principal thereof shall become due (whether at maturity, upon acceleration or call for redemption, or otherwise), all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged if funds shall be sufficient to pay such Bond and interest due thereon shall be held by the Bond Trustee for the benefit of the Holder thereof, and thereupon it shall be the duty of the Bond Trustee to hold such funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on the part of the Holder under this Bond Indenture or on, or with respect to, such Bond.

(b) Any moneys that have been set aside by the Bond Trustee for the payment of the principal of, and premium, if any, and interest on, the Bonds and that shall remain unclaimed by the Holder of any of the Bonds for a period of five (5) years after the date on which such principal shall become due, the Bond Trustee shall deposit or transfer to the credit of the Rebate Fund, as required in accordance with the terms and provisions of said Bond Indenture.
and interest on the Bonds shall have become payable, shall, unless otherwise required by law, be paid to the Obligated Group, and thereafter the Holders of such Bonds shall look only to the Obligated Group as unsecured creditors for the payment thereof and then only to the extent of the amount so received, without any interest thereon, and the Issuer and the Bond Trustee shall have no responsibility with respect to such moneys other than the payment of such Bonds; provided, however, that before the repayment of such money to the Obligated Group as aforesaid, the Bond Trustee shall (provided the Obligated Group pays the expenses of such publication), first publish a notice in such form as may be deemed appropriate by the Bond Trustee, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the repayment to the Obligated Group of the money held for the repayment thereof. Such notice, if published, shall be published at least once in a financial newspaper or journal published and of general circulation in New York, New York. In the event of the repayment of any such money to the Obligated Group as aforesaid, the Holder of the Bonds in respect of which such money was deposited shall hereafter be deemed to have been unsecured creditors of the Obligated Group for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Obligated Group (without interest thereon).

SECTION 608. BOND TRUSTEE’S FEES, COSTS AND EXPENSES.

The initial administrative and acceptance fees and expenses, including reasonable legal fees and expenses, of the Bond Trustee relating to the Bonds shall be paid from the Cost of Issuance Fund upon issuance of the Bonds. Fees and expenses not paid from the proceeds of the Bonds shall be paid by the Obligated Group from its own funds. All other fees and expenses of the Bond Trustee and the Issuer, including (but not limited to) fees and expenses of their agents (including reasonable fees of their attorneys) described in the Loan Agreement shall be paid by the Obligated Group in accordance with the provisions of the Loan Agreement and as provided with respect to the Bond Trustee pursuant to Section 1002 hereof.

SECTION 609. MONEYS TO BE HELD IN ESCROW.

All moneys required to be deposited with or paid to the Bond Trustee for the account of any of the funds created by this Bond Indenture shall be held by the Bond Trustee in escrow, and except for moneys deposited with or paid to the Bond Trustee for the redemption of Bonds, notice of the redemption of which shall have been duly given, shall, while held by the Bond Trustee, constitute part of the Trust Estate (other than the Rebate Fund) and be subject to the lien hereof.

SECTION 610. FINAL BALANCES.

Upon the deposit with the Bond Trustee of money sufficient to pay all principal of, and premium, if any, and interest on the Bonds, and upon written notice from an Authorized Officer of the Issuer and the Obligated Group to the Bond Trustee of satisfaction of all claims against the Issuer and the Obligated Group hereunder and under the Loan Agreement, including any rebate obligations under Section 604, all fees, charges, indemnity payments to and expenses of the Bond Trustee, the Bond Registrar, the Issuer and any Paying Agent that are properly due and payable hereunder and any other amounts required to be paid by the Obligated Group hereunder or under the Loan Agreement or any other Financing Instrument, or upon written notice to the Bond Trustee of the making of adequate provisions for the payment of such amounts as permitted hereby, all money remaining in all funds shall be remitted to the Obligated Group; except (a) money necessary to pay principal of, and premium, if any, and interest, on, the Bonds shall be held by the Bond Trustee and paid to the Bondholders or to the Obligated Group pursuant to Section 607 hereof, and (b) money, if any, set aside in the Rebate Fund shall be applied pursuant to Section 604 hereof.

SECTION 611. REPAYMENT TO THE OBLIGATED GROUP FROM FUNDS.

Subject to any applicable laws concerning escheat or unclaimed moneys, all amounts (except amounts described in subsections 610(k) and (b) of this Bond Indenture) remaining in any of the funds created by this Bond Indenture shall be paid to the Obligated Group after payment in full of the Bonds and the fees, charges, and expenses of the Bond Trustee and its agents and counsel and as evidenced by a certificate of an Authorized Officer of the Obligated Group any other paying agent and other amounts required to be paid hereunder, and the fees, charges and expenses of the Issuer and its counsel and financial advisor and any other amounts required to be paid by the Obligated Group under the Series 2016 Obligations or the Loan Agreement.

SECTION 701. INVESTMENTS

(a) The Bond Trustee shall separately invest and reinvest any moneys held in the funds and accounts hereunder in Permitted Investments upon written direction given (which direction shall specify the amount thereof to be so invested) by an Authorized Representative. Such investments shall be held in accordance with the Bond Trustee’s customary practices.

(b) All such investments shall be held by or under the control of the Bond Trustee and while so held shall be deemed a part of the fund or account in which such moneys were originally held, except as otherwise provided herein. Except as provided in Sections 302, 303 and 607 hereof and notwithstanding anything else herein to the contrary, the interest accruing from such investments and any profit realized therefrom shall be credited to such funds or accounts and any loss resulting from such investments shall be charged to such funds or accounts. The Bond Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the balance in any fund or account is insufficient for the purposes thereof. So long as all investment restrictions applicable to each fund or account created hereunder are complied with, the Bond Trustee may commingle the funds and accounts held by it hereunder for purposes of investing amounts held therein.

(c) Notwithstanding anything contained herein to the contrary, the Bond Trustee shall have no obligation to enter into any investment contract, forward delivery investment agreement, or any similar agreements with respect to the investment of any moneys held under this Bond Indenture unless (i) such agreement is in form and content acceptable to the Bond Trustee in its sole discretion, (ii) any liability of the Bond Trustee under such agreement is limited to loss occasioned by the negligence or willful misconduct of the Trustee, (iii) the Bond Trustee is not liable under any circumstances for any termination or similar amount under such agreement, and (iv) the Obligated Group shall pay to the Bond Trustee an additional fee and expenses established by the Bond Trustee in accordance with the Bond Trustee’s customary practices.

(d) The Bond Trustee shall, to the extent consistent with other provisions of this Section, make any investment requested by the Obligated Group. In the absence of any instructions by the Obligated Group, the Bond Trustee shall hold any moneys held under this Bond Indenture uninvested. At the request of the Obligated Group, but no more frequently than monthly, the Bond Trustee shall provide the Authorized Representative with reports in reasonable detail regarding the investment of the funds held by the Bond Trustee.

(e) The Obligated Group Agent shall direct that moneys held in the following funds and accounts shall be invested in securities and obligations, including Permitted Investments, maturing not later than the following dates:

- (i) Project Fund: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Project Fund.
- (ii) Cost of Issuance Fund: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Cost of Issuance Fund.
- (iii) Bond Fund (including accounts): only in Permitted Investments maturing not later than the dates on which such moneys will be needed to pay principal (whether at maturity or by mandatory sinking fund redemption) or interest on the Bonds.
- (iv) Debt Service Reserve Fund: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Debt Service Reserve Fund.
- (v) Bond Trustee: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Bond Trustee.
- (vi) Issuer: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer.
- (vii) Other Obligated Group: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Other Obligated Group.
- (viii) Issuer and Obligated Group: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer and Obligated Group.
- (ix) Issuer, Obligated Group: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer and Obligated Group.
- (x) Issuer, Obligated Group, Bond Trustee: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer, Obligated Group, and Bond Trustee.
- (xi) Issuer, Obligated Group, Bond Trustee, other Obligated Group: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer, Obligated Group, Bond Trustee, and other Obligated Group.
- (xii) Issuer, Obligated Group, Bond Trustee, other Obligated Group, Issuer and Obligated Group: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer, Obligated Group, Bond Trustee, other Obligated Group, Issuer and Obligated Group.
- (xiii) Issuer, Obligated Group, Bond Trustee, other Obligated Group, Issuer and Obligated Group, Bond Trustee: only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments required to be made from the Issuer, Obligated Group, Bond Trustee, other Obligated Group, Issuer and Obligated Group, and Bond Trustee.

(f) For the purposes of this Section investments shall be considered as maturing on the date on which they are redeemable without penalty at the option of the holder or the date on which the Bond Trustee may require their repurchase, pursuant to a repurchase agreement qualifying as described above.

(g) For the purpose of determining the amount on deposit to the credit of any such fund or account shown in annual accounting statements as required by this Section, the aggregate amount of moneys therein shall be valued as of January 1 of each year at the cost or market price thereof if such investments are traded on a recognized securities exchange and at their cost in the case of investments not so traded, whichever is lower, inclusive of accrued interest, except for the investments of money in the Debt Service Reserve Fund, which shall be valued at market value inclusive of accrued interest. The Bond Trustee shall not be required to calculate the value of investments more frequently than annually.

(h) The Bond Trustee shall have no liability for any losses from investments the Bond Trustee makes (or does not make) in accordance with the terms hereof.

SECTION 702. BROKERAGE CONFIRMATIONS.

The parties acknowledge that to the extent regulations of the Comptroller of Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions, the parties waive receipt of such confirmations, to the extent permitted by law. The Master Trustee or Bond Trustee shall furnish a statement of security transactions on its regular monthly reports. This language eliminates the need to send investment confirmations each time a trade is executed, and also eliminates the need for a separate letter from the parties waiving this requirement.
SECTION 703. ALLOCATION AND TRANSFERS OF INVESTMENTS.
Any investments shall be deemed at all times a part of the fund or account from which the investment was made. Any loss resulting from such investments shall be charged to such fund or account, any interest or other gain from any fund or account from any investment or reinvestment pursuant to Section 701 hereof shall be allocated and transferred subject to the Tax Agreement as follows:
(i) Except as set forth in subsections 502(a), 503(b) and 605(b) hereof, any interest or other gain realized as a result of any investments or reinvestments of money in the funds or accounts shall be retained in the respective fund or account.
(ii) Notwithstanding the foregoing, any interest or other gain realized as a result of any investments or reinvestments of money in funds or accounts pursuant to Section 701 hereof; shall, if the Bond Trustee has knowledge of such fact, shall first be deposited in the Retained Fund to the extent amounts required to be deposited therein pursuant to the Tax Agreement shall not have been so deposited.

SECTION 704. INVESTMENT OF REBATE FUND.
The Obligated Group shall request that moneys on deposit in the Rebate Fund be invested only in Permitted Investments described in (a) and (b) of the definition of Permitted Investments, and otherwise in accordance with the provisions of the Tax Agreement, all as shall be directed by the Obligated Group in writing; provided, however, that in the event of a conflict in said provisions, the provisions of the Tax Agreement shall control.

SECTION 705. INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.
The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.
The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.

SECTION 701.

INVESTMENTS THROUGH BOND TRUSTEE’S BOND DEPARTMENT.

The Bond Trustee may make investments permitted by Section 701 hereof through its own bond or investment department or through an affiliated broker or dealer.

SECTION 706. INVESTMENT RECORDS.

The Bond Trustee will keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation, and expenditures of money held under this Bond Indenture. The Bond Trustee will make copies of such records available to the Obligated Group, upon reasonable written request. The Bond Trustee agrees to retain investment records relating to the moneys held under this Bond Indenture until six (6) years after the Bonds are no longer Outstanding.

INVESTMENT OF REBATE FUND.
SECTION 903. OTHER REMEDIES; RIGHTS OF BONDHOLDERS.

(a) Upon the occurrence of an Event of Default, the Bond Trustee may proceed to protect and enforce its rights as the holder of the Series 2016 Obligations and the rights of the Bondholders by mandamus or other appropriate proceedings, at law or in equity for specific performance of any agreement herein contained or in the Financing Instruments.

(b) Upon the occurrence of an Event of Default, if requested to do so by the Majority of the Bondholders and (if provided security and indemnity pursuant to Section 1001(k) hereof), the Bond Trustee shall exercise such one or more of the rights and powers conferred by this Article as the Bond Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Bondholders.

(c) No remedy conferred by this Bond Indenture upon or reserved to the Bondholder or to the Bond Trustee is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholder or to the Bond Trustee hereunder or now or hereafter existing at law or in equity or by statute.

(d) No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(e) No waiver of any Event of Default hereunder, whether by the Bond Trustee pursuant to Section 910 hereof or by the Bondholders, shall extend to or shall affect any subsequent failure or Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 904. RIGHT OF BONDHOLDERS TO DIRECT PROCEEDING.

A Majority of the Bondholders shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture or any other provisions hereunder, provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Indenture, including Article X hereof. In the event the Bond Trustee shall receive instructions or requests for indemnity from two or more groups or beneficial Owners of Bonds Outstanding, each beneficially owning twenty-five percent (25%) or more in aggregate principal amount of Bonds Outstanding, the Bond Trustee shall follow the directions of the Beneficial Owners representing the largest principal amount of Bonds Outstanding.

SECTION 905. APPLICATION OF MONEYS.

(a) All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article or otherwise held in the Trust Estate pursuant to the terms of this Bond Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys, the expenses, liabilities, and advances incurred or made by the Bond Trustee (including interest thereon at the Maximum Rate), the fees and reasonable legal expenses and other advances of the Bond Trustee and the Issuer in carrying out this Bond Indenture or the Loan Agreement, be deposited in the Bond Fund and thereafter shall be deposited, to the extent necessary in deficiency of required amounts in the Reserve Fund, in the Reserve Fund. All moneys so deposited in the Bond Fund after payment of the amounts specified above in this Section 905 and all moneys held or deposited in the Bond Fund during the continuance of an Event of Default shall be applied as follows:

(i) 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: Omitted;

SECOND: To the payment to the persons entitled thereto of all installments of interest then due on the Senior 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 preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

THIRD: To the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds that shall have become due or that shall have been declared due and payable, during such time all moneys shall be applied in accordance with the provisions of item (i) of this subsection.

NINTH: After payment in full of the Bonds, any other fees and expenses due under the Mortgage, the Loan Agreement, the Master Indenture or any other Financing Instruments to which the Obligated Group is a party, then to the Obligated Group.

(ii) (a) 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 of such principal principal payment, during such time all moneys shall be applied in accordance with the provisions of item (i) of this subsection 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 the first paragraph of this subsection (a) 905 and item (i) of this subsection (a).

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Bond 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 Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall have been presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

SECTION 906. REMEDIES VESTED IN BOND TRUSTEE.

All rights of action (including the right to file proof of claims) under this Bond Indenture or under any of the Bonds may be enforced by the Bond 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 Bond Trustee may be brought in its name as Bond Trustee
without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds; provided, however, that the Bond Trustee shall not be obligated to do any act permitted by this Bond Indenture unless furnished compensation and reimbursement for the reasonable fees and expenses of its counsel and indemnity for reasonable expenses and liability.

SECTION 907. LIMITATION ON SUITS.

Except to enforce the rights given under Sections 902 and 908 hereof, no Holder of any Bond shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of this Bond Indenture or for the execution of any power or trust hereunder, unless (a) a failure shall have occurred and continue to exist of which the Bond Trustee has been notified as provided in Section 1001(h) hereof, or of which by such Section it is deemed to have notice, (b) such failure shall have become an Event of Default and the Majority of the Bondholders shall have made written request to the Bond Trustee and 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, (c) the Majority of the Bondholders shall have offered to the Bond Trustee indemnity as provided in Section 1001(k) hereof, (d) the Bond Trustee shall have, for thirty (30) days after such notice, failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (e) no direction inconsistent with such written request shall have been given to the Bond Trustee during such thirty (30) day period by a Majority of the Bondholders, and (f) prior notice of such proposed action, suit, or proceeding shall have been given to the Bond Trustee; 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 this Bond Indenture by his, her, its, 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 and maintained in the manner herein provided and for the equal benefit of the Holders of all Bonds then Outstanding. The notification, request, and offer of indemnity set forth above, at the option of the Bond Trustee, shall be conditions precedent to the execution of the powers and trusts of this Bond Indenture and to any action or cause of action for the enforcement of this Bond Indenture or for any other remedy hereunder. No Holder shall have the right to institute any action against the Bond Trustee for following the direction of the Majority of the Bondholders in taking or not taking any action.

SECTION 908. UNCONDITIONAL RIGHT TO RECEIVE PRINCIPAL, PREMIUM AND INTEREST.

Nothing in this Bond Indenture shall, however, affect or impair the right of any Bondholder to enforce, by action at law, payment of the principal of, and, premium, if any, on any Bond at and after the maturity thereof, or on the date fixed for redemption or (subject to the provisions of Section 902 hereof) upon the same being declared due prior to maturity as herein provided, or the obligation of the Issuer to pay the principal of, and premium, if any, and interest on, each of the Bonds issued hereunder to the respective Holders thereof at time, place, from the source and in the manner expressed herein and in the Bonds. In no event shall the Issuer have any obligation to pay any of the sums contemplated by this Section or elsewhere in this Bond Indenture except from the Trust Estate or from funds provided by the Obligated Group.

SECTION 912. SUBORDINATION OF SERIES 2016C BONDS.

(a) The Holders of the Series 2016C Bonds hereby acknowledge and agree that the Series 2016C Bonds shall in all respects and at all times be subject to and subordinate to the Senior Bonds, notwithstanding the occurrence of an Event of Default with respect to the Series 2016C Bonds, and the rights and remedies of the Holders of the Series 2016C Bonds shall be subject to the terms of this Article IX. Neither the Bond Trustee nor the Series 2016C Bondholder Representative shall have any liability or responsibility to the Holders of the Series 2016C Bonds for any action taken in accordance with the terms of this Bond Indenture, even if such action is to the detriment of the Holders of the Series 2016C Bonds. Specifically, and by way of example, the sale of Mortgaged Property for less than the principal amount of the Series 2016A Bonds and Series 2016B Bonds Outstanding would effectively leave no source of funds to pay the interest or principal of the Series 2016C Bonds.

(b) [Omitted.]

(c) Each Holder of the Series 2016C Bonds, by its acceptance thereof:

(i) Acknowledges and agrees to the subordination provisions hereof applicable to the Series 2016C Bonds and that the actions of the Bond Trustee to enforce the rights or to realize the return on the investment of the Holders of the Senior Bonds hereunder may prejudice the interests and rights of the Holders of the Series 2016C Bonds, and hereby waives any and all claims against the Bond Trustee, the Master Trustee and the Holders of the Senior Bonds, related to any action taken hereunder, notwithstanding any conflict of interest between the Bond Trustee or Holders of the Senior Bonds, and the Holders of the Series 2016C Bonds;

(ii) Agrees that it shall not initiate, prosecute or participate in, any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Bonds, or any lien or security interests securing the Bonds;

(iii) Agrees that it shall not institute against, or join any other person in instituting against, the Obligated Group, any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding, or any proceedings under any bankruptcy or similar law, while any Senior Bonds are Outstanding, except as provided in this Bond Indenture;

(iv) Agrees that it shall not assume, liquidate, foreclose upon or take any other action to enforce its rights under any mortgage, credit enhancement or other security document securing repayment of the indebtedness evidenced by the Series 2016C Bonds, which rights such Holder agrees and acknowledges must be exercised by the Bond Trustee, in accordance with the terms of this Bond Indenture; and

(v) Appoints the Bond Trustee to take such actions as are necessary for all purposes of enforcement actions, decisions, consents, waivers, agreements or restructurings hereunder or in respect of the Obligated Group or any Affiliate thereof.

SECTION 909. TERMINATION OF PROCEEDINGS.

In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer, the Obligated Group, and the Bond Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

SECTION 910. WAIVER OF EVENTS OF DEFAULT.

The Bond Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, on the written request of the Majority of the Bondholders; provided, however, that:

(i) there shall not be waived without the consent of the Holders of all Bonds then Outstanding any Event of Default described in Section 901(a) or (b) hereof unless, prior to such waiver or rescission there shall have been paid or provided for all arrears of interest with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest, all arrears of principal and all expenses of the Bond Trustee in connection with such failure; and

(ii) in case of any such waiver or rescission or in case of any discontinuance, abandonment or adverse determination of any proceeding taken by the Bond Trustee on account of any such failure, the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission shall extend to any subsequent or other failure or impair any right consequent thereon.

SECTION 911. NOTICE OF FAILURES; OPPORTUNITY OF THE OBLIGATED GROUP TO CURE FAILURES.

(a) Anything herein to the contrary notwithstanding, no failure specified in Section 901(d) hereof on the part of the Issuer shall constitute an Event of Default until (i) written notice of such failure shall be given (A) by the Bond Trustee to the Issuer and the Obligated Group, with a copy to the Project Monitor, or (B) by the Requisite Number of Bondholders to the Bond Trustee, the Issuer, the Obligated Group, and the Bond Trustee shall have had sixty (60) days after such notice to correct such failure or cause such failure to be corrected, and shall not have corrected such failure or caused such failure to be corrected within such period; provided, however, that if any failure specified in Section 901(d) hereof shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default of corrective action is instituted by the Issuer or the Obligated Group within such period and diligently pursued until such failure is corrected, as long as such failure is corrected within one hundred eighty (180) days.

(b) With regard to any alleged failure concerning which notice is given to the Obligated Group pursuant to this Section, the Obligated Group may perform any covenant, condition, or agreement the nonperformance of which is alleged in such notice to constitute a failure, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.
SECTION 1001. ACCEPTANCE OF TRUSTS AND OBLIGATIONS.

The Bond Trustee hereby accepts the trusts and obligations imposed upon it by this Bond Indenture and the Loan Agreement and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture or the Loan Agreement against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertaken, or permitted, and such duties and other such duties as are specifically set forth in this Bond Indenture and the Loan Agreement. In case an Event of Default has occurred (that has not been cured or waived), the Bond Trustee shall exercise such rights and powers vested in it by this Bond Indenture to the same degree as the Issuer would, if, in good faith, absent the circumstances in the conduct of his or her own affairs.

(b) The Bond Trustee (i) may exercise any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees; (ii) shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care and (iii) shall be entitled to act or refrain from acting on the written direction of an Authorized Representative or on the advice or counsel of its or other experts concerning all matters of trust hereof and the duties hereunder. The Bond Trustee shall be fully protected in acting upon such advice and may in all cases be reasonably indemnified to such attorneys, experts, agents, receivers, and employees as may reasonably be employed in connection with the trust hereof. As a condition to the taking, suffering, or omission of any action hereunder, the Bond Trustee may demand and act on an Opinion of Counsel or, if applicable, the opinion of another expert, fees and expenses of such Opinion of Counsel or other opinion to be paid by the Obligated Group (which obligation shall survive termination of this Bond Indenture or, as to the Bond Trustee, its removal or resignation), and shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such written direction, opinion or Opinion of Counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of the Bond Trustee endorsed on the Bonds) or for the recording, re-recording, other filing or re-filing of any financing or continuation statement or any other document or instrument, or for insuring the Series 2016 Project, or for collecting any insurance money, or for the validity of the execution by the Issuer of this Bond Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Mortgaged Property or otherwise as to the maintenance of the security hereof. In case an Event of Default has occurred, and in the event the Bond Trustee takes possession of any part of the Mortgaged Property pursuant to any provision of this Bond Indenture, the Loan Agreement, or the Mortgaged Property it shall act in good faith in preserving such property. The Bond Trustee shall not be liable for any debts contracted or for damages to persons or to personal property insured or damaged, or for salaries or nonrefundable payments of contracts during any period in which it may be in possession of or managing the Mortgaged Property, or the Mortgage to be so filed, unless the Bond Trustee shall be notified of such failure by the Issuer or by the Majority of the Bondholders delivered to the corporate trust address specified in accordance with Section 1304 hereof and, in the absence of such notice or delivery, the Bond Trustee may conclusively assume no such failure exists.

(d) The Bond Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(e) Notwithstanding any other provision of this Bond Indenture, the Bond Trustee shall have the right, but shall not be required to, demand, as a condition of any action by the Bond Trustee in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(f) Before taking any action under this Bond Indenture or the Loan Agreement at the direction or request of Bondholders, the Bond Trustee may require that satisfactory security and indemnity from the Bondholders be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken including reasonable costs incurred in defending itself against any and all claims, charges, complaints, allegations, assertions, or demands of any nature whatsoever, except liability that is adjudicated to have resulted from its negligence or willful default.

(g) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Bond Indenture or law. The Bond Trustee shall not be under any liability for interest on any moneys received hereunder except as may be agreed upon.

(h) The Bond Trustee shall cooperate with the Obligated Group in the contest, at the expense of the Obligated Group, of any condemnation proceeding or contest over title with respect to the Mortgaged Property. In no event, except during the continuance of an Event of Default shall the Bond Trustee voluntarily settle, or consent to the settlement of, any condemnation proceeding or contest over title with respect to the Mortgaged Property without the consent of the Obligated Group and prior written notice to the Issuer.

(i) The Bond Trustee shall not be responsible for the tax-exempt status of the Bonds, provided that the Bond Trustee shall not knowingly take any action that it knows will have the result of causing (i) any Bond to become an “arbitrage bond” within the meaning of Section 103(b)(2)(A) of the Code or (ii) the interest on any Bond so determined to be taxable to any person under the federal income tax laws, unless the Bond Trustee determine that such action is required by other provisions of this Bond Indenture or by the Loan Agreement or by law.

(j) The Bond Trustee shall not be liable for any action it takes or omits to take at the direction of a Majority of the Bondholders or (ii) that the Bond Trustee, in good faith, absent negligence, believes to be authorized or within its powers hereunder.

SECTION 1002. FEES, CHARGES, AND EXPENSES OF BOND TRUSTEE.

Absent a specific agreement as to payment of the Bond Trustee’s fees, charges and expenses, the Bond Trustee and any paying agents shall be entitled to payment and reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees, expert fees and disbursements and other expenses reasonably made or incurred by the Bond Trustee in connection with such services from the Obligated Group pursuant to the Loan Agreement, provided that the Trust Rate shall not be less than the lower of the Trust Rate or the rate charged by the Bond Trustee other than reasonable costs and expenses. Upon an Event of Default, but only upon an Event of Default, the Bond Trustee shall have a first lien with right of payment prior to payment on account of principal of, or premium, if any, and interest on, any Bond upon the Trust Estate created by this Bond Indenture for the foregoing fees, charges, expenses and advances incurred by the Bond Trustee. For purposes of this Section, (a) the Obligated Group shall also pay interest on the advances at the Maximum Rate from the date of such advances and (b) any advances by the Bond Trustee shall include advances by the Bond Trustee provided to or on an or all of the Bondholders. When the Bond Trustee, whether as Bond Trustee or, if the Bond Trustee is also the Master Trustee, in its capacity as Master Trustee, incurs expenses or renders services after the occurrence of an Event of Default hereunder caused by the occurrence of an “Event of Default” specified in Subsection 4.1 of the Master Indenture, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. The provisions of this Section 1002 shall survive a termination of this Bond Indenture and as to the Bond Trustee, its resignation, removal or replacement.

SECTION 1003. NOTICE REQUIRED OF BOND TRUSTEE.

If the Obligated Group shall fail to make any payment on Series 2016 Obligations on the day such payment shall be due and payable, the Bond Trustee shall give notice thereof by telephone, facsimile or email to the Obligated Group on the immediately succeeding Business Day and confirm such notice in writing or a certified copy thereof by overnight delivery. In the event of (a) failure of the Issuer to cause any of the payments to be made to the Bond Trustee as required by Article VI hereof, or (b) notification to the Bond Trustee by the Requesting Number of Bondholders of any failure hereunder, the Bond Trustee shall give notice thereof to the Holder of each Bond then Outstanding.

SECTION 1004. INTERVENTION BY BOND TRUSTEE.

In any judicial proceeding to which the Issuer is a party and that in the opinion of the Bond Trustee has a substantial bearing on the interests of the Bondholders, the Bond Trustee may intervene on behalf of the Bondholders and, subject to Section 1001(k) hereof, shall do so if requested by the Majority of the Bondholders.

SECTION 1005. MERGER OR CONSOLIDATION OF BOND TRUSTEE.

Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may be transferred, or which may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from
any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Bond Trustee hereunder and vested with all the trusts, powers, discretion, 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 1006. RESIGNATION BY BOND TRUSTEE.

The Bond Trustee may at any time resign from the trusts hereby created by giving thirty (30) days’ notice to the Issuer, the Obligated Group and each Holder of Bonds then Outstanding. Such resignation shall take effect upon the appointment of a successor or temporary Bond Trustee. In the event that no successor or temporary Bond Trustee shall be appointed within thirty (30) days of the Bond Trustee’s giving of notice of its resignation, the Bond Trustee shall have the right to petition any court of competent jurisdiction for such court’s appointment of a temporary Bond Trustee provided, however, that nothing in this sentence shall be deemed to authorize appointment of any Bond Trustee other than in accordance with the requirements of Section 1008 hereof.

SECTION 1007. REMOVAL OF BOND TRUSTEE.

The Bond Trustee may be removed at any time (a) by an instrument or concurrent instruments in writing delivered to the Bond Trustee and to the Issuer and signed by a Majority of the Bondholders, or (b) provided no Event of Default shall have occurred and be continuing, by any instrument signed by an Authorized Representative. The removal shall take effect upon the appointment of a temporary or successor Bond Trustee by the Bondholders, the Obligated Group or a court of competent jurisdiction.

SECTION 1008. APPOINTMENT OF SUCCESSOR BOND TRUSTEE; TEMPORARY BOND TRUSTEE.

(a) In the event the Bond Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officials or of a receiver appointed by a court, a successor may be appointed by (i) a Majority of the Bondholders, by an instrument or concurrent instruments in writing signed by such Holders, or (ii) provided no Event of Default shall have occurred and be continuing, the Obligated Group by an instrument signed by an Authorized Representative with the written consent of the Issuer; provided, however, that in case of such vacancy the Issuer by an instrument signed by the Chair may appoint a temporary Bond Trustee to fill such vacancy until a successor Bond Trustee shall be appointed by the Bondholders or the Obligated Group in the manner provided above; and any such temporary Bond Trustee so appointed shall immediately and without further act be superseded by the Bond Trustee so appointed by such Bondholders or the Obligated Group.

(b) Every such Bond Trustee appointed pursuant to this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, a bank or trust company organized under the laws of the United States of America or one of the states thereof or located in one of the states thereof, in good standing, having a combined capital, surplus and undivided profits of not less than Fifty Million Dollars ($50,000,000) or be a wholly owned subsidiary or affiliate of a bank holding company, or a wholly owned subsidiary or affiliate of a company that is a wholly owned subsidiary or affiliate of a bank holding company, which bank holding company shall have a combined capital, surplus and undivided profits of not less than Fifty Million Dollars ($50,000,000).

SECTION 1009. CONCERNING ANY SUCCESSOR BOND TRUSTEE.

Except as provided in Section 1005 hereof, every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor except as provided in Section 1002 hereof; but such predecessor shall, nevertheless, on the written request of the Issuer or its successor, execute and deliver an instrument transferring to such successor Bond Trustee all the properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Bond Trustee shall, after payment of fees and expenses, deliver all securities and moneys held by it as Bond Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Bond Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, and at the Obligated Group’s expense, be executed, acknowledged and delivered by the Issuer. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Bond Trustee in each recording office where this Bond Indenture may have been filed and/or recorded.

SECTION 1010. RIGHT OF BOND TRUSTEE TO PAY TAXES AND OTHER CHARGES.

In case any tax, assessment or governmental or other charge on any part of the property conveyed pursuant to the Loan Agreement shall not be paid as required herein, the Bond Trustee may, but shall not be obligated to, pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Bondholders hereunder arising in consequence of such failure. Any amount at any time so paid under this Section, with interest thereon from the date of payment at the Maximum Rate, shall become additional indebtedness secured by this Bond Indenture, and such additional indebtedness shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of revenues and receipts collected from the property herein conveyed, if not otherwise caused to be paid, but the Bond Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the Issuer or the Majority of the Bondholders and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1011. BOND TRUSTEE PROTECTED IN RELYING ON RESOLUTIONS, ETC.

The resolutions, opinions, certificates and other instruments provided for in this Bond Indenture may be accepted by the Bond Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Bond Trustee for the release of property, the withdrawal of cash hereunder, or the taking of any other action by the Bond Trustee as provided hereunder.

SECTION 1012. SUCCESSOR BOND TRUSTEE AS BOND REGISTRAR, CUSTODIAN OF FUNDS AND PAYING AGENT.

In the event of a change in the office of Bond Trustee, the predecessor Bond Trustee that has resigned or been removed shall cease to be Bond Registrar, custodian of the several funds, rights, powers, trusts and duties of the Bond Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Bond Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, and at the Obligated Group’s expense, be executed, acknowledged and delivered by the Issuer. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Bond Trustee in each recording office where this Bond Indenture may have been filed and/or recorded.

ARTICLE XI
SUPPLEMENTAL INDENTURES

SECTION 1101. SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF BONDHOLDERS.

The Issuer and the Bond Trustee may, without the consent of, or notice to, any of the Bondholders, enter into such indenture or indentures supplemental to this Bond Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Bond Indenture or grant additional security or rights to and for the benefit of the Bondholders;

(b) to grant to or confer on the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Bondholders or the Bond Trustee or either of them;

(c) to subject to the lien of this Bond Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Bond Indenture in such manner as required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or any state securities laws (Blue Sky laws), and, if they so determine, to add to this Bond Indenture such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939, as amended, or similar federal statute or state securities law;

(e) to modify, amend or supplement this Bond Indenture in such manner as to assure the continued exclusion from gross income of the Owners thereof for federal income tax purposes of interest on any Bonds which is excludable from the gross income of the Owners thereof for federal income tax purposes; or

(f) to make any other change herein, in the sole and absolute discretion of the Issuer and of the Bond Trustee, that shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding.

After an amendment under this Section becomes effective, the Obligated Group Agent shall mail or cause the Master Trustee to mail notice of such amendment to the affected Holders.

SECTION 1102. SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF BONDHOLDERS.

(a) Exclusive of supplemental indentures covered by Section 1101 hereof and subject to the terms and provisions contained in this Section, a Majority of the Bondholders shall have the right from time to time, notwithstanding any other provision of this Bond Indenture, to consent to and approve the execution by the Issuer of such other indentures or supplements to this Bond Indenture as are necessary or desirable for the Issuer or for the timely and effective performance of the obligations of the Issuer under this Bond Indenture.
modifying, altering, amending, adding to, or regrading, in any particular, any of the terms or provisions contained in this Bond Indenture or in any supplemental indenture; provided, however, that nothing in this Bond Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or (iii) an extension of time or a reduction in amount of any payment required by any sinking fund that may be applicable to any Bond, or (iv) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental indenture, or (vi) a change in the optional redemption date or price as set forth in Section 301(b) herein, without the consent and approval of the Holders of all (seventy percent (70%) if an Event of Default has occurred and is continuing with respect to (i), (ii), (iii), (v) or (vi) above) of the Bonds then outstanding, provided, however, no such amendment or supplement shall become effective unless the Bond Trustee shall have obtained an Opinion of Bond Counsel to the effect that any such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2016A Bonds and the Series 2016C Bonds.

(b) If at any time the Issuer shall request the Bond Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be sent to each Holder of Bonds then outstanding by registered or certified mail to the address of such Bondholder as it appears on the Bond Register, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Issuer following the giving of such notice, a Majority of the Bondholders 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 the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing such supplemental indenture or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

(c) Bonds owned or held by or for the account of the Issuer or the Obligated Group or any person controlling, controlled by, or under common control with either of them shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in this Article XI or in Article XII hereof. At the time of any such calculation, the Obligated Group shall furnish the Bond Trustee a certificate of an Authorized Representative, upon which the Bond Trustee may rely, describing all Bonds so to be excluded.

After an amendment under this section becomes effective, the Obligated Group Agent shall mail notice of such amendment to the affected Holders.

ARTICLE XII
AMENDMENTS OF LOAN AGREEMENT, MASTER INDENTURE, SERIES 2016 OBLIGATIONS

SECTION 1201. AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE, SERIES 2016 OBLIGATIONS NOT REQUIRING CONSENT OF BONDHOLDERS.

(a) The Issuer and the Bond Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change, or modification of the Loan Agreement, the Mortgage, the Master Indenture or the Series 2016 Obligations, as may be required:

(i) by the provisions of the Loan Agreement, the Mortgage, the Master Indenture, the Series 2016 Obligations or this Bond Indenture;

(ii) for the purpose of curing any ambiguity or formal defect or omission therein or to grant additional security or rights to and for the benefit of the Bondholders;

(iii) in connection with additional real estate, furnishings, machinery or equipment that is to become part of the Series 2016 Project pursuant to the Loan Agreement so as to identify the same more precisely; or

(iv) to make any other change herein, in the sole and absolute discretion of the Issuer and the Bond Trustee, that shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding.

(b) The Issuer and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any such amendment, change or modification made in connection with any modification or amendment of, or supplement to, the Bond Indenture pursuant to Section 1101(e) hereof.

(c) References in this Article XII to the Bond Trustee shall not be applicable to the Master Trustee.

SECTION 1202. AMENDMENTS OF LOAN AGREEMENT, MORTGAGE, MASTER INDENTURE AND SERIES 2016 OBLIGATIONS REQUIRING CONSENT OF BONDHOLDERS.

Except for amendments, changes or modifications as provided in Section 1201 hereof and subject to Section 1205 hereof, neither the Issuer nor the Bond Trustee shall consent to any amendment, change or modification of the Loan Agreement, the Mortgage, the Master Indenture or the Series 2016 Obligations without the written approval or consent of a Majority of the Bondholders given and procured as provided and in the manner set forth in Section 1102 hereof.

If at any time the Issuer and the Obligated Group shall request the consent of the Bond Trustee to any such proposed amendment, change or modification, the Bond Trustee shall, upon being satisfactorily indemnified by the Obligated Group with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1102 with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that a copy of the instrument embodying the same is on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondholders.

SECTION 1103. OPINION OF COUNSEL REQUIRED.

Notwithstanding any other provision of this Bond Indenture, the Bond Trustee (a) shall not execute any supplemental indenture to this Bond Indenture unless there shall have been filed with the Bond Trustee an Opinion of Bond Counsel stating (i) that such supplemental indenture is authorized or permitted by this Bond Indenture and complies with its terms and that upon execution it will be valid and binding on the Issuer in accordance with its terms, and (ii) that such supplemental indenture will not have an adverse effect on the excludability of interest on the Series 2016A Bonds and Series 2016C Bonds from gross income for federal income tax purposes, and (b) shall not, without the consent of the Obligated Group if there is then an Event of Default, execute any supplemental indenture to this Bond Indenture that will adversely affect any rights of the Obligated Group and shall in all events give the Obligated Group at least fifteen (15) days’ prior notice (which may be waived) of any proposed supplemental indenture.
SECTION 1301. CONSENTS OF BONDBLHOLDERS.

(a) Any consent, request, direction, approval, objection or other instrument required by this Bond Indenture to be signed and executed by the Issuer or anyBondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument, or of the writing appointing any such agent shall be sufficient for any of the purposes of this Bond Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, if the fact and the date of the execution by any person of any such writing is proved by the certification of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that such person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution. For the purposes of this Section 1301, Bondholders shall be deemed to mean Beneficial Owners.

(b) For all purposes of this Bond Indenture and of the proceedings for its enforcement, such person shall be deemed to continue to be the Holder of such Bond until the Bond Trustee shall have received notice in writing to the contrary.

SECTION 1302. LIMITATION OF RIGHTS.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy, or claim under or in respect to this Bond Indenture or any covenants, conditions, and agreements herein contained; it being intended that this Bond Indenture and all of the covenants, conditions, and agreements hereof be for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

SECTION 1303. NO LIABILITY OF THE ISSUER’S OFFICERS.

No recourse under or upon any obligation, covenant, or agreement contained in this Bond Indenture, or in the Bonds, or for any claim based thereon, or under any judgment obtained against the Issuer, or by the Bond Trustee with regard to any action taken under such request or other instrument, or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or by any other instrument of any person, member, director, officer, employee, agent or counsel, as such, past, present, or future of the Issuer, or any incorporator, member, or officer of any successor corporation, as such, either directly or through the Issuer or any successor corporation, or otherwise, for the payment for or to or the Issuer or any receiver thereof of any sum that may be due and unpaid by the Issuer upon the Bonds. 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 or her part or otherwise, for or to the Issuer or the Bond Trustee, or to any person or company, to the payment for or to or the Issuer or any receiver thereof, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Bonds.

SECTION 1304. NOTICES.

(a) Unless otherwise provided herein, all demands, notices, approvals, consents, requests, opinions, and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed.

(b) Any duplicate copy of each demand, notice, approval, request, consent, opinion, or other communication given hereunder by either the Issuer or the Bond Trustee to the other shall also be given to the Obligated Group and the Project Monitor. The Issuer, the Obligated Group, and the Bond Trustee may, by notice given hereunder, designate any further or different address to which subsequent demands, notices, approvals, consents, requests, opinions, or other communications shall be sent or persons to whose attention the same shall be directed.

SECTION 1306. SUCCESSORS AND ASSIGNS.

This Bond Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

SECTION 1307. SEVERABILITY.

If any provision of this Bond Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

SECTION 1308. APPLICABLE LAW; VENUE.

This Bond Indenture shall be governed by the applicable laws of the State, exclusive of the State’s rules regarding choice of law. The Issuer and the Bond Trustee consent and agree to the exclusive jurisdiction of the Courts of State of Florida sitting in Flagler County, Florida, the Courts of the United States of America for the Middle District of Florida.

SECTION 1309. COUNTERPARTS.

This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

SECTION 1310. FILING CONTINUATION STATEMENTS.

The Bond Trustee has no duty to determine, at any time, whether the financing statements filed in connection with the security interests identified in the Loan Agreement or otherwise were or remain sufficient to perfect such security interests under applicable law.

SECTION 1311. CONTRACTUAL INTERPRETATION.

The parties acknowledge that they have read and fully understand the terms of this Bond Indenture, have consulted with such attorneys, accountants, or other professionals as they have deemed appropriate prior to executing this Bond Indenture with adequate opportunity and time for review thereof, and are fully aware of its contents and of its legal effect. Accordingly, this Bond Indenture shall not be construed against any party on the grounds that such party drafted this Bond Indenture and instead, this Bond Indenture shall be interpreted as though drafted equally by all parties.

SECTION 1312. ROLE OF ISSUER.

Notwithstanding anything to the contrary contained herein or in any of the Bonds, the Loan Agreement or in any other instrument or document executed by or on behalf of the Issuer in connection herewith: (i) the Issuer shall have no obligation to take action under the Loan Agreement, this Bond Indenture, the Bonds, any other Financing Instrument, or any such other instruments or documents, except that 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 agent, officer, employee or agent of the Issuer shall be personally liable to the Obligated Group, the Bond Trustee, the holders of the Bonds, or any person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under this Bond Indenture, the Loan Agreement, the Bonds, any other Financing Instrument, or any such other instruments or documents, except that the Issuer agrees not to, or refrain from taking, any action 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 this Bond Indenture, the Loan Agreement, the Bonds, or any other Financing Instrument, or any such other instruments or documents, shall be payable solely from funds paid in accordance with or recovered pursuant to the Mortgage or the Loan Agreement or revenues therefrom that have been pledged to payment of the Bonds or proceeds of the 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 this Bond Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Mortgaged Property or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, 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 Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein 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 Mortgage or 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 Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer or its members, directors, officers, employees, agents and counsel, 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.

The Issuer shall be under no obligation to institute any suit or to take any remedial proceeding in the Event of a Default under this Bond Indenture or to enter any appearance or in

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any way defined 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 Series 2016 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, 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
this Bond Indenture and, subject to the prior rights of the Bond Trustee, shall be entitled to a
preference therefor over any Bonds outstanding hereunder.

The Issuer shall be entitled to advice of counsel concerning all matters under this Bond
Indenture and its duties under this Bond Indenture, 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 Obligated Group 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 this Bond 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 this Bond Indenture and in the other Financing Instruments 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 this Bond Indenture, the Loan Agreement
or any Financing Instruments. 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 is the owner 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.

are reasonable. Any payments hereunder shall not be payable from the funds of the Issuer or the
Bond Trustee, but shall be payable solely from the funds or assets of the Obligated Group received
by the Bond Trustee or the Issuer in accordance with terms of this Bond Indenture.

SECTION 1403. NOTICES AND REPORTING OBLIGATIONS.

The appointment of the Series 2016C Bondholder Representative shall in no way affect
any reporting or notice requirements to the Holders of the Series 2016C Bonds hereunder or under
the Master Indenture, except that the Series 2016C Bondholder Representative shall also receive
copies of all such reports and notices.

[SIGNATURE PAGE TO BOND TRUST INDENTURE]
Obligated Group Agent for the purpose of: (i) acquiring, constructing, developing, furnishing and equipping the Issuer and Tuscan Gardens of Palm Coast Properties, LLC, a Florida limited liability company on April 1, 2017, and on each April 1 and October 1 thereafter; (ii) making a deposit to the Debt Service Reserve Fund for the Senior Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the series of Series 2016 Bonds; (iv) funding capitalized interest on the Series 2016 Bonds; (v) making a deposit to the Operating Reserve Fund; and (vi) making a deposit to the Working Capital Fund for the Bonds.

This Bond is one of an issue of $36,600,000 Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), of like date and tenor, except as to number, denomination, maturity, rate of interest and privilege of redemption, authorized and issued pursuant to the laws of Florida, particularly Chapter 59, Part II, Chapter 163, Part I, Chapter 166, Part II, and Chapter 617, Florida Statutes, as amended; Ordinance 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 No. 2-04, duly enacted by the Town Council of “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, and particularly as amended and supplemented by Amendment No. 69 to the Interlocal Agreement dated July 18, 2016 ("Amendment No. 69"), Resolution No. 16-16, duly adopted by the City Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Town Council on July 11, 2016, approving Amendment No. 69, Resolution No. 1-16 and 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively, and other applicable provisions of law. Pursuant to a Loan Agreement dated as of December 1, 2016 (the “Agreement”), between the Issuer under the Tuscan Gardens of Palm Coast Properties, LLC, a Florida limited liability company, and the the Obligated Group Agent (the “Obligated Group Agent”); the Issuer will loan the proceeds of the Series 2016A Bonds to the Issuer; the Issuer and the Obligated Group Agent for the purpose of: (i) acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of approximately 130 units which will be licensed beds and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and be located on an approximately 16-acre site at the Southwest Corner of Colbert Lane and Blare Drive, in the City of Palm Coast, Florida in Flagler County, Florida (the “Series 2016 Project”); (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; (iv) making a deposit to the Working Capital Fund for the Bonds.

The Issuer is also issuing its $4,215,000 Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project, Series 2016B) for the purpose of (i) acquiring, constructing, developing, furnishing and equipping the Series 2016 Project; (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; (iv) making a deposit to the Working Capital Fund; and (v) making a deposit to the Operating Reserve Fund.

The Issuer is also issuing its $2,752,000 Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project, Series 2016C) for the purpose of: (i) acquiring, constructing, developing, furnishing and equipping the Series 2016 Project; (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; (iv) making a deposit to the Working Capital Fund; and (v) making a deposit to the Operating Reserve Fund.

Registered Owner: Cede & Co.

Principal Amount: The Capital Trust Agency, a legal entity duly created and a public agency of the State of Florida, was duly created and existing under the laws of the State of Florida (the “Issuer”), for value received, hereby promises to pay, upon presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, as Bond Trustee, or its successor in trust (the “Bond Trustee”), solely from the revenues and as hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum set forth above on the maturity date set forth above, subject to prior redemption as described below, and to pay, solely from such sources, on April 1, 2017, and on each April 1 and October 1 thereafter; interest hereon at the rate per year specified above, from the interest payment date next preceding the date on which this Bond is authenticated.

Interest hereon shall be paid to the person in whose name this Bond is registered by check or draft mailed to such person at his address as it appears on the registration books kept by the Bond Trustee or by wire transfer as provided in the Bond Indenture.

Notwithstanding the foregoing, and if for so long as Cede & Co. or any other nominee of The Depository Trust Company, New York, is registered owner, hold of the Bonds, the principal of and premium, if any, on this Bond shall be paid to Cede & Co. or such other nominee as provided under the Bond Indenture and presentation of this Bond shall not be required for payment thereof. The principal, premium, if any, and interest are payable in lawful money of the United States of America.

The principal of, premium, if any, and interest on the Bonds are limited obligations of the Issuer and (except to the extent payment with respect to the Bonds shall be made from the proceeds from the sale of the Bonds or the income, if any, derived from the investment thereon are payable solely from the revenues and receipts derived from payments made by the Obligated Group Agent, as defined in the Bond Indenture, pursuant to the Series 2016 Obligations, as defined in the Bond Indenture, and such Bond Indenture, which revenues and receipts have been pledged and assigned to the Bond Trustee to secure payment of the Bonds.

The Bonds are issued under and secured by a Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”), between the Issuer and the Bond Trustee, as security for the Bonds, certain rights of the Issuer under the Loan Agreement. In the Loan Agreement, the Obligated Group Agent agrees to pay amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due.

Simultaneously with the issuance of the Bonds, the Obligated Group Agent will execute and deliver to the Issuer on behalf of the Obligated Group a promissory note in the principal amount of $36,600,000 constituting Obligation No. 1 (“Obligation No. 1”), a promissory note in the principal amount of $4,215,000 constituting Obligation No. 2 (“Obligation No. 2”), a promissory note in the principal amount of $2,752,000 constituting Obligation No. 3 (“Obligation No. 3”), and a promissory note in an amount equal to the obligations of the Obligated Group in favor of Issuer arising under the Loan Agreement (other than principal and interest on the Bonds) (“Obligation No. 4” and together with Obligation No. 1, Obligation No. 2 and Obligation No. 3, the “Series 2016 Obligations”), each under the Master Indenture dated as of December 1, 2016 between the Obligated Group Agent and U.S. Bank National Association, a national banking association, as Master Trustee (the “Master Trustee”), as supplemented by the from time to time, particularly by that Supplemental Master Indenture Number 1 dated as of December 1, 2016, between the Obligated Group and the Master Trustee and that Supplemental Master Trust Indenture Number 2 dated as of December 1, 2016, between the Obligated Group and the Master Trustee (collectively, the “Master Indenture”).

The Bonds are secured by the Mortgage, Assignment of Rents and Security Agreement dated as of December 1, 2016, by the Obligated Group Agent in favor of the Bond Trustee, as the same may from time to time be replaced, amended, or supplemented as provided therein (the “Mortgage”), from the Obligated Group Agent to the Bond Trustee, which creates a lien on and a security interest in the Mortgaged Property (as defined in the Bond Indenture), which lien and security interest are more fully described in the Mortgage.

Reference is hereby made to the Bond Indenture, the Loan Agreement, the Master Indenture, the Series 2016 Obligations and the Mortgage, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Bonds are issued, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer and the Bond Trustee, the rights of the Holders of the Bonds and the provisions for defeasance of the Bonds. By acceptance of transfer of Series 2016 Bonds, the registered and beneficial owners hereof assent to the terms of the Bond Indenture and all of the Financing Instruments.

The Bonds are subject to optional, mandatory and extraordinary mandatory redemption by the Issuer as provided in the Bond Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Bond Indenture or to institute, appear in or defend any suit or other proceeding
with respect thereto, except as provided in the Bond Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the Bonds issued under the Bond Indenture and then outstanding may become or may be declared due and payable before their stated maturities, together with accrued interest thereon. Modifications or alterations of the Bond Indenture, the Loan Agreement or the Series 2016 Obligations or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.

The Bonds are issuable only as registered bonds without coupons in denominations of $25,000 and any integral multiple of $5,000 in excess thereof, provided that, subject to the foregoing, any Bond may be exchanged after mandatory redemption for a Bond in a denomination of less than $25,000 but in $5,000 integral multiples to the extent necessary to represent the unredeemed portion of any Bond. At the designated corporate trust office of the Bond Trustee, in the manner and subject to the limitations and conditions and upon payment of charges provided in the Bond Indenture, Bonds may be exchanged for an equal aggregate principal amount of Bonds of different authorized denominations as requested by the owner hereof or his duly authorized attorney or legal representative.

The transfer of this Bond may be registered by the registered owner thereof in person or by his duly authorized attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Bond Indenture and upon surrender and cancellation of the Bond. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond, registered in the name of the transferee, of authorized denominations. The Bond Trustee, the Issuer and the Obligated Group Agent shall, prior to due presentment for registration of transfer, treat the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that all payments of interest shall be made to the registered owner as of the fifteenth day of the month preceding each interest payment date.

Any exchange or registration of transfer shall be without charge except that the Bond Trustee shall make a charge to any bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this Bond a valid and legal revenue obligation of the Issuer and that the issuance of the Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This Bond shall not become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon:

IN WITNESS WHEREOF, the Capital Trust Agency has caused this Bond to be signed by the signature of its Chair as of the Dated Date.

CAPITAL TRUST AGENCY

By: ________________________________

Chair

[SEAL]

ATTEST:

Secretary

BOND TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Indenture.

Date of Authentication: __________________

U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee

By: ________________________________

Authorized Officer

Signature Page to Series 2016A Bond
ASSIGNMENT

For value received __________________________ the undersigned does hereby sell, assign and transfer unto __________ the within-mentioned Bond and hereby irrevocably constitutes and appoints ________________ attorney, to transfer the same on the Bond Register of the Bond Trustee with full power of substitution in the premises.

Dated: __________________________

Social Security or Other Identifying Number of Transferee: __________________________

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed: __________________________

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

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

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - ________________ Custodian (Cust) (Minor) under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used though not in the above list.

DTC FAST RIDER

Each Series 2016A Bond certificate shall remain in the Bond Trustee’s custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

***** [END FORM OF SERIES 2016A BOND] *****

***** [BEGIN FORM OF SERIES 2016B BOND] *****

UNITED STATES OF AMERICA

STATE OF FLORIDA

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 TRANSFEE OF THIS BOND, BY ITS PURCHASE HEREOF, REPRESENTS THAT SUCH TRANSFEE 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, 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.

CAPITAL TRUST AGENCY

TAXABLE FIRST MORTGAGE REVENUE BONDS (TUSCAN GARDENS OF PALM COAST PROJECT), SERIES 2016B

Registered Number: __________________________

Registered Dollars: __________________________

INTEREST RATE: __________________________

MATURE DATE: __________________________

DATED DATE: __________________________

CUSIP NO.: __________________________

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT: __________________________

C-25
The principal of, premium, if any, and interest on the Bonds are limited obligations of the Issuer and except to the extent payment with respect to the Bonds shall be made from the proceeds of the sale of the Bonds or the income, if any, derived from the investment thereof are payable solely from the revenues and receipts derived from payments made by the Obligated Group, as defined in the Bond Indenture, pursuant to the Series 2016 Obligations, as defined in the Bond Indenture, and such Bond Indenture, which revenues and receipts have been pledged and assigned to the Bond Trustee to secure payment of the Bonds.

IN WITNESS WHEREOF, the Capital Trust Agency has caused this Bond to be signed by the signature of its Chair as of the Dated Date.

CAPITAL TRUST AGENCY

By: ________________________________

Chair

[SEAL]

ATTEST:

___________________________________

Secretary

Signature Page to Series 2016B Bond

BOND TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Indenture.

Date of Authentication: ______________________

U.S. BANK NATIONAL ASSOCIATION, as
Bond Trustee

By: ________________________________

Authorized Officer

Signature Page to Series 2016B Bond

ASSIGNMENT

For value received __________________________________ the undersigned does hereby sell, assign and transfer unto __________ the within-mentioned Bond and hereby irrevocably constitutes and appoints __________, attorney, to transfer the same on the Bond Register of the Bond Trustee with full power of substitution in the premises.

Dated: __________________________

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever.

Social Security or Other Identifying Number of Transferee: _____________________

Signature Guaranteed:

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

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

Signature Page to Series 2016B Bond
ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - Custodian (Cut) (Minor) (State)

under Uniform Gifts to Minors Act

Additional abbreviations may also be used though not in the above list.

***** [BEGIN FORM OF SERIES 2016C BOND] *****

UNITED STATES OF AMERICA

STATE OF FLORIDA

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 "ACREDITED 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 TRANSFEEER OF A BENEFICIAL OWNERSHIP INTEREST IN THE PURCHASED BOND.

CAPITAL TRUST AGENCY

SUBORDINATE MORTGAGE REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT), SERIES 2016C

Registered Number: Registered Dollars:

INTEREST RATE: MATURITY DATE: DATED DATE:CUSIP NO.:

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

***** [END FORM OF SERIES 2016C BOND] *****
This Bond is one of an issue of $2,725,000 Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Series 2016C Bonds”), of like date and tenor, except as to number, denomination, maturity, rate of interest and privilege of redemption, authorized and issued pursuant to the laws of the State of Florida, particularly Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, and Chapter 617, Florida Statutes, as amended, Ordinance No. 04-97 duly enacted by the City Council (the “City Council”) of Gulf Breeze, Florida (the “City”), on July 7, 1997, as amended and supplemented by Ordinance No. 04-00, 04-01 and 10-11 duly enacted by the City Council on May 15, 2000, May 7, 2001, and September 6, 2011, respectively; Ordinance No. 2-06, duly enacted by the Town Council of the “Town Council”) of Century, Florida (the “Town”), on August 7, 2006, 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, and particularly as amended and supplemented by Amendment No. 69 to the Interlocal Agreement dated July 18, 2016 (“Amendment No. 69”), Resolution No. 16-14, duly adopted by the City Council on July 11, 2016, approving Amendment No. 69, Resolution No. 07-16 and 12-16, duly adopted by the Town Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Town Council on July 11, 2016, approving Amendment No. 69, Resolution No. 07-16 and 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively, and other applicable provisions of law. Pursuant to a Loan Agreement dated as of December 1, 2016 (the “Agreement”), between the Issuer and Tuscan Gardens of Palm Coast Properties, LLC, a Florida limited liability company (the “Obligated Group Agent”), the Issuer will loan the proceeds of the Series 2016C Bonds to the Obligated Group for the purposes of: (i) acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of approximately 130 units which includes 86 assisted living units comprising 110 licensed beds, 44 memory care units comprising 56 licensed beds and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and to be located on an approximately 16-acre site at the Southwest Corner of Colbert Lane and Blare Drive, in the City of Palm Coast, Florida in Flagler County, Florida (the “Series 2016 Project”); and (ii) funding capitalized interest on the Series 2016B Bonds.

The Issuer is also issuing its $36,600,000 Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”), for the purposes of providing funds to: (i) acquiring, constructing, developing, furnishing and equipping the Series 2016B Project; (ii) funding capitalized interest on the Series 2016B Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; and (iv) making a deposit to the Working Capital Fund.

The Issuer is also issuing its $4,215,000 Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016D (the “Series 2016D Bonds”), for the purpose of providing funds to: (i) acquiring, constructing, developing, furnishing and equipping the Series 2016E Project; (ii) funding capitalized interest on the Series 2016E Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; and (iv) making a deposit to the Working Capital Fund.

The Issuer is also issuing its $36,600,000 Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Series 2016B Bonds”), for the purpose of providing funds to: (i) acquiring, constructing, developing, furnishing and equipping the Series 2016B Project; (ii) funding capitalized interest on the Series 2016B Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; and (iv) making a deposit to the Working Capital Fund.

The Bonds are issued only as registered bonds without coupons in denominations of $25,000 and any integral multiple of $5,000 in excess thereof, provided, that, to the extent of any such exceeding, any Bond may be exchanged after mandatorily redeeming a Bond for a Bond in a denotation of less than $25,000 but in integral multiples to the nearest $25,000 in excess thereof.

The transfer of this Bond may be registered by the registered owner thereof in person or by his duly authorized attorney or legal representative at the designated corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations and conditions provided in the Bond Indenture and upon surrender and cancellation of the Bond. Upon any such registration of transfer the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for this Bond a new Bond, registered in the name of the transferee, of authorized denominations. The Bond Trustee, the Issuer and the Obligated Group Agent shall, prior to due presentment for registration of transfer, execute the registered owner as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that all payments of interest shall be made to the registered owner as of the fifteenth day of the month preceding each interest payment date. Any exchange or registration of transfer shall be without charge except that the Bond Trustee shall make a charge to any bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

IT IS HEREBY CERTIFIED, REQUITED, AND DECLARED that all acts, conditions, and things required to exist, happen, and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by law in order to make this Bond a valid obligation of the Issuer and that the issuance of the Bonds, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation applicable to the Issuer.

This Bond shall become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture, hereinafter defined, or be valid until the Bond Trustee shall have executed the Certificate of Authentication appearing hereon. The Bonds are issued under and secured by a Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”), between the Issuer and the Bond Trustee, which assigns to the Bond Trustee, as security for the Bonds, certain rights of the Issuer under the Loan Agreement. In the Loan Agreement, the Obligated Group Agent agrees to pay amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due.

Simultaneously with the issuance of the Bonds, the Obligated Group Agent will execute and deliver to the Issuer on behalf of the Obligated Group a promissory note in the principal amount of $4,215,000 constituting Obligation No. 2 (“Obligation No. 2”), a promissory note in the principal amount of $2,725,000 constituting Obligation No. 3 (“Obligation No. 3”) and a promissory note in an amount equal to the obligations of the Obligated Group in favor of Issuer arising under the Loan Agreement (other than principal and interest on the Bonds) (“Obligation No. 4”) and together with Obligation No. 1, Obligation No. 2 and Obligation No. 3, the “Series 2016 Obligations”), each under the Master Indenture dated as of December 1, 2016 between the Obligated Group Agent and U.S. Bank National Association, a national banking association, as Master Trustee (the “Master Trustee”), as supplemented by the terms and conditions set forth in the Loan Agreement, the Promissory Notes, and the Bond Trust Indenture.

The Bonds are secured by the Mortgage, Assignment of Rents and Security Agreement dated as of December 1, 2016, by the Obligated Group Agent in favor of the Bond Trustee, as the same may from time to time be replaced, amended or supplemented as provided therein (the “Mortgage”), from the Obligated Group Agent to the Bond Trustee, which creates a lien on and a security interest in the Mortgaged Property (as defined in the Bond Indenture), which lien and security interest are more fully described in the Mortgage.

Reference is hereby made to the Bond Indenture, the Loan Agreement, the Master Indenture, the Series 2016 Obligations and the Mortgage, and to all amendments and supplements thereto, for a description of the provisions, among others, with respect to the terms on which the Bonds are issued, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer and the Bond Trustee, the rights of the Holders of the Bonds and the provision for payment of interest on the Series 2016 Bonds. By its purchase, or acceptance of transfer of, this Bond, the registrant and beneficial owners hereof assume to the terms of the Bond Indenture and all of the Financing Instruments.

The Bonds are subject to optional, mandatory and extraordinary mandatory redemption by the Issuer as provided in the Bond Indenture. The owner of this Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein or to take any action with respect to any Event of Default under the Bond Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, as provided in the Bond Indenture. In certain events, on conditions, in the manner and with the effect set forth in the Bond Indenture, the principal of all the Bonds issued under the Bond Indenture and then outstanding may become or may be declared due and payable before their stated maturities, together with accrued interest thereon. Modifications or alterations of the Bond Indenture, the Loan Agreement or the Series 2016 Obligations or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Bond Indenture.
IN WITNESS WHEREOF, the Capital Trust Agency has caused this Bond to be signed by the signature of its Chair as of the Dated Date.

CAPITAL TRUST AGENCY

By: ________________________________
Chair

[SEAL]

ATTEST:

___________________________________
Secretary

BOND TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Indenture.

Date of Authentication: ______________________

U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee

By: ________________________________
Authorized Officer

ASSIGNMENT

For value received ______________________ the undersigned does hereby sell, assign and transfer unto ______________________ the within-mentioned Bond and hereby irrevocably constitutes and appoints ______________________, attorney, to transfer the same on the Bond Register of the Bond Trustee with full power of substitution in the premises.

Dated: ________________________________

Social Security or Other Identifying Number of Transferee: _____________________

Signature Guaranteed:

NOTE: The signature on this Assignment must correspond with the name as written on the face of the within-mentioned Certificate in every particular without alteration or enlargement or any change whatsoever.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - ______________________ (Cust) (Minor)
under Uniform Gifts to Minors Act ______________________ (State)

Additional abbreviations may also be used though not in the above list.

Signature Page to Series 2016C Bond

A-1

Signature Page to Series 2016C Bond

2

Signature Page to Series 2016C Bond

A-3

Signature Page to Series 2016C Bond

2

Signature Page to Series 2016C Bond

A-4

Signature Page to Series 2016C Bond

4

C-30
DTC FAST RIDER

Each Series 2016C Bond certificate shall remain in the Bond Trustee’s custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Bond Trustee and DTC.

***** [END FORM OF SERIES 2016C BOND] *****

EXHIBIT B

FORM OF REQUISITION FROM THE COST OF ISSUANCE FUND

Capital Trust Agency Mortgage Revenue Bonds
(Tuscan Gardens of Palm Coast Project),
Series 2016

No._______
_______, 20___

U.S. Bank National Association, as Bond Trustee
Orlando, Florida
Attention: Corporate Trust Services

Ladies and Gentlemen:

As an Authorized Representative of Tuscan Gardens of Palm Coast Properties, LLC (the “Obligated Group Agent”), I hereby requisition, pursuant to Section 503 of the Bond Trust Indenture (the “Bond Indenture”) dated as of December 1, 2016, between the Capital Trust Agency and you as bond trustee, from the Cost of Issuance Fund created by the Bond Indenture, the sum of $_______________ to be paid to:

Payee:________________________________________
Address:_______________________________________

Amount to be Paid:______________________________

Purpose (in reasonable detail) for which the obligation(s) to be paid was incurred:

__________________________________________________________________________________________

Attached hereto is an invoice or other appropriate evidence of the incurrence of each obligation described above. I hereby certify that: (a) the obligation stated on this requisition constitutes a cost of issuance, and is a proper charge against the Cost of Issuance Fund and has not been the basis for a prior requisition that has been paid, and (b) as of the date hereof no event or condition has happened or exists that constitutes, or that with notice or lapse of time or both, would constitute, an “Event of Default” under the Bond Indenture, the Master Indenture or the Loan Agreement (as such terms are defined in the Bond Indenture), or if such an event has happened or exists, the nature of the event and what action the Obligated Group has taken with respect thereto is described on an attachment hereto.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC

By:__________________________________________
Janet Horvath-Pino
Authorized Representative

EXHIBIT C

APPLICATION OF THE BOND PROCEEDS AND OTHER MONIES

See Attached

[Signature Page of Requisition from Cost of Issuance Fund]
SCHEDULE 1
COSTS OF ISSUANCE

See Attached.
The interest of the Capital Trust Agency in this Loan Agreement (except for the Assigned Rights defined in the hereinafter described Bond Trust Indenture) has been assigned pursuant to and as provided in the Bond Trust Indenture dated as of the date hereof from the Capital Trust Agency to U.S. Bank National Association, as bond trustee, and is subject to the security interest of the Bond Trustee thereunder.

**ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

**ARTICLE II ISSUER AND OBLIGATED GROUP**

**ARTICLE III FINANCING OF PROJECT**

**ARTICLE IV PAYMENTS ON SERIES 2016 OBLIGATIONS**

**ARTICLE V SPECIAL COVENANTS**

**ARTICLE VI EVENTS OF DEFAULT AND REMEDIES**

**ARTICLE VII PREPAYMENT OF OBLIGATIONS**

**ARTICLE VIII CONTINUING DISCLOSURE**

**ARTICLE IX MISCELLANEOUS**

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**TUSCAN GARDENS OF PALM COAST PROJECT**, TAXABLE FIRST MORTGAGE REVENUE BONDS (TUSCAN GARDENS OF PALM COAST PROJECT), SERIES 2016A

**TUSCAN GARDENS OF PALM COAST PROJECT**, TAXABLE FIRST MORTGAGE REVENUE BONDS (TUSCAN GARDENS OF PALM COAST PROJECT), SERIES 2016B

**TUSCAN GARDENS OF PALM COAST PROJECT**, SUBORDINATE FIRST MORTGAGE REVENUE BONDS (TUSCAN GARDENS OF PALM COAST PROJECT), SERIES 2016C

Dated as of December 1, 2016

**SECTION 501. COMPLIANCE WITH COVENANTS, CONDITIONS, AGREEMENTS IN MASTER INDENTURE**

**SECTION 502. MERGER, SALE AND TRANSFER**

**SECTION 503. EXAMINATION OF BOOKS AND RECORDS; INFORMATION TO THE ISSUER**

**SECTION 504. FINANCIAL STATEMENTS AND OTHER INFORMATION**

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**ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

**ARTICLE II ISSUER AND OBLIGATED GROUP**

**ARTICLE III FINANCING OF PROJECT**

**ARTICLE IV PAYMENTS ON SERIES 2016 OBLIGATIONS**

**ARTICLE V SPECIAL COVENANTS**

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**SECTION 305. DAMAGE, DESTRUCTION, CONDEMNATION AND LOSS OF TITLE**
Project’), (ii) funding the Debt Service Reserve Fund for the Senior Bonds in an amount equal to a portion of the Required Debt Service Reserve; (iii) funding capitalized interest on the Bonds; and (iv) paying all or a portion of the expenses incurred in connection with the issuance of the Bonds, and all of the Series 2016 Project to be located in Flagler County, Florida; and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Series 2016 Bonds and to use proceeds of the Bonds to fund a loan to the Obligated Group Agent (the “Loan”), and the Obligated Group Agent has agreed to (i) apply the proceeds of the Loan as more specifically provided herein and in the Bond Indenture to pay a portion of the costs of acquiring, constructing, developing, furnishing and equipping of the Series 2016 Project, (iii) make payments sufficient to pay the principal of, premium, if any, and interest on the Series 2016 Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, the Obligated Group Agent has delivered to the Master Trustee, on behalf of the Issuer, (i) its Obligation Number 1 dated the date of issuance of the Series 2016 Bonds (“Obligation No.1”) in an original principal amount equal to the aggregate original principal amount of the Series 2016A Bonds, (ii) its Obligation No. 2 dated the date of issuance of the Bonds (“Obligation No. 2”) in an original principal amount equal to the aggregate original principal amount of the Series 2016B Bonds, (iii) its Obligation No. 3 dated the date of issuance of the Bonds ("Obligation No. 3") in an aggregate original principal amount of the Subordinate Series 2016C Bonds, and (iv) its Obligation No. 4 dated the date of issuance of the Bonds (“Obligation No. 4” and together with Obligation No. 1, Obligation No. 2 and Obligation No. 3, the “Series 2016 Obligations”), in an amount equal to the obligations of the Obligated Group under this Loan Agreement with respect to certain fees and expenses due the Issuer, each issued under the Master Indenture dated as of December 1, 2016 between the Obligated Group Agent and U.S. Bank National Association, a national banking association, as master trustee (the “Master Trustee”), as supplemented by the from time to time, particularly by that Supplemental Master Trust Indenture Number 1 dated as of December 1, 2016, between the Obligated Group and the Master Trustee and that Supplemental Master Trust Indenture Number 2 dated as of December 1, 2016, between the Obligated Group and the Master Trustee (collectively, the “Master Indenture”); and

WHEREAS, to secure its obligations under this Loan Agreement and the Series 2016 Obligations, the Obligated Group Agent and each Member has executed (i) a Mortgage, Assignment of Rents and Security Agreement, dated December 1, 2016, and (ii) an Assignment of Contract Documents, dated as of December 1, 2016, each in favor of the Master Trustee; and

WHEREAS, the parties agree that any obligation of the Issuer created by or arising out of this Loan Agreement shall not constitute an indebtedness, debt, pecuniary liability, or a loan of the credit of the Issuer, or any of its officers or members, or of the State of Florida or any political subdivision thereof, or a charge against the general credit or taxing power, if any, of the foregoing, within the meaning of any constitutional or statutory provision; provided, further, that the Issuer has no taxing power, but its obligations hereunder, if any, shall be payable solely and exclusively from the proceeds derived from this Loan Agreement and any and all other sources of funds or money deposited in or credited to the various funds and accounts established under the Bond Indenture; and

"Authorized Officer" means the Chairperson, Vice Chairperson, Secretary, Executive Director, and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds.

"Bond Indenture" means the Bond Trust Indenture as of the date hereof between the Issuer and U.S. Bank National Association, as Bond Trustee, as may be amended or supplemented from time to time.

"Bond Trustee" means U.S. Bank National Association, its successors and assigns, or any successor bond trustee under the Bond Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement entered into in connection with the sale of the Bonds.

"Bonds" means the Series 2016 Bonds.

"Construction Monitor Agreement" means the Construction Disbursement and Monitoring Agreement dated as of December 1, 2016 by and between the Obligated Group Agent and the Construction Consultant.

"Continuing Disclosure Agreement" shall have the meaning ascribed thereto in the Master Indenture and relating to the Series 2016 Bonds.

"Dissemination Agent" means Digital Assurance Certification LLC, a Florida limited liability company, and its successors and assigns.

"Event of Default" means any of the events enumerated in Section 601 hereof.

"Financial Statements" means "Financial Statements" as defined in the Master Indenture.

"Financing Instruments" means the Master Indenture, the Bond Indenture, this Loan Agreement, Series 2016 Obligations, the Mortgage, the Continuing Disclosure Agreement, the Land Use Restriction Agreement, the Assignment of Contract Documents, the Construction Monitoring Agreement and the Tax Agreement.

"Insurance Consultant" means “Insurance Consultant” as defined in the Master Indenture.

"Issuer Documents" means this Loan Agreement, the Bond Indenture, the Loan Agreement, the Tax Agreement, the Land Use Restriction Agreement, the Bond Purchase Agreement and all other documents relating to the issuance of the Series 2016 Bonds to which the Issuer is a party.

"Issuer’s Fees and Expenses" means the fees and expenses, if any, payable to or incurred by the Issuer under or in connection with the Bonds or any of the other Financing Instruments including but not limited to any fees and expenses of counsel to the Issuer. For purposes of clarity, the Issuer’s Fees and Expenses are in addition to amounts owed to the Issuer pursuant to the Annual Issuer’s Fee.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement dated as of December 1, 2016, and effective December 1, 2016, by and among the Issuer, the Bond Trustee and the Obligated Group Agent.

"Local Agency" means the City of Palm Coast, Florida.

"Loan" means the loan referenced in Section 301 hereof to the Obligated Group.

"Master Indenture" means the Master Trust Indenture dated as of the date hereof, and between the Obligated Group and U.S. Bank National Association, as Master Trustee, as the same may be amended, supplemented or restated from time to time, particularly by that Supplemental Master Trust Indenture Number 1 dated as of December 1, 2016, between the Obligated Group and the Master Trustee and that Supplemental Master Trust Indenture Number 2 dated as of December 1, 2016, between the Obligated Group and the Master Trustee.

"Master Trustee" means U.S. Bank National Association, as Master Trustee under the Master Indenture, and successors thereto.

"Mortgage" means the “Mortgage” as defined in the Master Indenture.

"Mortgaged Property" means “Mortgaged Property” as defined in the Master Indenture.

"Net Proceeds" means the gross proceeds from any insurance recovery or condemnation award remaining after payment of reasonable attorneys’ fees and expenses of the Bond Trustee and all other reasonable expenses incurred in the collection of such gross proceeds.

"Officer’s Certificate" means Officer’s Certificate as defined in the Master Indenture.

"Series 2016 Project" means the Series 2106 Project defined in the Warrantes clauses hereof and for purposes hereof, shall have the meaning assigned to it in the Bond Indenture.

"Tax Agreement" means the Tax Regulatory Agreement and No Arbitrage Certificate, dated as of the date of issuance of the Bonds and executed by the Issuer, the Bond Trustee, and the Obligated Group.


SECTION 101. DEFINITIONS. Except as set forth below or unless the context otherwise requires, all undefined capitalized terms shall have the meanings assigned to them in the Master Indenture or Bond Indenture. The following words and terms shall have the following meanings unless the context otherwise requires:

“Annual Issuer’s Fee” means an annual fee, payable to the Issuer in installments, monthly in arrears, on the first Business Day of each month in an amount equal to one-twelfth of 0.8% of the aggregate principal amount of the Series 2016 Bonds outstanding on such date (the “Monthly Issuer’s Fee”); provided, however, that the fee due on each January 1 shall be the greater of the (i) Monthly Issuer’s Fee, or (ii) the amount necessary to make the sum of the Monthly Issuer’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 2016 Bonds, the final Monthly Issuer’s Fee shall be prorated to achieve the greater of the Monthly Issuer’s Fees or the amount necessary to make the sum of the Monthly Issuer’s Fees paid during such year equal the prorated portion of $15,000 for the number of months in which the Series 2016 Bonds are outstanding during such year.

“Assigned Rights” means:
(a) Series 2016 Obligations (except Obligation No. 4);
(b) Rights under this Loan Agreement (other than the rights of the Issuer under Sections 401(a)(1), 506, 605, and 907 of the Loan Agreement, as they apply to the Issuer and other than the rights of the Issuer to perform certain discretionary acts as reserved in the Loan Agreement and to receive notices);
(c) the non-exclusive right to rely upon the representations and warranties of the Obligated Group referenced in this Loan Agreement; and
(d) the non-exclusive rights to enforce the remedies for breach by the Obligated Group under this Loan Agreement, with respect to or assigned to the Bond Trustee, whether expressed in Article VI or otherwise.

“Assignment of Contract Documents” means the Assignment of Contract Documents dated as of November 1, 2016 between the Obligated Group Agent and the Master Trustee.

WHEREAS, the Bonds are being issued and are secured by that Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”) by and between the Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”).

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Issuer and other valuable consideration, the receipt of which is hereby acknowledged, and the actual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION
(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to the payment of Bonds at their stated maturity.

c) All references herein to particular Articles or Sections are references to Articles or Sections of this Loan Agreement unless otherwise indicated.

d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Loan Agreement nor shall they affect its meaning, construction or effect.

e) All references herein to the payment of Bonds are references to payment of principal of and interest on Bonds.

(f) All accounting terms used herein that are not otherwise expressly defined in this Loan Agreement shall have the meanings respectively given to them in accordance with GAAP. Except as otherwise expressly provided herein, all financial computations made pursuant to this Loan Agreement shall be made in accordance with GAAP and all balance sheets and other Financial Statements shall be prepared in accordance with GAAP.

g) Unless otherwise specified, the interest rate applicable to all Bonds shall be a rate per year consisting of 360 days comprised of twelve 30-day months.

(h) Any reference herein to the Obligated Group shall mean a representation, warranty, obligation or agreement by jointly and severally, each and all of the Members thereof.

(i) Each agreement by the Obligated Group Agent hereunder shall be an agreement by itself and each Member.

(j) 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.

(k) 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.

(l) Whenever the word “includes” or “including” is used, such word means “includes or including by way of example and not limitation.”

(m) 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.

ARTICLE II
REPRESENTATIONS

SECTION 201. REPRESENTATIONS BY ISSUER. The Issuer makes the following representations:

(a) The Issuer is a legal entity duly created and a public agency duly organized and existing under the laws of the State. By proper action, and in accordance with the Act, the Issuer has duly authorized the execution and delivery of the Issuer Documents, which constitute valid, legal, binding and enforceable obligations of the Issuer (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally) without offset, defense, or counterclaim.

(b) Except as otherwise provided in the Bond Indenture, the Issuer will not create any debt, lien or charge upon, or make any pledge or assignment of or create any encumbrance upon the Trust Estate, other than the pledge and assignment thereof under the Bond Indenture.

(c) The execution and delivery of the Issuer Documents and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Issuer, under the terms and conditions of any agreement or commitment to which the Issuer is a party or by which the Issuer is bound.

(d) The Issuer will, issue, execute and deliver the Bonds upon the terms and conditions set forth in the Bond Indenture and will tend the proceeds of the issuance of the Bonds to the Obligated Group to finance or refinance the Series 2016 Project in accordance with this Loan Agreement.

(e) There are no actions, suits or proceedings pending or threatened against or affecting the Issuer, or any other person, or involving the validity or enforceability of the Issuer Documents, or the priority of the liens thereon or any, or any tax, judicial or before any governmental authority, or that, if adversely determined, would impair the ability of the Issuer or any other person executing such documents to perform each and every one of their respective obligations under such documents.

(f) To the best knowledge of the Issuer, all consents, approval, authorizations, orders or filings of or with any court or governmental agency or body, if any, required for the execution, delivery and performance by the Issuer of the Financing Instruments to which it is a party have been obtained or made.

SECTION 202. REPRESENTATIONS BY THE OBLIGATED GROUP. The Obligated Group Agent makes the following representations on behalf of itself and each Member of the Obligated Group:

(a) Each Member of the Obligated Group is a limited liability company duly organized, validly existing and in good standing under the laws of the state in which it is organized or incorporated and has the power to enter into the Financing Instruments and the transactions contemplated thereunder.

(b) The Obligated Group is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing under the provisions of any such agreement that with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(c) To the knowledge of the Obligated Group after due inquiry, there is no litigation at law or in equity or any proceeding before any governmental agency involving the Obligated Group pending or, to the knowledge of the Obligated Group, threatened in which any liability of the Obligated Group is adequately covered by insurance or for which adequate reserves are not provided or for which any judgment or order would have a material adverse effect upon the business or assets of the Obligated Group or affect its existence or authority to do business, the operation of the Series 2016 Project, the validity of the Financing Instruments or the performance of the Obligated Group’s obligations thereunder.

(d) The execution and delivery of the Financing Instruments, the performance by the Obligated Group of its obligations thereunder and the consummation of the transactions therein contemplated do not and will not conflict with, or constitute a breach or result in a violation of, articles of incorporation, articles of organization, operating agreement or bylaws of the Obligated Group, any agreement or other instrument to which the Obligated Group is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Obligated Group or its property.

(e) The Obligated Group has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority (referred to in this paragraph as “Consents”) that are required to be obtained by the Obligated Group as a condition precedent to the issuance of the Bonds, the financing of the Series 2016 Project and the execution and delivery of the Financing Instruments. The Obligated Group has obtained all Consents that, to its knowledge, are obtainable to date for the performance by the Obligated Group of its obligations hereunder and thereunder, or required as of the date hereof for the operation of the Series 2016 Project. The Obligated Group will obtain when needed all other Consents required for the performance of its obligations under the Financing Instruments, and for the operation of the Series 2016 Project and has no reason to believe that all such Consents cannot be promptly obtained when needed.

(f) The Obligated Group will operate the Series 2016 Project, or cause it to be operated, as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, which shall include any regulation, advice, guidance, procedure, or administrative rulings promulgated thereunder, until the end of the “qualified project period.”

(g) The Obligated Group Agent is authorized pursuant to the Master Indenture to act on behalf of the Obligated Group and to execute and deliver this Loan Agreement.

(h) The Series 2016 Project is a “project” within the meaning of the Act, and the Obligated Group agrees and undertakes that only eligible persons will be permitted to use the facilities constituting a part of the Series 2016 Project or to enjoy or benefit from any of the services to be rendered in connection with a part of such Project.
(i) All information prepared by the Obligated Group regarding the Obligated Group and the Series 2016 Project delivered to the Underwriter and the Issuer is true and correct in all material respects and all such financial information fairly presents the financial condition and results of operations of the Obligated Group for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Obligated Group.

(ii) The Obligated Group agrees to protect, preserve, and defend its interest in the Series 2016 Project and its title thereto, to appear and defend said interest and title in any action or proceeding affecting or purporting to affect the Series 2016 Project.

(k) The Obligated Group is not subject to any charter, or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a materially adverse effect on the business assets or financial condition of the Obligated Group. The Obligated Group is not, and will not be, a party to any contract or agreement that has or is expected, in the judgment of the Obligated Group Agent, to have any materially adverse effect on the business or financial condition of the Obligated Group.

(l) The Obligated Group Agent has furnished to the Issuer all information necessary for the Issuer to file an IRS Form 8308 with respect to the Series 2016A Bonds and the Series 2016C Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(m) No Member is contemplating the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Obligated Group Agent has no knowledge of any Person contemplating the filing of any such petition against it.

(n) No Member is an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of any Member constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

(o) No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Financing Instrument.

(p) No Member is (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(q) The Obligated Group has not entered into this Loan Agreement or any Financing Instruments with the actual intent to hinder, delay, or defraud any creditor, and the Obligated Group has reasonably equivalent value in exchange for its obligations under the Financing Instruments. The Obligated Group’s assets do not and, immediately following the execution and delivery of the Financing Instruments, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Obligated Group does not intend to, and does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Obligated Group).

(r) The Obligated Group Agent has reviewed, commented on and approved the Financial Feasibility Study dated [_______], 2016, prepared by CahnLowenstein LLP and to the best of the Obligated Group’s knowledge, the assumptions underlying the financial projections therein are reasonable.

(s) The Mortgaged Property is located on the real property described in the exhibit to the Mortgage and identified as the property of the Obligated Group, and as of the Closing Date, complies in all material respects with all applicable building and zoning, health, environmental and safety ordinances and laws, and all applicable building codes and regulations.

(t) Based on the survey for the Mortgaged Property, all utility services necessary for the operation of the Mortgaged Property are available to the Mortgaged Property, including water supply, storm and sanitary sewer facilities, and gas, electric and telephone facilities.

(u) The Mortgaged Property, as of the date of issuance of the Bonds, is insured in accordance with the Master Indemnity and has not been damaged or injured as a result of any fire, explosion, accident, flood or other casualty which would materially adversely affect the intended use of the Mortgaged Property.

(v) The Obligated Group agrees that during the term of this Loan Agreement it will not transfer its interest in the Mortgaged Property except as permitted by the terms of this Loan Agreement, the Master Indemnity and the Land Use Restriction Agreement.

(w) Any work performed in connection with the Mortgaged Property shall be performed in compliance with all applicable federal, state, county, and municipal laws, ordinances, rules and regulations, in force or as may be enacted hereafter.

(x) No elected or appointed public official, employee, agent or representative of the Issuer or the State or any of their official boards, commissions or committees or any member of the governing body of the Issuer has any direct or indirect interest of any kind, or any right, agreement or arrangement to acquire an interest in any of the Mortgaged Property, as owner, or, to the knowledge of any member of the Obligated Group, as contractor, subcontractor, shareholder, general or limited partner, or tenant.

(y) The Obligated Group will take such action or actions, including being a party to or consenting to such amendments of this Loan Agreement or such other documents pertaining to the Bonds, as may be necessary, in the Opinion of Bond Counsel, to comply fully with all applicable rules, regulations, policies, procedures or other official statements promulgated or proposed by the Internal Revenue Service pertaining to obligations the interest on which is excludable from gross income under Section 103 of the Code, and that pertain to the Bonds. Nothing in this paragraph shall be construed to provide any ongoing obligation of Bond Counsel after opinions contemplated by this paragraph have been delivered.
or 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 this Loan Agreement, the Bonds, the Mortgage, the other Financing Instruments, or in any such other instruments or documents, shall be payable solely from the Revenues derived from the Series 2016 Project by the Issuer under this Loan Agreement, the Bonds, the other financing documents or the Mortgage, as applicable, and no other personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

Notwithstanding anything to the contrary contained herein or in any of the Bonds, or this Loan Agreement, the Bond Indenture, the Mortgage, other Financing Instruments, or in any other instrument or document executed by or on behalf of the Issuer, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Issuer, 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 Issuer or any successor to the Issuer, under any rule of law or equity, statute or construction 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.

In the Issuer accepting the provisions for the Obligated Group to indemnify the Issuer from claims of third parties, and in the Obligated Group agreeing to make such indemnities, as provided herein, the Issuer (and all applicable indemnified parties) intend to retain, and do not waive, the limits and scope of sovereign immunity enjoyed by the Issuer (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 Issuer (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 Obligated Group be able, and the Obligated Group may assert, with respect to claims for which indemnity is provided by the Obligated Group to the Issuer, the Issuer’s sovereign immunity under State law with respect to such claims, as well as all other immunities, defenses, and privileges the Issuer may enjoy with respect to such claims as may be provided under State of federal law.

The provisions of this Section 304 shall survive the termination of this Loan Agreement.

SECTION 305. RECORDATION AND FILING. The Obligated Group shall record, or cause to be recorded, the Mortgage and all amendments thereto and financing statements with respect to the security created by or on behalf of the Mortgage and the Master Indenture as and when they become due and shall promptly pay all other amounts necessary to enable the Bond Trustee to make the transfers required by Article VI of the Bond Indenture, and all other payments required of the Issuer pursuant to the Mortgage Indenture. On the first (1st) day of each month, the Obligated Group shall transfer to the Bond Trustee, for use pursuant to Section 602 of the Bond Indenture, the amounts required by Section 602. The Obligated Group shall also pay to the Bond Trustee when due any and all other amounts necessary pursuant to the Bond Indenture, including without limitation any and all amounts required to provide for payment of any past or future principal, interest, if any, and any other amounts, whether at maturity, subject to mandatory sinking fund redemption or to pay tender price, and to provide the full amount of the Required Debt Service Reserve in the Debt Service Reserve Fund if such fund does not contain the full amount of the Required Debt Service Reserve as provided by Section 602(a)(iii) of the Bond Indenture.

The Obligated Group shall also pay, as and when the same become due, the following:

(a) The Annual Issuer Fee, any Issuer’s Fee and Expenses, and any other out-of-pocket expenses, including the reasonable fees and counsel fees of the Issuer, and its reasonable costs and expenses, including the reasonable fees of its counsel and other advisers, arising from the transactions contemplated by the Loan Agreement, the Bond Indenture, any other Financing Instruments, and any other financing document or otherwise related to the Bonds.

(b) The fees and charges of the Bond Trustee incurred in connection with the rendering of its services as Bond Trustee under the Bond Indenture, and as when the same become due, including all advances plus interest thereon at the Maximum Rate and the reasonable fees and expenses of its counsel, and advisers and indemnified parties under the Bond Indenture,

(c) The fees and expenses of the Dissemination Agent, the Project Monitor and the Series 2016C Bondholder Representative;

(d) All other fees and expenses payable to any party as contemplated by the Financing Instruments; and

(e) The Obligated Group may, without constituting grounds for an Event of Default with respect to any fees and charges of the Bond Trustee, to the extent that the Obligated Group is contesting in good faith the
The Obligated Group should fail to make any of the payments required in this Section that are ultimately determined to be reasonable in good faith by the Obligated Group, the item or installment that the Obligated Group has failed to make shall continue as an obligation of the Obligated Group until the same shall have been finally paid, with interest thereon accruing from the date of payment due for such fees and expenses at the Maximum Rate.

(ii) The Obligated Group Agent shall pay to the Bond Trustee, (A) on the first (1st) day of each month commencing on March 1, 2016, for deposit into the Bond Fund in the Bond Indenture, an amount equal to one-twelfth of the sum of (a) the interest next coming due on the Bonds (whether at maturity or by mandatory redemption pursuant to the Bond Indenture, plus (B) for deposit into the Debt Service Reserve Fund beginning on the first (1st) day of the month following notice of any deficiency in the Debt Service Reserve Fund, the amounts required by Section 602(b)(ii) of the Bond Indenture, subject to a credit for earnings retained in, or deposits other than required by this subparagraph (ii) made to the Debt Service Reserve Fund during such period, and (C) for deposit to the Repair and Replacement Fund, one-twelfth (1/12th) of the Repair and Replacement Fund Requirement.

(iii) Amounts required to be deposited to the accounts within the Debt Service Reserve Fund if the balance thereof is less than the Required Reserve Amount.

(iv) Amounts described in Section 407 hereof.

(v) The deposits to the Operating Reserve Fund and Insurance and Tax Escrow Fund as provided in the Master Indenture.

(c) In addition to the payments required to be paid by the Obligated Group under this Loan Agreement, the Obligated Group agrees that it shall pay the costs of issuance of the Series 2016 Obligations, including, without limitation, printing expenses in connection with the Bonds, the preliminary official statement and the official statement relating to the Bonds; underwriting fees; rating agency fees; financial advisory fees, if any, of the Issuer; legal fees and expenses of Bond Counsel; counsel to the Issuer, counsel to the Underwriter, and other counsel; any computer and other expenses incurred in connection with determining or verifying the sufficiency of the cash flows in determining that the Series 2016A Bonds and the Series 2016C Bonds are not arbitrage bonds; the initial fees and expenses (including legal fees and expenses) of the Bond Trustee; and other fees and expenses incurred in connection with the issuance of the Bonds, provided that a written invoice for the same shall have been presented and approved by the Obligated Group at or prior to the date of issuance of the Bonds. The Obligated Group agrees that it shall also pay all expenses incurred by it, including the expenses of its counsel. The Obligated Group shall also pay written invoice for the same shall have been presented and approved by the Obligated Group at or prior to the date of issuance of the Bonds, the amounts required by Section 602(a)(iii) of the Bond Indenture, subject to a credit for earnings retained in, or deposits other than required by this subparagraph (ii) made to the Debt Service Reserve Fund during such period, and (C) for deposit to the Repair and Replacement Fund, one-twelfth (1/12th) of the Repair and Replacement Fund Requirement.

The deposits to the Operating Reserve Fund, Insurance and Tax Escrow Fund as provided in the Master Indenture.

The Obligated Group consents to the assignment made by the Bond Indenture of the Series 2016 Obligations and of rights of the Issuer under the Loan Agreement pursuant to the Bond Indenture. The Obligated Group shall pay to the Bond Trustee all amounts payable by the Obligated Group pursuant to the Series 2016 Obligations and otherwise with respect to the Assigned Rights.

SECTION 403. DEFAULT IN PAYMENTS. If the Obligated Group fails to make any payments required by the Series 2016 Obligations or this Loan Agreement when due, the Obligated Group shall pay to the Bond Trustee, or the Issuer, as the case may be, interest thereon accruing from the date of nonpayment until paid at the Maximum Rate.

SECTION 404. OBLIGATIONS OF OBLIGATED GROUP UNCONDITIONAL. Notwithstanding anything herein to the contrary, the obligations of the Obligated Group to make the payments on the Series 2016 Obligations and to observe and perform all other covenants, conditions and agreements hereunder shall be absolute and unconditional, irrespective of any rights of setoff, recoupment or counterclaim they might otherwise have against the Issuer, the Master Trustee, any other Members or the Bond Trustee. Subject only to the prepayment of the Series 2016 Obligations as provided therein, the Obligated Group shall not suspend or discontinue any payment on the Series 2016 Obligations or hereunder or fail to observe and perform any of its other covenants, conditions or agreements hereunder for any cause, including without limitation, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title to any part or all of the Series 2016 Project or commercial frustration of purpose, or any damage to or destruction or condemnation of all or any part of the Series 2016 Project, or any change in the tax or other laws of the United States of America, the State or any political subdivision of either, or any failure of the Issuer or the Bond Trustee to observe and perform any covenant, condition or agreement, whether express or implied, or any delay, disability or obligation arising out of or in connection with the Bond Indenture or this Loan Agreement. The Obligated Group may, after giving to the Bond Trustee and the Issuer notice of its intention to do so, at its own expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons that the Obligated Group reasonably deems necessary or proper to secure or protect any of its rights hereunder.

SECTION 405. ADVANCES BY ISSUER OR BOND TRUSTEE. If the Obligated Group fails to make any payment or perform any act required of it hereunder, the Issuer or the Bond Trustee or the Bondholder(s), after prior notice and demand on the Obligated Group and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Issuer, the Bond Trustee or the Bondholder(s) and all costs, fees and expenses incurred in connection therewith shall be payable by the Obligated Group on demand as an additional obligation under the Series 2016 Obligations, together with interest thereon accruing from the date such payment was made or expense was incurred at the Maximum Rate.

SECTION 406. AGREEMENT OF ISSUER. At the direction of the Obligated Group, the Issuer shall (a) at any time moneys held pursuant to the Bond Indenture are sufficient to effect a redemption of any Bonds and if the same are then redeemable under the Bond Indenture, take or cause to be taken all steps that may be necessary to effect a redemption thereunder, and (b) if such proceeds are to be taken any other action required by the Bond Indenture or as directed by the Obligated Group pursuant to the provisions of the Bond Indenture or this Loan Agreement, at all the sole cost and expense of the Obligated Group.

SECTION 407. ARBITRAGE AND REBATE REQUIREMENTS. The Issuer and the Obligated Group acknowledge that the excludability of interest on the Series 2016A Bonds and the Series 2016C Bonds from federal income taxation depends, in part, upon compliance with the arbitrage limitations and requirements imposed by Sections 305(b)(2) and 148 of the Code. The Issuer hereby authorizes and directs the Obligated Group, and the Obligated Group hereby acknowledges sole responsibility as between the Issuer and the Obligated Group, to take all actions necessary to comply with these limitations and requirements, as provided for in the Tax Agreement or the Code.
(b)
The Obligated Group shall apply any Net Proceeds consistent with the provisions
of the Master Indenture. The Obligated Group shall simultaneously provide to the Bond Trustee
the Officer’s Certificates and consultant reports required to be delivered to the Master Trustee
pursuant to the Master Indenture.

(iv)
any material breach of any representation or warranty set forth in any of the
Financing Instruments or the Bond Indenture or any certificate delivered pursuant thereto
and any claim that any representation or warranty of the Obligated Group is untrue or
inaccurate taken as a whole;

(c)
The Obligated Group shall not by reason of the payment of the cost of replacement,
repair, rebuilding or restoration be entitled to any reimbursement from the Issuer or the Bond
Trustee or to any abatement or diminution of the amount payable under the Series 2016 Obligations
or hereunder. All real and personal property acquired with Net Proceeds derived from Mortgaged
Property shall be free and clear of all liens and encumbrances of any kind except Permitted Liens
and become part of the Mortgage, and the Obligated Group shall take all steps necessary to subject
such property to the lien and security interest of the Mortgage and to obtain an amendment to the
mortgagee title policy required by the Master Indenture to insure title to all such real property
acquired. Prepayments of the Series 2016 Obligations shall be used to redeem Bonds pursuant to
Section 301 of the Bond Indenture.

(v)
any action, suit, claim, proceeding or investigation of a judicial, legislative,
administrative, or regulatory nature arising from or in connection with the construction,
acquisition, ownership, operation, occupation or use of the Series 2016 Project;
(vi)
any act, or failure to act, by the Obligate Group or negligence of the
Obligated Group or any of their agents, contractors, servants, employees or licensees;
(vii) any violation of any environmental law, rule or regulation with respect to,
or the release of any toxic substance from, the Mortgaged Property during the period in
which the Bonds are Outstanding;
(viii) any statement or information contained in any of the Financing Instruments
any other documents or agreements relating to the Bonds and the proceedings relating to
their issuance and sale, including all offering documents, or any documents in connection
with the Continuing Disclosure Agreement which is untrue or incorrect taken as a whole
in any material respect, other than information solely furnished by the Issuer or other
Indemnitee;

SECTION 506. INDEMNIFICATION.
(a)
The Obligated Group shall jointly and severally at all times protect, indemnify and
save harmless the Issuer, the Sponsoring Political Subdivisions, the Local Agency, the
Underwriter, the Project Monitor, the Series 2016C Bondholder Representative, the Bond Trustee,
the Master Trustee, the members of their boards of directors or commissioners and their officers,
attorneys, accountants, financial advisors and staff (collectively, the “Indemnitees”) from and
against all liabilities, causes of action, suits, obligations, claims, losses, damages, penalties, costs
and expenses (including attorneys’ fees), and judgments of any nature (hereinafter referred to as
“Damages”) in any manner relating to and/or arising from or in connection with the Series 2016
Project (including the approval, issuance or non-issuance, and, if issued, the administration
thereof) including without limitation (i) all amounts paid in settlement of any litigation commenced
or threatened against the Indemnitees, if such settlement is effected with the written consent of the
Obligated Group, which consent shall not be unreasonably withheld, (ii) all expenses reasonably
incurred in the investigation of, preparation for or defense of any litigation, proceeding or
investigation of any nature whatsoever, commenced or threatened against the Obligated Group,
the Series 2016 Project or any of the Indemnitees, (iii) any judgments, penalties, fines, damages,
assessments, indemnities or contributions, and (iv) the reasonable fees of attorneys, auditors and
consultants of the Indemnitees, provided that the Damages arise out of:

(ix)
any proceeding concerning the validity or enforceability of the Bonds, other
than as a result of the act of an Indemnitee;
(x)
any expense, loss, claim, damage or liability related to investigations or
audits with respect to the Bonds by the Internal Revenue Service or the Securities and
Exchange Commission or any violation of federal or state securities laws, other than as a
result of the act of an Indemnitee;
(xi)
any suit, action, administrative proceeding, enforcement action or
governmental or private action of any kind whatsoever commenced against the Obligated
Group, the Series 2016 Project, or the Indemnitees that might adversely affect the validity
or enforceability of the Bonds or the excludability of interest on the Series 2016A Bonds
and the Series 2016C Bonds from federal income taxation, or the validity or enforceability
of the Financing Instruments or the Bond Indenture, or the performance by the Obligated
Group or any Indemnitee of any of their respective obligations thereunder, other than as a
result of the act of an Indemnitee;

(i)
any injury or death of any person or damage to the Series 2016 Project in or
upon the Series 2016 Project or growing out of or connected with the use, nonuse, condition
or occupancy of the Series 2016 Project;

(xii) the issuance of the Bonds, the execution and delivery of this Loan
Agreement, the Bond Indenture and all related Financing Instruments;

(ii)
failure by the Obligated Group or its officers, employees or agents, to
comply with any term of any of the Financing Instruments or the Bond Indenture and any
agreement, covenant, obligation or prohibition set forth therein;

(xiii) any claims asserting any of the foregoing, regardless of the lack of merit
thereof;

(iii) any action, suit, claim or demand contesting or affecting the title of the
Series 2016 Project;

(xiv) A violation by the Obligated Group of any contract, agreement or restriction
relation to the Series 2016 Project; or

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(xv) A violation by the Obligated Group of any law, ordinance or regulation
affecting the Series 2016 Project or the ownership, occupancy or use thereof.

Property; nevertheless, if the Issuer, the Sponsoring Political Subdivisions, the Local Agency, the
Bond Trustee, the Master Trustee or any of their officials, officers, directors, commissioners,
agents, attorneys and employees should incur any such pecuniary liability, then in such event the
Obligated Group shall indemnify and hold harmless the Issuer, the Sponsoring Political
Subdivisions, the Local Agency, the Bond Trustee, the Master Trustee or any of their officials,
officers, directors, commissioners, agents, attorneys and employees 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 Issuer, the Sponsoring Political Subdivisions, the Local Agency, the Bond Trustee,
the Master Trustee or any of their officials, officers, directors, commissioners, agents or
employees, the Obligated Group shall defend such party, its officials, officers, directors,
commissioners, agents or employees in any such action or proceeding.

(b)
The Obligated Group also agrees, jointly and severally, to indemnify, protect,
defend, and hold harmless the Bond Trustee, the Issuer, the Sponsoring Political Subdivisions, the
Local Agency and the members of their boards of directors or commissioners, their officers,
attorneys, accountants, financial advisors and staff 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 Issuer in connection with any legal proceedings or other official actions of the Issuer 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 Issuer or the Bond
Trustee in connection with the proceedings of the Issuer relating to the issuance of the Bonds or
the Continuing Disclosure Agreement, or (iii) in any way arising from or relating to the execution
or performance of this Loan Agreement or other Financing Instruments by the Obligated Group
and the transactions contemplated hereby and by the Bond Indenture, the issuance or sale of the
Bonds, actions taken under the Bond Indenture, actions taken under the Continuing Disclosure
Agreement, or any other cause whatsoever pertaining to the financing of the Properties with the
proceeds of the Bonds and the Issuer’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 Obligated Group,
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 Obligated Group, 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 statement in it, in light of the circumstances under which
it is made, not misleading in any material respect, if the final official statement of prospectus is
approved in writing by the Obligated Group.

(d)
Promptly after receipt by an indemnified party under this Section 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 Obligated Group in writing of the
existence of such claim or commencement of such action (provided that a failure to so notify the
Obligated Group will not excuse the Obligated Group from its obligations hereunder). In case any
such action shall be brought against an indemnified party under this Section, the indemnified party
shall notify the Obligated Group of the commencement thereof and the Obligated Group 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 Obligated Group or other
indemnified parties which, in the opinion of such counsel, should be handled by separate counsel,
or if such claim includes criminal charges the Obligated Group 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 Obligated Group 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 Obligated
Group. The duty of the Obligated Group to defend each indemnified party under this Section 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, the Master Indenture and the Loan
Agreement.

(c)
It is the intention of the parties hereto that the Issuer, the Sponsoring Political
Subdivisions, the Local Agency, the Bond Trustee and any of their officials, directors,
commissioners, officers, agents and employees 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 Financing Instruments, (ii) by reason of, arising
out of, or relating to the undertakings required of the Issuer, the Sponsoring Political Subdivisions,
the Local Agency, the Bond Trustee, the Master Trustee and any of their officials, directors,
commissioners, officers, agents, attorneys and employees hereunder in connection with the
issuance of the Bonds and the execution of the Bond Indenture, or (iii) the performance of any act
required of the Issuer, the Bond Trustee, the Master Trustee and any of their officials, directors,
commissioners, officers, agents, attorneys and employees by this Loan Agreement or the Bond
Indenture, as applicable, or the performance of any act requested of the Issuer, the Sponsoring
Political Subdivisions, the Local Agency, the Bond Trustee, the Master Trustee and any of their
officials, officers, directors, commissioners, agents, attorneys and employees by the Obligated
Group or in any way arising from the transaction of which this Loan Agreement or the Bond
Indenture, as applicable, is a part or arising in any manner in connection with the Mortgaged

(e)
In addition, the Obligated Group agrees that if any 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 Issuer or any members of its board, its
officers, attorneys, accountants, financial advisors or staff is named or joined as a party, the
Obligated Group will pay to and reimburse to the Issuer the full amount of all reasonable fees and
expenses incurred by the Issuer with respect to the Issuer’s defense of or participation in such

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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.

(f) The provisions contained in this Section pertaining to indemnification of the Issuer, the Sponsoring Political Subdivisions, the Local Agency, the Bond Trustee, the Master Trustee and each of their respective members of their board of directors or commissioners and their officers, attorneys, accountants, financial advisors and staff shall be in addition to any other indemnification provided to such indemnified parties in any other agreement by the Obligated Group in connection with the issuance and sale of the Bonds and all matters relating thereto.

(g) Notwithstanding any other provision of this Loan Agreement to the contrary, the Obligated Group’s indemnification obligations under this Section 505 shall not extend to the Bond Trustee or any of its officers, members, directors, officers, employees, attorneys and agents to the extent of any Damages arising from the gross negligence or willful misconduct of the Bond Trustee or any of its respective officers, members, directors, employees, attorneys and agents.

(h) The provisions of this Section shall survive the retirement of the Bonds and/or the resignation or removal of the Bond Trustee or the Master Trustee and/or the termination of this Loan Agreement.

SECTION 507. SOLVENCY; ADEQUATE CAPITAL. The Obligated Group will (a) remain solvent and pay all of its indebtedness from assets of the same become due, and (b) maintain adequate capital for the normal obligations reasonably foreseeable for a business of its size and character and in light of its contemplated business operations.

SECTION 508. TAX COVENANTS. The Obligated Group agrees that it will not directly or indirectly use or permit the use of any of the proceeds of the Series 2016A Bonds or the Series 2016C Bonds or any other of its funds, or direct the Bond Trustee to invest any funds held by the Bond Trustee under the Bond Indenture or this Loan Agreement, in such manner as would, or enter into, or allow any other Person to enter into, any arrangement, formal or informal, that would, or take or omit to take any action that would, cause any Series 2016A Bond or Series 2016C Bond to be an “arbitrage bond” within the meaning of Section 148(c) of the Code. The Obligated Group further covenants and agrees to comply with all requirements of the Code at and subsequent to the issuance of the Series 2016A Bonds and Series 2016C Bonds, as is necessary for the interest on the Series 2016A Bonds and the Series 2016C Bonds to be, and to remain, excluded from the gross income of the owners thereof for federal income tax purposes, and not to take any actions that would adversely affect such exclusibility under the provisions of the Code. The Obligated Group acknowledges having read the Bond Indenture and agrees to perform all duties imposed upon it by the Bond Indenture and by the Tax Agreement. Insofar as the Bond Indenture and the Tax Agreement impose duties and responsibilities on the Obligated Group, they are specifically incorporated by reference into this Loan Agreement. If any member of the Obligated Group becomes aware of any situation, event or condition that would result in the interest on the Series 2016A Bonds or the Series 2016C Bonds becoming includable in gross income for federal income tax purposes, the Obligated Group Agent shall promptly give written notice hereof to the Issuer and the Bond Trustee, and shall take all reasonable actions necessary to remedy such situation, event or condition.

SECTION 602. REMEDIES ON DEFAULT. (a) Whenever an Event of Default shall have happened and is continuing, the Bond Trustee as the assignee of the Issuer may:

(i) declare all amounts due under this Loan Agreement and, subject to the provisions of Section 4.2(a) of the Master Indenture, all of the Series 2016 Obligations to be immediately due and payable, whereupon all such payments shall become due and payable immediately; and

(ii) take any action at law or in equity necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition, or agreement of the Obligated Group under the Series 2016 Obligations or this Loan Agreement. Whenever an Event of Default shall have happened and be continuing with respect to the Issuer, if assigned to the Bond Trustee, the Issuer may take any action at law or in equity necessary or desirable to collect the amounts owing to the Issuer and to enforce observance or performance of any such covenant, condition, or agreement of the Obligated Group under this Loan Agreement.

(b) Notwithstanding any other provision of this Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Bond Trustee shall not under any circumstances declare the entire unpaid aggregate amount of the Series 2016 Obligations to be immediately due and payable except in accordance with the provisions of the Master Indenture or at the direction of the Master Trustee in the event the Master Trustee shall have declared the aggregate principal amount of the Obligations issued under the Master Indenture and all interest thereon immediately due and payable in accordance with the Master Indenture.

(c) If the Bond Trustee exercises any of its rights or remedies under this Section, it shall give notice of such exercise to the Obligated Group in writing in the manner provided in Section 702 hereof.

SECTION 603. APPLICATION OF AMOUNTS REALIZED IN ENFORCEMENT OF REMEDIES. Any amounts collected pursuant to action taken under Section 602 hereof shall be applied in accordance with the provisions of the Bond Indenture or, if payment of the Bonds shall have been made, shall be applied according to the provisions of Section 610 of the Bond Indenture.

SECTION 604. NO REMEDY EXCLUSIVE. No remedy herein conferred or on reserved to the Issuer or the Bond Trustee or the holder of the Series 2016 Obligations is intended to be exclusive of any other remedy, and every remedy available to either of the Issuer or the Bond Trustee under this Loan Agreement or the Series 2016 Obligations may be exercised concurrently with any other remedy herein or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any Event of Default power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

SECTION 605. PAYMENTS TO ISSUER AND BOND TRUSTEE. Upon an Event of Default, the Obligated Group shall on demand pay to the Issuer and the Bond Trustee the reasonable fees, disbursements, and expenses of the Issuer and Bond Trustee, including but not limited to attorneys and other reasonable disbursements and expenses incurred by them or their agents (including attorneys’ fees and expenses) in the collection of payments due on the Series 2016 Obligations or the enforcement of performance of any other obligations of the Obligated Group, plus interest at the Maximum Rate, as provided in Section 401 of this Loan Agreement.

SECTION 606. NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. If either party or its assignee waives a failure by the other party under any covenant, condition, or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other failure hereunder.

ARTICLE VII
PREPAYMENT OF OBLIGATIONS

SECTION 701. OPTION TO PREPAY OBLIGATIONS UPON DAMAGE OR LOSS. The Obligated Group shall have the option to prepay any or all of the Series 2016 Obligations in full without premium and terminate this Loan Agreement in accordance with the Bond Indenture and Master Indenture.

SECTION 702. OPTION TO PREPAY OBLIGATIONS IN WHOLE. The Obligated Group shall have the option to prepay the Series 2016 Obligations in whole, with any applicable premium and terminate this Loan Agreement so long as any such payment allocable to the principal of the Series 2016 Obligations shall be used contemporaneously to discharge the Bonds in full; provided, however, that (i) no such prepayment may be made unless all unpaid Annual Issuer’s Fee and Issuer’s Fees and Expenses due and owing shall have been paid; (ii) all fees and charges of the Bond Trustee incurred in connection with the rendering of its services as Bond Trustee under the Bond Indenture, as and when the same become due, including all advances and the reasonable fees and expenses of its counsel, and advisers and indemnities required under the Bond Indenture shall have been paid; and (iii) such prepayment is permitted under the Bond Indenture, and (iv) the covenants in Section 508 hereof shall continue until the final maturity date of all Bonds or the earlier date on which all Bonds shall have been redeemed and the covenant in Section 407 hereof shall continue for six years thereafter. In such case, the Obligated Group, on behalf of the Issuer, shall cause the Bond Trustee to redeem the Bonds as provided in Sections 213 and 301 of the Bond Indenture. Notwithstanding any provision herein to the contrary, the covenants in Sections 304, 401(b), 405, 506 and 508 of this Loan Agreement shall survive the termination of this Loan Agreement.

SECTION 703. OPTION TO PREPAY OBLIGATIONS IN PART. The Obligated Group shall have the option to prepay the Series 2016 Obligations in part, with any applicable premium, so long as any such payment allocable to the principal of such Obligation shall be used contemporaneously to discharge a like amount of such series of Bonds, that such prepayment of the particular series of Bonds is permitted under Sections 213 and 301 of the Bond Indenture, all unpaid Annual Issuer’s Fee and Issuer’s Fees and Expenses due and owing shall have been paid, and all fees and charges of the Bond Trustee incurred in connection with the rendering of its services as Bond Trustee under the Bond Indenture, and as the same become due, including all advances and the reasonable fees and expenses of its counsel, and advisers and indemnities required under the Bond Indenture. The amount so prepaid shall be (a) used to redeem Bonds to
the extent possible under Sections 213 and 301 of the Bond Indenture if Bonds shall then be redeemable, be transferred to the Bond Fund. In the event of a conveyance of Unimproved Land (as defined in the Master Indenture), all proceeds received from such conveyance shall be used for the partial extraordinary mandatory redemption of Series 2016C and Series 2016A Bonds in the manner prescribed by Section 301(a) of the Bond Indenture and Section 3.9(v) of the Master Indenture.

SECTION 704. AMOUNT REQUIRED FOR PREPAYMENT. To prepay the Series 2016 Obligations in whole or in part under Sections 701, 702 or 703 hereof, the Obligated Group shall pay to the Bond Trustee, for deposit in the Bond Fund of the Bond Indenture, an amount of cash and/or Defeasance Obligations, as defined in the Bond Indenture, that will be sufficient (a) in the case of prepayment in whole, to discharge the lien of the Bond Indenture pursuant to Section 801 thereof, and (b) in the case of prepayment in part, to cause any Bonds that will be paid with the prepayment to be no longer Outstanding under the Bond Indenture. If the Obligated Group has prepaid the Series 2016 Obligations, as provided above, the Obligated Group shall not direct the expenditure of any funds from such prepayment in the Bond Fund for any purpose other than the payment of principal or premium, if any, or interest on the Bonds to be paid. The Obligated Group shall instruct the Bond Trustee to give the notice of redemption required by Section 302 of the Bond Indenture if any of the Bonds are to be paid other than at maturity.

ARTICLE IX
MISCELLANEOUS

SECTION 901. TERM OF LOAN AGREEMENT. This Loan Agreement shall be effective upon its execution and delivery and, subject to earlier termination upon prepayment in full of the Series 2016 Obligations and other amounts described in Articles IV, VI and VII hereof, shall expire on the first date upon which the Bonds are no longer Outstanding; provided, however, that the covenants in Section 401(b), 404, 407, 506, 508 and 702 shall survive the termination of this Loan Agreement and the covenants in Section 508 shall continue until the final maturity date of all Bonds or the earlier redemption date. In such case, the Obligated Group, on behalf of the Issuer, shall cause the Bond Trustee to redeem the Bonds as provided in Sections 213 and 301 of the Bond Indenture. The Issuer shall cooperate with the Bond Trustee and the Obligated Group Agent in connection with any Put Option exercised in accordance with Section 301 of the Bond Indenture, provided that the Issuer is reasonably requested in writing by an appropriate person to take such action, and provided further that the Issuer is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including attorneys’ fees) in such action.

Termination of this Loan Agreement as to the Property shall not become effective until all requirements of this Loan Agreement are completed and during the time between the notice given by the Obligated Group specifying the date of termination and the effective date of such termination, the Obligated Group shall make all payments required by the Bond Indenture and this Loan Agreement. The Obligated Group shall pay all costs and expenses of such termination, including any recording or mortgage release fees.

SECTION 902. NOTICES.

(a) Unless otherwise provided herein all demands, notices, approvals, consents, requests, opinions, and other communications hereunder shall be in writing and shall be deemed to have been given when delivered in person, mailed or delivered overnight or by first class or registered or certified mail, postage prepaid, addressed:

If to the Obligated Group:

Tuscan Gardens of Palm Coast Properties, LLC
189 South Orange Avenue, Suite 1650
Orlando, FL 32801
Attention: Laurence J. Pino

With a copy to:

Burr & Forman LLP
200 S. Orange Avenue, #800
Orlando, Florida 32801
Attn: Ty Roofner, Esq.

If to the Issuer:

Capital Trust Agency
315 Fairpoint Drive
Gulf Breeze, Florida 32561
Attention: Executive Director

(b) A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given hereunder by either the Issuer or the Obligated Group to the other shall also be given to the Bond Trustee and, for information purposes only, the Underwriter and the Project Monitor. The Obligated Group, the Bond Trustee, the Issuer or the Underwrite may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention they shall be directed.

(c) Any such communication also may be transmitted to the appropriate party by telephone, facsimile, or other electronic transmission and shall be deemed given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing sent as specified above.

SECTION 903. AMENDMENTS. Neither this Loan Agreement nor the Series 2016 Obligations shall be amended or supplemented and no substitution shall be made for the Series 2016 Obligations before payment of the Bonds without the consent of the Bond Trustee and the Issuer, given in accordance with and subject to Article XII of the Bond Indenture.

SECTION 904. SUCCESSORS AND ASSIGNS. This Loan Agreement shall be binding on, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

SECTION 905. SEVERABILITY. If any provision of this Loan Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

SECTION 906. APPLICABLE LAW; ENTIRE UNDERSTANDING; MODIFICATION OF DOCUMENTS. This Loan Agreement and the Series 2016 Obligations shall be governed by the applicable laws of the State, exclusive of the State’s rules regarding choice of law. This Loan Agreement and the Series 2016 Obligations (including the applicable provisions

If to the Bond Trustee:

U.S. Bank National Association
225 E. Robinson Street, Suite 250
Orlando, Florida 32801
Attention: Corporate Trust Department

If to the Underwriter:

Herbert J. Sims & Co., Inc.
2150 Post Road
Suite 301
Fairfield, Connecticut 06824
Attention: Executive Offices

If to the Project Monitor:

IFS Advisors, Inc.
2150 Post Road
Suite 301
Fairfield, Connecticut 06824
Attention: Executive Offices

This Loan Agreement and the Series 2016 Obligations are subject to the following:

AMOUNT REQUIRED FOR PREPAYMENT.

SECTION 901. CONTINUING DISCLOSURE. The Obligated Group hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and that the Issuer shall have no obligations thereunder. The Obligated Group agrees to execute and deliver a continuing disclosure certificate or agreement for the benefit of the Holders of the Bonds and to assist the Underwriter of the 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. Notwithstanding any other provision of this Loan Agreement, failure of the Obligated Group to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, the Bond Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, upon the Bond Trustee being provided indemnity satisfactory to it, shall) or any Holders of the Bonds or Beneficial Holder may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Obligated Group to comply with its obligations under this Section. For purposes of this Section, “Beneficial Holder” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositaries, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.
of the Bond Indenture, the Master Indenture and the Tax Agreement) express the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties. For the avoidance of doubt, the provision of the previous sentence shall be interpreted to include (but shall not be limited to) the prohibition of the amendment or modification of any covenant, condition and agreement in the Master Indenture that has been, pursuant to the terms hereof, incorporated by reference and made a part of this Loan Agreement without the express written consent of the Issuer and in accordance with the terms of the Bond Indenture.

SECTION 907. ISSUER’S OBLIGATIONS LIMITED; IMMUNITY OF DIRECTORS, OFFICERS, EMPLOYEES.

(a) Except as otherwise expressly herein provided, no recourse under or upon any obligation or agreement contained in this Loan Agreement or in any Bond or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitutional or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against the Issuer.

(b) Notwithstanding anything in this Loan Agreement to the contrary, it is expressly understood and agreed by the parties hereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Bond Trustee or the Obligated Group as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer, (ii) the Issuer shall not be under any obligation hereunder to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed either by the Bond Trustee, for documents furnished to it to the extent required under the Financing Instruments, or the Obligated Group, and (iii) none of the provisions of this Loan Agreement shall require the Issuer 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 it shall first have been adequately indemnified to its satisfaction against the cost, expenses and liability that may be incurred thereby.

(c) Furthermore, notwithstanding anything herein contained to the contrary, any obligation that the Issuer may incur under this Loan Agreement or under any instrument executed in connection herewith shall entail the expenditure of money not shall be a general obligation of the Issuer but shall be a limited obligation payable solely from the revenues and receipts under the Trust Estate and shall not constitute a pledge of the full, faith and credit or an indebtedness or obligation or agreement contained in this Loan Agreement or in any Bond or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitutional or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against the Issuer.

(d) No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained in the Bond Indenture, this Loan Agreement or in any Bond issued under the Bond 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 Issuer or of any successor corporation, either directly or through the Issuer or any successor corporation, 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 Bonds, the Bond Indenture and this Loan Agreement are solely corporate 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 Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Obligated Group whether contained in this Loan Agreement or to be implied therefrom as being supplemental hereto or thereon, 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 Bond Indenture, and as a condition of, and as part of the consideration for, the execution of this Loan Agreement and the Bond Indenture, expressly waived and released.

SECTION 908. USEY, TOTAL INTEREST. In no event shall the aggregate amounts contracted for, demanded, charged, or collected in connection herewith which are deemed "interest" exceed the Maximum Rate. It is expressly stipulated and agreed to be the intent of the Issuer and the Issuer and the Issuer at all times to comply with all applicable law governing the Maximum Rate or amount of interest payable on or in connection with the Series 2016 Obligations (or applicable United States federal law to the extent that it permits the Issuer to contract for, demand, charge, take, receive, 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 unenforceable any amount called for under this Loan Agreement; the Series 2016 Obligations, or under the Mortgage or any of the other Financing Instruments or contracted for, demanded, charged, taken, reserved, or received with respect to the Series 2016 Obligations, or if acceleration of the maturity of the Obligation or if any prepayment by the Obligated Group results in the Obligated Group having paid any interest in excess of that permitted by law, then it is the Obligated Group’s and the Issuer’s express intent that all excess amounts therefore collected by the Issuer be credited against the principal balance of the Series 2016 Obligations (or, if the Series 2016 Obligations have been or would thereby be paid in full, the excess refunded to the Obligated Group), and the provisions of the Series 2016 Obligations, the Mortgage and the other Financing Instruments immediately be deemed reformed and the amounts thereafter collectible hereunder and thereafter 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 Series 2016 Obligations does not include the right to accelerate any interest which has not otherwise accrued on the date of acceleration, and the Issuer does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to the Issuer for the use, forbearance, or detention of the Indebtedness (as defined in the Master Indenture) 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 Series 2016 Obligations, the Mortgage or in any other Financing Instruments that permits the compounding of interest, including, without limitation, any provision by which any accrued interest is added to the principal amount of the Series 2016 Obligations, the total amount of interest that the Obligated Group is obligated to pay and the Issuer is entitled to receive with respect to the Series 2016 Obligations shall not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the Maximum Rate on principal amounts actually advanced to or for the account of the Obligated Group, and so long as all amounts required under applicable law and prior advances and any advances made pursuant to the Mortgage or other Financing Instruments (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 909. COUNTERPARTS. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

SECTION 910. RECEIPT OF AND COMPLIANCE WITH BOND INDENTURE. The Obligated Group Agent, on behalf of the Obligated Group, acknowledges that it has received an executed copy of the Bond Indenture, and accepts and agrees to the provisions thereof, and agrees that it will take all such actions as are required or contemplated of it under the Bond Indenture to preserve and protect the rights of the Bond Trustee, the Issuer and of the Owners thereunder and that it will not take any action which would cause a default or Event of Default thereunder. It is agreed by the Obligated Group and the Issuer that all redemption of Bonds prior to maturity shall be effectuated as provided in the Bond Indenture. The Obligated Group hereby agrees that its right to the Mortgaged Property and its rights hereunder are subject to and subordinated to the interest and rights of the Bond Trustee under the Bond Indenture and acknowledges that the Bond Trustee has entered into the Bond Indenture in reliance upon the assignment to the Bond Trustee of the Issuer’s rights under this Loan Agreement and the Obligated Group’s provision of indemnity. The Obligated Group covenants that it will perform all of the Issuer’s obligations and covenants under the Bond Indenture to the extent that they can be performed by the Obligated Group thereunder. The Obligated Group further agrees that it will reimburse the Issuer for any expenses incurred in the administration of any of the foregoing agreements and this Loan Agreement and will hold the Issuer harmless from any liabilities thereunder. The Obligated Group Agent, on behalf of the Obligated Group, further covenants that it will perform all of the duties and obligations of the Obligated Group that are set forth in the Bond Indenture.

SECTION 911. BROKERAGE CONFIRMATIONS. The Obligated Group Agent acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Obligated Group Agent the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Obligated Group Agent specifically waives receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Issuer periodic cash transaction statements that include detail for all investment transactions made by the Issuer hereunder.

IN WITNESS WHEREOF, the Issuer and the Obligated Group have each caused this Loan Agreement to be executed in their respective corporate names as of the date first above written.

CAPITAL TRUST AGENCY

By: Harrison Wilder
Title: Chair

ATTEST: Robert F. Cleveland
Title: Secretary

IN WITNESS WHEREOF, the Issuer and the Obligated Group have each caused this Loan Agreement to be executed in their respective corporate names as of the date first above written.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC, a Florida limited liability company

By: Janet Horvath-Pino
Title: Authorized Representative
Receipt of the foregoing original counterpart of this Loan Agreement dated as of December 1, 2016, between the Capital Trust Agency and Tuscan Gardens of Palm Coast Properties, LLC is hereby acknowledged.

U.S. BANK NATIONAL ASSOCIATION,

as Bond Trustee

By:________________________

Name: Janice Entsminger

Title: Vice President
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GRANTING CLAUSE FIRST

The Pledged Assets as further provided in Section 3.1 hereof:

GRANTING CLAUSE SECOND

All moneys and securities held by the Master Trustee or any other depositories in any and all of the funds and accounts established under this Master Indenture.
NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligations issued hereunder by the registered Holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which Obligations are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become registered Holders thereof, each Member covenants and agrees with the Master Trustee, for the benefit of the respective registered Holders from time to time of Obligations issued hereunder, as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1 | DEFINITIONS. Capitalized words and terms used herein shall have the meanings assigned to them in this Master Indenture. The following words and phrases shall have the following meanings in this Master Indenture unless the context otherwise requires:

“Accountant” means a firm of independent certified public accountants with experience in auditing assisted living facilities or other similar housing or healthcare facilities specifically designed for the aged.

“Additional Indebtedness” means any Indebtedness incurred subsequent to the issuance of the Series 2016 Obligations issued under this Master Indenture.

“Affiliate” means an organization (including a corporation, limited liability company, partnership, joint venture, association, business trust, governmental unit or similar entity): (a) more than fifty percent (50%) of the members of the Governing Body of which are (i) the same as the members, directors or trustees of a Member, (ii) subject to election or appointment by a Member or another Affiliate or (iii) subject to election or appointment by a Person that has the power to elect or appoint more than fifty percent (50%) of the members of the Governing Body of a Member; (b) that has the power to elect or appoint more than fifty percent (50%) of the members of the Governing Body of a Member; or (c) the sole corporate member of the Governing Body of which is a Member.

“Allocation Agreement” means that certain Inter-Company Allocation Agreement, dated as of October 20, 2016, by and among the Obligated Group Agent and the Holding Company.

“Allocation Fund” means the fund created pursuant to Section 9.6 of this Master Indenture.

“Annual Budget” means the annual budget of the Obligated Group for the Fiscal Year described in Section 3.19 of this Master Indenture.

“Annual Issuer’s Fee” means an annual fee, payable to the Initial Issuer in installments, monthly in advance, on the first Business Day of each month in an amount equal to one-twelfth of 0.05% of the aggregate principal amount of the Series 2016 Bonds Outstanding on such date (the “Monthly Issuer’s Fee”), provided, however, that the fee due on each January 1 shall be the greater of the (i) Monthly Issuer’s Fee, or (ii) the amount necessary to make the sum of the Monthly Issuer’s Fees paid during the preceding twelve months equal $15,000. In the final year of retirement or precondition of all remaining principal on the Series 2016 Bonds, the final monthly Issuer’s Fee shall be prorated to achieve the greater of the monthly Issuer’s Fees or the amount necessary to make the sum of the Issuer’s Fees paid during such year equal the prorated portion of $15,000 for the number of months in which the Series 2016 Bonds are outstanding during such year.

Architect means Baker Barrios Architects, Inc., Orlando, Florida, and its successors and assigns or any other architect or firm of architects engaged to provide architectural services to the Obligated Group and approved by the Project Monitor.


Assignment of Contract Documents means the Assignment of Contract Documents dated as of December 1, 2016 from the Obligated Group to the Master Trustee.

“Available Reserves” means the fair market value of all unspent and restricted and cash investments of the Obligated Group determined as set forth in an Officer’s Certificate, plus the amount on deposit in the Insurance and Tax Escrow Fund, the Operating Reserve Fund, the Replacement Fund, the Capital Working Fund, the Surplus Fund, the Allocation Fund and any special trust fund with respect to insurance or condemnation proceeds established pursuant to Section 3.5 of this Master Indenture, 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 the Obligations or Related Bonds, but in any event excluding amounts in a debt service reserve fund.

“Available Units” means the assisted living and memory care beds within the units which the Obligated Group is allowed to lease or have occupied at the date of determination under the Legal Requirements applicable to the Project (or any portion thereof), including without limitation the laws, rules and regulations of the State regarding homes for the aged and assisted living facilities and the regulations thereof.

“Balloon Indebtedness” means Long-Term Indebtedness, twenty-five percent (25%) or more of the principal of which is due in a single period of twelve (12) consecutive months, which portion of principal is not required by the documents pursuant to which such Long-Term Indebtedness is issued to be reduced by amortization or redemption prior to the beginning of such period to an amount less than twenty-five percent (25%) of the principal amount.

“Bond Indenture” means the Bond Trust Indenture dated as of the date hereof between the Bond Trustee and the Initial Issuer and relating to the Series 2016 Bonds.

“Bond Trustee” means U.S. Bank National Association, as the Related Bond Trustee for the Series 2016 Bonds.

“Book Value” means any Indebtedness incurred subsequent to the issuance of the Series 2016 Obligations issued under this Master Indenture.

“Cash Available for Debt Service” means, with respect to the Obligated Group for any date of determination, the difference of Total Operating Revenues less Total Cash Operating Expenses to which shall be added interest expense on Indebtedness and from which shall be excluded (a) any extraordinary items, (b) any gain or loss resulting from the extinguishment of Indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business, and (c) unrealized gains or losses on securities.

“Code” or “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, or any successor to the Internal Revenue Code of 1986, as amended. Reference to any particular Code section shall, in the event of such successor Code, be deemed to reference the successor to such Code section.

“Completion Certificate” means a certificate signed by the Obligated Group Agent, (a) stating, without prejudice as to rights against third parties, the Completion Date; and (b) stating, without prejudice as to rights against third parties, that all costs and expenses incurred in connection with the respective phase of the Project have been paid except as specified amounts either which are not yet due and payable or which the Obligated Group is contesting in good faith by appropriate proceedings; and (c) attaching an affidavit of the Design Builder to the effect that such contractor and all of its subcontractors and suppliers of labor and materials have been paid in full (other than retainage).

“Construction Disbursement Agreement” means any construction disbursement agreement (with respect to Construction Project) of the Obligated Group, including the Construction Disbursement and Monitoring Agreement, dated as of December 1, 2016, by and among the Obligated Group Agent, the Project Monitor, and the Construction Consultant, as amended and supplemented from time to time.

“Consultant” means a Person or firm selected by the Obligated Group Agent that is not (and no member, stockholder, director, officer or employee of which is) an officer or employee of...
any Member or an Affiliate, that is a professional consultant with substantial experience and recognized expertise in the operation and management of assisted living communities or other similar housing or healthcare facilities specifically designed for the aged. The selection of any Consultant herein shall also require the approval in writing of the Project Monitor, which approval shall not be unreasonably withheld.

"Continuing Disclosure Agreement" means (a) that certain Disclosure Dissemination Agent Agreement, dated as of December 1, 2016, by and between the Obligated Group Agent and Digital Assurance Certification LLC, as dissemination agent, and (b) any continuing disclosure certificate or agreement executed by the Obligated Group Agent that may be required pursuant to the issuance of any publically offered Related Bonds.

"Contract Obligations" means the payment obligations (other than the obligation to pay principal of, redemption premium, if any, and interest on Indebtedness), of a Member of the Obligated Group under a financing agreement related to Indebtedness, evidenced by an Obligation principal of, redemption premium, if any, and interest on such obligations of state or local governments;

"Corporate Trust Office" means the designated corporate trust office of the Master Trustee which, on the date hereof, is in Orlando, Florida.

"Days' Cash on Hand" means, as of any date of determination, as derived from the quarterly financial statements for the immediately preceding quarter delivered pursuant to Section 3.24 and the Continuing Disclosure Agreement, (a) the product of (i) three hundred sixty-five (365), and (ii) the Available Reserves, divided by Total Cash Operating Expenses of the Obligated Group, including interest expense, but excluding any interest funded from the proceeds of an Obligation or Related Bonds.


"Defeasance Obligations" means:

(a) noncallable Government Obligations;

(b) Government Participations;

(c) noncallable obligations of state or local governments that are rated in the highest rating category established by Moody's, Fitch, S&P, without regard to any refinement or gradation of such rating category by numerical modifier or otherwise, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent:

(i) noncallable Government Obligations or

(ii) Government Participations, the maturity principal of and interest on which Government Obligations or Government Participations, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local governments;

(d) evidences of noncallable ownership of a proportionate interest in specified obligations described in item (c), which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Deposit Account Control Agreement" means that certain Deposit Account Control Agreement to be entered into by and among the Master Trustee, the Obligated Group Agent and a depository bank relating to the Operating Account.


"Developer" means Tuscan Gardens of Palm Coast Development Company, LLC, a Florida limited liability company authorized to transact business in Florida.

"Developer Fee" means the amount due to the Developer pursuant to Section 3.06 of the Development Agreement and approved in writing by the Project Monitor, particularly:

(a) Seven Hundred Fifty Thousand Dollars ($750,000) upon issuance of the Series 2016 Bonds;

(b) Three Hundred Seventy-Five Thousand Dollars ($375,000) in fourteen (14) equal monthly installments commencing thirty (30) days after the Issuance Date and continuing for thirteen (13) months thereafter;

(c) Three Hundred Seventy-Five Thousand Dollars ($375,000) upon receipt by the Project of a license by the Florida Agency for Health Care Administration and a Certificate of Occupancy and either (i) deposit by the Obligated Group of Five Hundred Thousand Dollars ($500,000) in the Working Capital Fund or (ii) compliance by the Obligated Group with Section 3.18 for four (4) consecutive Ratio Testing Dates and Section 3.14 for four (4) consecutive Liquidity Testing Dates and provided that after the disbursement of the fee earned under this subsection (c), the Obligated Group would still be in compliance with Sections 3.8 and 3.14 hereof; and

(d) Five Hundred Thousand Dollars ($500,000) upon receipt by the Project of a license by the Florida Agency for Health Care Administration and a Certificate of Occupancy and either (i) deposit by the Obligated Group of Five Hundred Thousand Dollars ($500,000) in the Developer Fee Account or (ii) pursuant to Section 9.11 hereof in and in compliance with Section 3.25 hereof.

"Developer Fee Account" means the Developer Fee Account within the Working Capital Fund established by Section 9.4 hereof.

"Development Agreement" means the Master Development Agreement, dated as of October 20, 2016 between the Developer and the Obligated Group Agent, as amended and supplemented from time to time.

"Dissemination Agent" means Digital Assurance Certification LLC and its successors and assigns.

"EMMA" means the Electronic Municipal Market Access System, or any successor depository or system, designated and/or maintained by the Municipal Securities Rulemaking Board and its successors.

"Environmental Law" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, Public Law No. 96-510, 94 Stat. 1613; the Resource Conservation and Recovery Act; the National Environmental Policy Act of 1969, as amended (42 U.S.C. § 4321 et seq.); the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.); the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.); the Federal Insecticide, Fungicide and Rodenticide Act, as amended (7 U.S.C. § 136 et seq.); the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 et seq.); the Clean Water Act, the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.); the Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251 et seq.); the Federal Coastal Zone Management Act, as amended (16 U.S.C. § 1451 et seq.); the Occupational Safety and Health Act, as amended (29 U.S.C. § 651 et seq.); the Safe Drinking Water Act, as amended (42 U.S.C. § 300F et seq.); and any other federal, state or local law, statute, ordinance and regulation, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including, without limitation, any applicable judicial or administrative order, consent decree or judgment applicable to the Facilities relating to the regulation and protection of human health and safety and/or the environment and natural resources (including, without limitation, ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and/or vegetation), including all amendments to such Acts, and any and all regulations promulgated thereunder, and all analogous local or state counterparts or equivalents, and any transfer of ownership notification or approval statutes, and any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct regarding any Hazardous Materials, as may now or at any time hereafter be in effect.

"Event of Default" means any one or more of those events set forth in Section 4.1 hereof.

"Excluded Property" means the property of the Obligated Group described in EXHIBIT B attached hereto, and any property purchased or acquired utilizing the proceeds from the sale thereof or in exchange therefor and identified as such to the Master Trustee in an Officer's Certificate.

"Facilities" means, collectively, the Series 2016 Project and any other real and personal properties owned and operated by a Member of the Obligated Group, and all leasehold interests of a Member of the Obligated Group, from time to time, but excluding Excluded Property.

"Financial Statements" means, as the case may be, and as applicable, (a) the audited consolidated or combined financial statements of the Obligated Group for the applicable Fiscal Year that are prepared under GAAP and certified by an Accountant selected by the Obligated Group Agent, or (b) the unaudited financial statements of the Obligated Group delivered to the Master Trustee in accordance with Section 3.24.

"Fiscal Year" means, for the Obligated Group, initially January 1 through December 31, or such other Fiscal Year adopted by the Obligated Group.

"Fitch" means Fitch, Inc., doing business as Fitch Ratings, or its successors in the business of providing investment rating services, provided that if neither Fitch nor any such successor is then in such business the references to Fitch and ratings thereof shall no longer be requirements of this Master Indenture.

"Fixed Rate Indebtedness" means any portion of Indebtedness the interest rate on which is established at the time of incurrence at a fixed rate.

"Financing Instruments" shall have the meaning ascribed thereto in the Bond Indenture.

"GAAP" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants as of the date of application, as such principles are from time to time supplemented or amended.

"Governing Authority" means the United States, the State and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of government, which has jurisdiction over the Mortgaged Property or the construction, equipping and operation of the Project thereon.

"Governing Body" means, when used with respect to any Member or Affiliate, its board of directors, board of trustees, or other board or group of individuals that has the power to manage the affairs of such Member or Affiliate.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Governmental Participation" means evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.
“Gross Receipts” means all receipts, revenues, income (including investment income) and other money received or receivable by or on behalf of any Member of the Obligated Group derived from all sources including, without limitation, the operation or ownership of the Facilities, and including, without limitation, proceeds of any license, lease or sublease, disposition of assets or borrowings, fees paid or payable by or on behalf of users of the Facilities, and any insurance proceeds and condemnation awards, and all rights to receive the same whether in the form of accounts, accounts receivable, general intangibles, contract rights, chattel paper, inventory, property, instruments or other rights and the proceeds thereof; whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Obligated Group, provided, however, that there shall be excluded from Gross Receipts, gifts, bequests, donations and contributions made to the Facilities, designated at the time of making thereof by the donor or maker as being for certain specified purposes inconsistent with the application thereof to the payment of amounts due under the Series 2016 Obligations or the Loan Agreement related to the Related Bonds or not subject to pledge, and any income derived therefrom to the extent required by such designation or restriction.

“Guaranty” means any obligation of any Member guaranteeing in any manner, directly or indirectly, any obligation of any other Person that, if such obligation were the obligations of a Member, would constitute Indebtedness hereunder.

“Guaranty Agreement” means the Guaranty of Non-Recourse Carveouts Agreement, dated as of December 1, 2016, by and among Lawrence J. Pino, Charles C. Smith, Jr. and Sean D. Casteleir for the benefit of the Master Trustee.

“Hazardous Materials” means petroleum, petroleum byproducts (including, but not limited to, crude oil, diesel oil, fuel gas, lubrication oil, oil refuse, oil mixed with other waste, oil sludge and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products and/or any hazardous substance or material, toxic or dangerous waste, oil sludge and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products and/or any hazardous substance or material, toxic or dangerous waste, substance or material, pollutant or contaminant, defined as such in (or for the purposes of) the Environmental Laws.

“Holder” means the holder or registered Holder of any Obligation issued hereunder.

“Holding Company” means Tuscan Gardens of Palm Coast, LLC, a Florida limited liability company.

“Indebtedness” means (a) all liabilities or obligations of Members for borrowed money, (b) all installment sales and capital lease obligations incurred or assumed by any Member, and (c) all Guaranties. Indebtedness shall not include (i) liabilities or obligations of any Member to another Member, (ii) any portion of any of the foregoing as there is on deposit with the Master Trustee, or a third party escrow agent meeting the requirements of Section 5.4(h) hereof, cash or Defeasance Obligations registered in the name of the Master Trustee or such third party escrow agent, as appropriate, that are irrevocably pledged to pay payment of either or both principal of and interest on such obligations of such Member and that are sufficient, together with investment earnings thereon, for payment for such proportion of such liabilities for which they are pledged, (iii) obligations of any Member under a line of credit, letter of credit, standby bond purchase agreement or similar facility (and any reimbursement agreement relating thereto) established in connection with the issuance of any indebtedness of a Member or Related Bonds if such facilities have been used or drawn upon and remain outstanding and unpaid or (iv) obligations of any Member of the Obligated Group with respect to a Contract Obligation. Nothing in this definition or otherwise shall be construed to count Indebtedness more than once.

“Initial Issuer” means the Capital Trust Agency, as the Related Bond Issuer of the Series 2016 Obligations.

“Insurance and Condemnation Fund” means the fund described in Section 3.5 of this Master Indenture.

“Insurance and Tax Escrow Fund” means the fund described in Section 9.8 of this Master Indenture.

“Insurance Consultant” means a Person or firm selected by the Obligated Group Agent that is not a member, stockholder, director, officer or employee of any Member or an Affiliate, that is nationally recognized as qualified to survey risks and to recommend insurance coverage for assisted living facilities or other similar housing or healthcare facilities specifically designed for the aged.

“Issuer’s Fees and Expenses” means the fees and expenses, if any, payable to or incurred by the Issuer under or in connection with the Issuer of any of the applicable financing instruments, and including but not limited to any fees and expenses of counsel to the Issuer.

“Land Use Restriction Agreement” means the Land Use Restriction Agreement dated as of the date hereof and among the Obligated Group, the Issuer and the Related Bond Trustee.

“Lawful Rate” means the highest rate of interest permitted by applicable State law.

“Lease” means the Lease Agreement dated December 1, 2016 by and among Tuscan Gardens of Palm Coast, LLC, a Florida limited liability company, and Tuscan Gardens of Palm Coast Management Company, LLC, a Florida limited liability company.

“Legal Requirements” means any legal requirements, including any local, state or federal statute, law, ordinance, code, rule or regulation, now or hereinafter in effect (including environmental laws) or order, judgment, decree, injunction, permit, license, authorization, certificate, franchise, approval, notice, demand, direction or determination, of any Governing Authority, and all legal requirements imposed upon the Mortgaged Property, or upon the owner(s) of the Mortgaged Property from time to time, pursuant to any applicable covenants, conditions, easements, servitudes and restrictions and any applicable ground lease.

“Lien” means any mortgage, deed of trust, or pledge of, security interest in, or encumbrance or other lien, on any Property of any Person.

“Liquidity Testing Date” means June 30, 2018, and each June 30 and December 31 thereafter.

“Long-Term Debt Service Coverage Ratio” means, for any period of determination, the ratio determined by dividing the Cash Available for Debt Service by the Maximum Annual Debt Service for Indebtedness, but excluding Subordinate Indebtedness other than Obligation No. 1.

“Long-Term Debt Service Requirement” means, for any period of determination, the aggregate of the payments to be made in respect of principal and interest on Outstanding Long-Term Indebtedness of the Obligated Group during the previous twelve (12)-month rolling period, with the special rules identified in paragraphs (a), (b) and (c) below to apply in respect of Balloon Indebtedness, Variable Rate Indebtedness and Guaranties. In such determination:

(a) there shall be taken into account, with respect to Balloon Indebtedness, the amount of principal that would be payable in such previous twelve (12)-month rolling period if such principal were amortized from the date of the balloon payment on a level debt service basis for the shorter of (i) fifteen (15) years from the date of the balloon payment and (ii) thirty (30) years from the date of such actual calculation, except that if the date of calculation is within twelve (12) months of the actual maturity of such indebtedness, the full amount of principal payable at maturity shall be included in such calculation;

(b) the interest on Variable Rate Indebtedness shall be calculated at the average interest rate in effect in respect to such Variable Rate Indebtedness for the rolling (12)-month period immediately preceding the date of such calculation, provided that if such average rate cannot be calculated for such entire rolling (12)-month period but can be calculated for a shorter period, then such interest shall be calculated at the average interest rate in effect for such shorter period, provided further, however, that if such average rate cannot be calculated for any preceding period of time, then such interest shall be calculated at the SEMA Municipal Swap Index (or any successor or similar index) as most recently published on or prior to such date of calculation; and

(c) the annual principal and interest payments on any Indebtedness represented by a Guaranty shall be taken into account with an amount based on the percentages set forth in the definition of “Long-Term Indebtedness” provided, however, that notwithstanding the foregoing paragraphs (a) through (c) (1) interest shall be excluded from the determination of the Long-Term Debt Service Requirement to the extent the same is funded with the proceeds of any Long-Term Indebtedness, (2) amounts in any debt service reserve fund that will be available to pay any Related Bonds in the next year in which such Related Bonds are expected to be outstanding will be credited to reduce the Long-Term Debt Service Requirement for such Related Bonds, and (3) debt service payments in the final Bond Year on the Related Bonds relating to Obligation No. 1, Obligation No. 2 and Obligation No. 3 should be excluded. Principal and interest on Subordinate Indebtedness, with the exception of Indebtedness evidenced by Obligation No. 3, shall be excluded when calculating the Long-Term Debt Service Requirement.

“Long-Term Indebtedness” means all Indebtedness incurred or assumed by any Member, including Guaranties, Balloon Indebtedness, Variable Rate Indebtedness, Completion Indebtedness and Fixed Rate Indebtedness; and also including Short-Term Indebtedness; any commitment by a financial lender exists to continue to finance a Long-Term Indebtedness and such commitment provides for the repayment of principal on terms that would, if such commitment were implemented, constitute Long-Term Indebtedness, but excluding Subordinate Indebtedness; and the current portion of Long-Term Indebtedness, for any of the following:

(a) money borrowed for an original term, or renewable at the option of the Obligated Group for a period from the date originally incurred, longer than one year;

(b) leases required to be capitalized in accordance with GAAP that have an original term, or are renewable at the option of the lessor for a period from the date originally incurred, longer than one year; and

(c) installment sale or conditional sale contracts having an original term in excess of one year.

provided, however, that any Guaranty by any Member of any obligation of any Person which obligation would, if it were a direct obligation of such Member, constitute Short-Term Indebtedness, shall be excluded. A Guaranty of an obligation of another Person (for purposes of this definition, the “Obligor”) qualifying as Long-Term Indebtedness hereunder shall be deemed Short-Term Indebtedness of the Obligated Group in accordance with the following schedule:

Long-Term Debt Service Coverage Ratio Percentage of the principal amount of the Obligor (calculated as set forth herein for the most recent fiscal year of the Obligor for which audited financial statements are available) to be Long-Term Indebtedness of the Obligated Group

greater than 2.0 0%
to and including 2.0 20%
to and including 1.94 50%
to and including 1.24 75%
less than 1.10 (or no available financial statements) 100%

Notwithstanding the foregoing, if any Member of the Obligated Group is required to make a debt service payment pursuant to any Guaranty, one hundred percent (100%) of the principal amount of the guaranteed indebtedness shall be deemed Long-Term Indebtedness of the Obligated Group.

“Majority of the Holders” means the Holders of more than fifty percent (50%) in aggregate principal amount of Obligations (other than Holders of Subordinated Obligations or Contract Obligations) then outstanding.

“Management Agreement” means (a) that certain Management Agreement, dated as of September 16, 2016, between Tuscan Gardens of Palm Coast Management Company, LLC, a Florida limited liability company, and the Manager, as the same may be amended and supplemented, and (b) any other management agreement between any member of the Obligated Group and a Manager with respect to the Facilities.

“Management Fees” means the fees and expenses due the Manager pursuant to the Management Agreement.
With respect to any other recovery on a contractual claim or claim for damage to or for taking of property, means the gross proceeds from the insurance or condemnation award or recovery that may at any time exist, but excluding Excluded Property and subject to Permitted Liens.

Moody’s means Moody’s Investors Service, Inc. or its successor in the business of providing investment rating services, provided that if neither Moody’s nor any such successor is then in such business the references to Moody’s and its ratings thereof shall no longer be requirements of this Master Indenture.

Mortgage means the Mortgage, Assignment of Rents and Security Agreement dated as of December 1, 2016, by the Obligated Group Agent in favor of the Master Trustee, as the same may from time to time be replaced, amended or supplemented as provided therein and in the Master Indenture, which may include a new mortgage on property which is added to the Mortgaged Property.

Mortgaged Property means the Facilities subject to the Lien of the Mortgage, as they may at any time exist, but excluding Excluded Property and subject to Permitted Liens.

Needs Assessment Analysis means the analysis and report required as set forth in Section 3.18 herein.

Net Proceeds, when used with respect to any insurance or condemnation award or with respect to any other recovery on a contractual claim or claim for damage to or for taking of property, means the gross proceeds from the insurance or condemnation award or recovery remaining after payment of all expenses (including attorneys’ fees and any expenses of the Master Trustee) incurred in the collection of such gross proceeds.

Notwithstanding any reference to Moody’s or a rating thereof, such references shall no longer be requirements of this Master Indenture.

Obligation No. 1 means the promissory note constituting Obligation No. 1 in the initial principal amount of $36,680,000 dated as of its date of issuance, issued under this Master Indenture, delivered to the Initial Issuer pursuant to the Loan Agreement and relating to the obligations of the Obligated Group under the Loan Agreement in respect of Series 2016A Bonds, and any amendments, supplements or substitutions thereof.

Obligation No. 2 means the promissory note constituting Obligation No. 2 in the initial principal amount of $4,215,000 dated as its date of issuance, issued under this Master Indenture, delivered to the Initial Issuer pursuant to the Loan Agreement and relating to the obligations of the Obligated Group under the Loan Agreement in respect of Series 2016B Bonds, and any amendments, supplements or substitutions thereof.

Obligation No. 3 means the promissory note constituting Obligation No. 3 in the initial principal amount of $2,725,000 dated as its date of issuance, issued under this Master Indenture, delivered to the Initial Issuer pursuant to the Loan Agreement and relating to the obligations of the Obligated Group under the Loan Agreement in respect of Series 2016C Bonds, and any amendments, supplements or substitutions thereof.

Obligation No. 4 means the promissory note constituting Obligation No. 4 in an amount equal to the obligations of the Obligated Group in favor of Initial Issuer arising under the Loan Agreement (other than any amount in respect of Series 2016B Bonds), dated as of its date of issuance, issued under this Master Indenture, delivered to the Initial Issuer pursuant to the Loan Agreement and relating to the obligations of the Obligated Group under the Loan Agreement in respect of fees to the Initial Issuer (other than the payment of principal and interest), and any

amendments, supplements or substitutions thereof. Obligation No. 4 constitutes a Contract Obligation.

Obligation Register means the list of the Holders of all Obligations required as set forth in Section 2.9 herein.

Occupancy Requirement means the meaning set forth in Section 3.36 herein.

Officer’s Certificate means a certificate signed by an officer of the Obligated Group Agent which shall state that it is being delivered pursuant to and in accordance with the agreed upon schedule or such other schedule by mutual consent of the parties and that the information and views expressed therein are true and correct of the matters therein stated and that the signer has full power and authority to execute such certificate and that such certificate is delivered by a person duly authorized to deliver certificates of this nature.

Operating Account means a demand deposit bank account maintained by the Obligated Group Agent on which the Obligated Group Agent writes checks to pay Total Cash Operating Expenses of the Members, subject to the Deposit Account Control Agreement.

Operating Reserve Fund means the fund created pursuant to Section 9.3 of this Master Indenture.

Operating Reserve Fund Requirement means an amount equal to $1,000,000.

Opinion of Bond Counsel means a written opinion of Burr & Forman LLP or any other attorney or firm of attorneys nationally recognized on the subject of municipal bonds, who is or may be counsel to the Obligated Group Agent or the Master Trustee.

Opinion of Counsel means a written opinion of legal counsel, who may be counsel to the Obligated Group, acceptable to the recipient(s) of such opinion. If the opinion is with respect to an interpretation of federal tax laws or regulations or bankruptcy matters, such legal counsel also must be an attorney or firm of attorneys experienced in such matters.

Outstanding shall mean with reference to Indebtedness means, as of any date of determination, all Indebtedness previously issued or incurred and not paid and discharged other than (a) Obligations previously cured by the Master Trustee or delivered to the Master Trustee for cancellation, (b) Indebtedness deemed paid and no longer outstanding pursuant to the terms of the instruments evidencing such Indebtedness, and (c) Obligations in lien of which other Obligations have been authenticated and delivered or have been paid pursuant to Section 2.5 hereof or the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser.

Permitted Investments means and includes all of the following, which at the time are legal investments under the laws of the State for moneys held hereunder and then proposed to be invested therein:

(a) United States Government Obligations (“Government Obligations”);
(b) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”), debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par or the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMAs”), participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMAs”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter-of-credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development, guaranteed Title XI financings of the U.S. Maritime Administration; and other Resolution Funding Corporation securities or other similar governmental sponsored entities;
(c) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A+” or better by Moody’s and “A+” or better by S&P or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s and “A” or better by S&P or;
(d) commercial paper having original maturities of not more than two hundred seventy (270) days or less, rated at the time of purchase, “P-1” by Moody’s and “A-1” or better by S&P or;
(e) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than three hundred sixty-five (365) days) of any domestic banking including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “P-1” or Moody’s and a rating of “A-1” or better by S&P for purposes of clarification, these deposits are in addition to those specified in (j) below); or

(f) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than Three Million Dollars ($3,000,000), provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation; or

(g) investments in money-market funds rated in the highest rating category for such funds by Moody’s or S&P, or
(h) repurchase agreements collateralized by Government Obligations, Federal Securities, GNMAAs, FNMAAs or FHLMCs with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the Federal Deposit Insurance Corporation, if such broker/dealer or bank has an unrated, unscored and unguaranteed obligation rated “B-1” or “A-3” or better by Moody’s or “A-1” or “A-2”, or better by S&P, provided: (i) a master repurchase agreement or specific written repurchase agreement governs the transaction; and (ii) the securities are held free and clear of any lien by an independent third party acting solely as agent (“Agent”) and such third party is (A) a Federal Reserve Bank, (B) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of net of less than Fifty Million Dollars ($50,000,000), or (C) a bank approved in writing for such purpose by the Obligated Group shall have received written confirmation from such Agent that it holds such obligations, free and clear of any lien, as agent for the Obligated Group; and (ii) the collateral securities will be valued by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (1) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) or assigned to short term indebtedness by such Rating Agency.

(i) the Local Government Surplus Funds Trust Fund created and established pursuant to Part IV, Chapter 238, Florida Statutes, as amended; or

(j) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (1) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) or assigned to short term indebtedness by such Rating Agency.

Any deposit with a financial institution must comply with Florida Statutes for Public Deposits under chapter 280, Florida Statutes, as amended.

The Officer’s Certificate from the Obligated Group Agent to the Trustee directing an investment shall constitute a representation to the Master Trustee or Related Bond Trustee, as applicable, upon which the Master Trustee and Related Bond Trustee may rely, that such investment directed by the Obligated Group Agent is permitted hereunder.

“Permitted Liens” shall have the meanings given in subsection (b) and (c) of Section 3.6 hereof.

“Project Monitor Fee” means the project monitor fee payable to the Project Monitor pursuant to the Project Monitor Agreement.

“Property” means any and all rights, titles and interests in and to any and all assets of a Member, whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired. Notwithstanding the previous sentence, Property shall include any property financed in whole or in part with an Obligation and shall not include Excluded Property.

“Property, Plant and Equipment” means all Property of the Members that is property, plant and equipment under GAAP.

“Purchase Money Lien” means (a) a Lien on Property to secure the initial financing of the acquisition or construction of such Property by a Member, provided such Lien attaches within one hundred twenty (120) days after the date such Property was acquired or construction thereon was completed, which initial financing may include the refinancing of advances of the funds of a Member if such refinancing occurs within one hundred twenty (120) days after such date of acquisition or completion of construction, and (b) any Lien on Property subject to a Purchase Money Lien to secure the refinancing or Indebtedness secured with such Purchase Money Lien.

“Rating Agency” means each of Fitch, Moody’s and S&P.

“Ratio Evaluation Date” means, commencing June 30, 2020, each March 31, June 30, September 30 and December 31 of each year (each a “Quarterly Evaluation Date”) and December 31 of each year (the “Annual Evaluation Date”).

“Ratio Period” means the preceding twelve (12)-month period ending on a Ratio Evaluation Date.

“Related Bond” or “Related Bonds” means the revenue bonds or other obligations issued by a Member of the Obligated Group or any state, territory or possession of the United States or any municipal corporation or political subdivision of any state or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (for purposes of this definition, a “governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to (a) a Member in consideration of the execution, authentication, and delivery of an Obligation, or (b) any Person other than a Member in consideration of the issuance to such governmental issuer (i) by such Person of any indebtedness or other obligation of such Person, and/or (ii) by a Member of a Guaranty in respect of such indebtedness or other obligation, which Guaranty is represented by an Obligation No. 1, Obligation No. 2 Obligation No. 3 or Obligation No. 4, 2016A Bonds or 2016B Bonds, as amended, among the Project Manager and Tuscan Gardens of Palm Coast Management Company, LLC, as amended and supplemented from time to time.

“Required Information Recipient” means the issuer of any issue of Related Bonds and with respect to the Series 2016 Bonds, shall mean the Issuer.

“Revenue Fund” means the fund created pursuant to Section 9.5 of this Master Indenture.

“Repair and Replacement Fund Requirement” means, initially, the sum of $300 per unit per calendar year, as subject to revision pursuant to Section 3.18 hereof.

“Required Information Recipient” means the Master Trustee, each Related Bond Trustee, the Underwriter, the Project Monitor, the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its EMMA web portal, or any successor entity authorized and approved by the Securities and Exchange Commission from time to time to act as a recognized municipal securities repository, and all Holders of Related Bonds who hold $500,000 or more in principal amount of Related Bonds and request such reports in writing (which written request shall include a certification as to such ownership).

“Revenue Fund” means the fund created pursuant to Section 9.1 herein.

“Rule” means Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Senior Bonds Capitalized Interest Account” means the meaning ascribed thereto in Section 501(a) of the Bond Indenture.

“Series 2016 Bonds” shall have the meaning ascribed thereto in the Bond Indenture.

“Series 2016 Obligations” means Obligation No. 1, Obligation No. 2 Obligation No. 3 and Obligation No. 4.

“Series 2016A Bonds” shall have the meaning ascribed thereto in the Bond Indenture.

“Series 2016B Bonds” shall have the meaning ascribed thereto in the Bond Indenture.

“Series 2016C Bonds” shall have the meaning ascribed thereto in the Bond Indenture.

“Person” means any 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.
"Short-Term Indebtedness" means all Indebtedness, other than the current portion of Long-Term Indebtedness, incurred or assumed by one or more Members with respect to any of the following:

(a) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the Obligated Group for a period from the date originally incurred, of one year or less;

(b) payments under leases that are capitalized in accordance with GAAP having an original term, or are renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(c) payments under installment purchase or conditional sale contracts having an original term of one year or less.

"Stable Occupancy" means the first full calendar year in which the average occupancy of the units in the Series 2016 Project is equal to or greater than eighty-five percent (85%), as evidenced by a certificate executed by the Obligated Group Agent and delivered to the Master Trustee and the Project Monitor.

"State" means the State of Florida.

"Subordinated Indebtedness" means Indebtedness which meets the requirements set forth in EXHIBIT D hereto.

"Subordinate Manager Fee" means the portion of the Manager Fee due the Manager pursuant to the Management Agreement, as evidenced by an Officer’s Certificate delivered to the Master Trustee and as further described in Section 5.1.9 of the Management Agreement, which is subordinate to debt service payments on the Series 2016 Obligations. Each Officer’s Certificate detailing the amount of the Subordinate Manager Fee shall also state whether any portion of the amount deferred has been deferred, and if so, the amount that has been deferred.

"Subordinate Obligations" means any Obligation evidencing Subordinated Indebtedness.

"Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture, including Supplemental Master Trust Indenture Number 1, dated as of December 1, 2016 between the Obligated Group and the Master Trustee and Supplemental Master Trust Indenture Number 2, dated as of December 1, 2016 between the Obligated Group and the Master Trustee.

"Surplus Fund" means the fund created pursuant to Section 9.7 of this Master Indenture.

"Tax-Exempt Bond" means any Obligation or Related Bond the interest on which is not subject to inclusion in gross income of the recipient thereof for federal income tax purposes.

"Title Policy" means title insurance in the form of an ALTA mortgagee’s title policy issued by a title insurance company acceptable to the Underwriter and the Master Trustee in the face amount equal to at least the principal amount of the Series 2016 Obligations, evidencing the obligation of the Seller to indemnify the Master Trustee for loss of the security interest in the Property due to any defect in title.

"Unsecured Indebtedness" means any Indebtedness not secured by any Lien.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is determined by a formula.

"Weekly Disbursement Date" means the first (1st) Business Day of each calendar week.

"Working Capital Fund" means the fund created pursuant to Section 9.4 of this Master Indenture.

SEC. 1.2 RULES OF CONSTRUCTION. The following rules shall apply to the construction of this Master Indenture unless the context otherwise requires:

Singular words shall connote the plural number as well as the singular and vice versa.

Words importing the reclamation or calling for redemption of Obligations shall not be deemed to refer to or connote the payment of Obligations at their stated maturity.

All references herein to particular Articles or Sections are references to Articles or Sections of this Master Indenture unless otherwise stated.

The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

All references herein to the payment of Obligations are references to payment of principal and premium, if any, and interest on Obligations.

Any reference herein to an officer or member of the Governing Body of a Member shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting treatment is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with GAAP, unless otherwise expressly provided in this Master Indenture or in such other agreement, document, or certificate.

ARTICLE II INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS AND OTHER INDEBTEDNESS, REDEMPTION

SEC. 2.1 AMOUNT OF INDEBTEDNESS. No Obligation may be issued under the provisions of this Master Indenture except in accordance with this Article. The number of series of Obligations that may be created under this Master Indenture is not limited. Each series shall be designated to differentiate the Obligations of such series from the Obligations of any other series. Subject to the terms, limitations and conditions established in this Master Indenture, the Obligated Group Agent may issue Obligations on behalf of itself and the Obligated Group by entering into a Supplement. Each Member is jointly and severally liable for each and every Obligation.

Obligations shall be issued in such forms as may from time to time be created by Supplements permitted hereunder and may be issued in one or more series. Each Obligation or series of Obligations shall be created by a separate Supplement and shall be designated in such a manner as will differentiate such Obligations from any other Obligation.

Each Supplement authorizing the issuance of an Obligation or a series of Obligations shall specify and determine the principal amount of such Obligation or series of Obligations, the purposes for which such Obligation or series of Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of maturity of such Obligations, the date of issuance of such Obligations, the circumstances under which such Obligations are subject to prepayment, and any other provisions deemed advisable or necessary by the Obligated Group Agent. The parties hereto agree that Obligations may be issued hereunder by the Obligated Group Agent on behalf of the Obligated Group to evidence any type of Indebtedness or other obligations of a Member.

Unless provided to the contrary in any supplement to this Master Indenture, Obligations shall be issued as fully registered Obligations with the Obligations of each series to be lettered and numbered R-1 and upward.

SEC. 2.2 DESIGNATION AND FORM OF OBLIGATIONS. Obligations shall be created by a separate Supplement and shall be designated in such a manner as will differentiate such Obligation from any other Obligation.

Each Supplement authorizing the issuance of an Obligation or a series of Obligations shall specify and determine the principal amount of such Obligation or series of Obligations, the purposes for which such Obligation or series of Obligations are being issued, the form, title, designation, and the manner of numbering or denominations, if applicable, of such Obligations, the date or dates of maturity of such Obligations, the date of issuance of such Obligations, the circumstances under which such Obligations are subject to prepayment, and any other provisions deemed advisable or necessary by the Obligated Group Agent. The parties hereto agree that Obligations may be issued hereunder by the Obligated Group Agent on behalf of the Obligated Group to evidence any type of Indebtedness or other obligations of a Member.

Unless provided to the contrary in any supplement to this Master Indenture, Obligations shall be issued as fully registered Obligations with the Obligations of each series to be lettered and numbered R-1 and upward.

SEC. 2.3 EXECUTION AND AUTHENTICATION.

(a) Each Obligation shall be executed by a duly authorized officer of the Obligated Group Agent. The signature of such officer may be mechanically or photographically reproduced on the Obligation. If any officer whose signature appears on any Obligation ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

(b) The Master Trustee’s authentication certificate shall be substantially in the following form:

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MASTER TRUSTEE’S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this obligation designated Obligation No. ___ is one of the Obligations described in the within-mentioned Master Indenture.

By:_________________________________
Authorized Signatory

SECTION 2.4. REGISTRATION, NEGOTIABILITY, AND TRANSFER.

(a) Obligations shall be registered on the register to be maintained for that purpose by the Master Trustee at its Corporate Trust Office. Obligations with respect to Related Bonds shall consist of a single Obligation registered as to principal and interest in the name of the Related Bond Trustee and no transfer of such underlying Obligation shall be permitted except for transfers to a successor Related Bond Trustee. Obligations that do not relate to Related Bonds shall consist of a single Obligation registered as to principal and interest in the name of the Holder of the Obligation.

(b) Obligations shall be transferable only upon presentation at the Corporate Trust Office of the Master Trustee together with an assignment duly executed by the registered Holder or by his duly authorized attorney in such form as shall be satisfactory to the Master Trustee. Such transfer shall be without charge to the Holder, except for any taxes or other governmental charges required to be paid with respect to the same. Upon any such transfer, the issuer of such Obligation shall execute and the Master Trustee shall authenticate and deliver in exchange for such transferred Obligation a new registered Obligation in the same form and tenor, and of the same series, registered in the name of the transferee.

(c) Prior to due presentment by a Holder for registration of transfer, all Members and the Master Trustee may deem and treat the person in whose name any Obligation is registered as the absolute owner for all purposes, and neither any Member nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered Holder shall, to the extent of the sum or sums so paid, satisfy and discharge the liability for amounts payable on such Obligation.

SECTION 2.5. MUTILATION, LOSS, THEFT AND DESTRUCTION.

If (a) an Obligation is surrendered to the Master Trustee in a mutilated condition, or the issuer of an Obligation and the Master Trustee receive evidence to their satisfaction of the loss, theft or destruction of an Obligation, (b) there is delivered to the Members and the Master Trustee such security or indemnity as may be required by them to hold them harmless, (c) the Members and the Master Trustee have no evidence that such Obligation has been acquired by a bona fide purchaser, and (d) the Holder has paid the reasonable expenses of the issuer of such Obligation and the Master Trustee, the Master Trustee Agent shall authenticate and deliver, in exchange for such mutilated, lost, stolen or destroyed Obligation, a new Obligation of like form and tenor. Every mutilated Obligation so surrendered to the Master Trustee shall be canceled by it and delivered to, or upon the order of the Issuer thereof. If any such mutilated, lost, stolen or destroyed Obligation has become or is about to become due and payable, such Obligation may be paid when due instead of delivering a new Obligation.

SECTION 2.6. PARTIAL PREPAYMENT OR REDEMPTION.

On the payment of or the call for redemption and the surrender of any Obligation for prepayment or redemption in part only, the Obligated Group Agent shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Obligated Group, a new Obligation of like series, form and tenor, but in principal amount equal to the unpaid or unredeemed portion of the principal of such Obligation. The Master Trustee shall cancel the Obligation surrendered pursuant to this Section and deliver such canceled Obligation to, or upon the order of the, the Obligated Group Agent. Unless the Supplement pursuant to which an Obligation is issued provides to the contrary, the Obligated Group Agent may agree with the Holder of such Obligation that such Holder may, in lieu of surrendering such Obligation for a new fully registered Obligation, endorse on the Obligation a notice of such partial prepayment or redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount prepaid or redeemed and the principal amount remaining unpaid. Such partial prepayment or redemption shall be valid upon payment of the amount thereof to the registered Holder of such Obligation and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of the Obligation by the Holder thereof and irrespective of any error or omission in such endorsement.

SECTION 2.7. SUPPLEMENTS CREATING OBLIGATIONS.

The Obligated Group Agent and the Master Trustee may from time to time enter into a Supplement executed by such Member and the Master Trustee in order to create Obligations hereunder. Such Supplement shall, with respect to an Obligation created thereby, set forth the amount of such Obligation, the date thereof, and the date or dates on which the principal of and premium, if any, and interest on such Obligation shall be payable, the provisions regarding discharge thereof and the form of such Obligation and such other terms and provisions as shall conform with the provisions hereof. Each Obligation shall be issued, shall be transferable and shall be subject to redemption as specified in this Master Indenture and in the Supplement. Any Obligation to be held by a Related Bond Trustee in connection with the issuance of Related Bonds shall be in the principal amount equal to the aggregate principal amount of such Related Bonds and shall be registered in the name of the Related Bond Trustee as assignee of the Issuer of the Related Bonds. Unless an Obligation has been registered under the Securities Act of 1933, as amended, or qualified or registered under the Trust Indenture Act of 1939, as amended, such Obligation shall be endorsed with a legend which shall read substantially as follows: “This (describe Obligation has not been registered under the Securities Act of 1933 or any state securities law (or any such similar subsequent legislation); provided, however, such legend shall not be required if the Master Trustee is provided with an Opinion of Counsel to the effect that such legend is not required.”

SECTION 2.8. CONDITIONS TO ISSUANCE.

With respect to Obligations created hereunder, simultaneously with or prior to the execution, authentication and delivery of such Obligations pursuant to this Master Indenture:

(a) All requirements and conditions to the issuance of the Indentestamps to be evidenced by such Obligations, if any, set forth in Section 3.7 hereof and in the relevant Supplement or in this Master Indenture shall be complied with and satisfied as evidenced by an Officer’s Certificate of the Obligated Group Agent;

(b) The Obligated Group Agent shall deliver to the Master Trustee an Opinion or Opinions of Counsel to the effect that (i) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Indenture under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that applicable registration and qualification provisions of such Acts have been complied with, and (ii) the Master Indenture and the Obligations are valid, binding and enforceable obligations of the Members in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency and other laws affecting creditors’ rights generally and customary equity principles; and

(c) Each Member shall have delivered to the Master Trustee an Officer’s Certificate stating that, to the best of the knowledge of the signer thereof, each of the Persons who is to be a Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any Member or the Master Trustee, in its individual capacity, is a participant or (ii) any Member or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

(d) Payment to the Master Trustee of the net proceeds from the issuance of a series of Related Bonds shall be conclusive evidence of the satisfaction of the foregoing conditions for the issuance of the Obligation being issued to secure repayment of such series of Related Bonds.

SECTION 2.9. LIST OF HOLDERS OF OBLIGATIONS.

The Master Trustee shall keep on file at its office the Obligation Register which shall consist of a list of the names and addresses of the Holders of all Obligations. After reasonable notice to the Master Trustee, at reasonable times and under reasonable regulations established by the Master Trustee, the Obligation Register may be inspected and copied by any Member of the Obligated Group, the Holder of any Obligation, any Related Bond Issuer, or the authorized representative thereof, provided that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

SECTION 2.10. RIGHT TO REDEEM.

The Obligations shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein or in the Obligations or in the Supplement pursuant to which they are issued in accordance with the provisions hereof.

SECTION 2.11. APPOINTMENT OF OBLIGATED GROUP AGENT.

Each Member, by becoming a Member of the Obligated Group, irrevocably appoints the Obligated Group Agent as its Obligated Group Agent and agrees that an Officer of the Obligated Group Agent (a) full and exclusive power to execute and deliver such consents, certifications, instruments, and other documents as may be required hereby, including the full and exclusive power to execute and deliver on behalf of the Obligated Group and each Member thereof all Obligations and Supplements to this Master Indenture, and (b) full power to take all actions, provide guarantees and execute all documents and instruments reasonably and ordinarily necessary or by the Obligated Group Agent deemed desirable in connection with the issuance of any Obligations. The Obligated Group Agent shall designate a person authorized, or persons either of whom shall be authorized, to act on behalf of the Obligated Group Agent by written certificate furnished to the Master Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Obligated Group Agent by an authorized official of the Obligated Group Agent. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.
to secu...the terms and conditions thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise and shall promptly pay all other amounts required to be paid pursuant to this Master Indenture, any Supplement and any Related Loan Document.

Notwithstanding any schedule of payments upon the Obligations set forth herein or in the Obligations, each Member unconditionally and irrevocably agrees to pay all other amounts required to be paid pursuant to this Master Indenture, any Supplement and any Related Loan Document.

(a) If an Event of Default shall have occurred and be continuing, each Member shall assist the Master Trustee in taking possession of Pledged Assets and, to the extent permitted under the Indenture, the Master Trustee is authorized to file such financing statements.

(b) Each Member may not assign or transfer any of its rights, privileges, or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business, by an authorizing resolution of its Governing Body delivered to the Master Trustee) it is authorized, and delivered hereunder; (c) any action or suffer any action to be taken by others that would result in the interest on any Related Bond becoming subject to federal income taxes, unless such Related Bond was not issued as a Tax-Exempt Bond; (d) so long as this Master Indenture shall remain in force and effect, and all amounts due or to become due on any Related Bond have not been fully paid to the Holder thereof, to take no such action or suffer any action to be taken by others that would result in the interest on any Related Bond becoming subject to federal income taxes, unless such Related Bond was not issued as a Tax-Exempt Bond;

(e) that it will perform at all times any and all covenants, undertakings, stipulations, and conditions contained in this Master Indenture and in each and every Obligation executed, authenticated, and delivered hereunder; (f) that it will commence the acquisition, construction, development, installation, furnishing and equipping of the Series 2016 Project promptly from the date of issuance of the Series 2016 Obligation, will diligently pursue construction and equipping of the Project in accordance with the Plans and Specifications and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping of the Series 2016 Project:

(g) to procure and maintain all necessary licenses and permits to operate the Facilities; provided, however, that it shall have the right to contest in good faith any such taxes, charges, or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof so long as the Liens created hereunder on the Pledged Assets are not adversely affected; (h) to pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges, or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof so long as the Liens created hereunder on the Pledged Assets are not adversely affected; (i) to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Master Trustee, useful in the conduct of its business; (j) to perform all times any and all covenants, undertakings, stipulations, and conditions contained in this Master Indenture and in each and every Obligation executed, authenticated, and delivered hereunder; (k) that it will perform at all times any and all covenants, undertakings, stipulations, and conditions contained in this Master Indenture and in each and every Obligation executed, authenticated, and delivered hereunder; (l) that it will commence the acquisition, construction, development, installation, furnishing and equipping of the Series 2016 Project promptly from the date of issuance of the Series 2016 Obligation, will diligently pursue construction and equipping of the Project in accordance with the Plans and Specifications and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping of the Series 2016 Project:

SEC. 3.2 PAYMENT OF OBLIGATIONS. Each Member unconditionally and irrevocably, jointly and severally agrees that it shall promptly pay or cause to be paid the principal of, premium, if any, and interest on each and every Obligation issued hereunder at the place, on the dates and in the manner provided herein, in the relevant Supplement, and in said Obligation at the place, on the dates and in the manner provided herein, in the relevant Supplement, and in said Obligation.

The foregoing provisions of this Section constitute an absolute and unconditional present assignment of the Pledged Assets.

Each Obligation shall be a primary obligation and shall not be treated as ancillary or collateral to any other Obligation or shall be independent of any other security so that the obligation of each Member shall be enforceable without first having recourse to any such security or source of payment without first taking any steps or proceedings against any other Person. The Oligated Group Agent and the Master Trustee, and each of them, are empowered to enforce each such Obligation, as hereinafter provided, and to enforce the making of payments on the Obligations, and each Member of the Obligated Group hereby consents to the making of such payments on each Obligation and be liable therefor at the times and in the amounts (including principal, premium, if any) equal to those payable with respect to such Obligation, whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

Each Obligation shall be a primary obligation and shall not be treated as ancillary or collateral to any other Obligation or shall be independent of any other security so that the obligation of each Member shall be enforceable without first having recourse to any such security or source of payment without first taking any steps or proceedings against any other Person. The Oligated Group Agent and the Master Trustee, and each of them, are empowered to enforce each such Obligation, as hereinafter provided, and to enforce the making of payments on the Obligations, and each Member of the Obligated Group hereby consents to the making of such payments on each Obligation and be liable therefor at the times and in the amounts (including principal, premium, if any) equal to those payable with respect to such Obligation, whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

Maintenance of Properties, Performance of Covenants, and Operations. The obligation of each Member with respect to the Obligations is a continuing one and is to be performed in its entirety at all times and in each and every manner provided herein, in the relevant Supplement, and in said Obligation.

(b) Each Member shall also execute and deliver to the Master Trustee from time to time such amendments or Supplements to this Master Indenture as may be necessary or appropriate to include as security hereunder any Pledged Assets and carry out the purposes of this Master Indenture. In addition, each Member covenants that it will file such financing statements as shall, in the judgment of Counsel, be necessary to comply with applicable laws as a prerequisite to changes in the Obligated Group, including without limitation (i) any Person becoming a Member of, and being admitted to, the Obligated Group under Section 3.11 hereof, or (ii) any Person withdrawing from the Obligated Group under Section 3.12, and each Member agrees that the Master Trustee is authorized to file such financing statements.

(c) Each Member covenants that it will not pledge or grant a security interest in any of its Pledged Assets to any Person, except for Permitted Liens.

(d) The Oligated Group shall, at all times, cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing herein shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business; (b) at all times to cause its business to be carried on and conducted and its Property to be maintained, preserved, and kept in reasonably good repair, working order, and condition and to make all needed and proper repairs, renewals and replacements thereof; provided, however, that nothing in this Section shall obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body and the Oligated Group Agent, useful in the conduct of its business;
(1) that it will protect, preserve, and defend its interest in any Project and its title thereto from any and all actions, suits, or proceedings of any kind or nature, or purporting to affect a Project, the liens of the Mortgage thereon, or any of the rights of the Master Trustee thereunder, and to pay on demand all costs and expenses reasonably incurred by the Master Trustee or the other parties thereto in connection with any such action or proceeding, including reasonable attorneys' fees, whether any such action or proceeding progresses to judgment and whether brought by or against the Master Trustee. If the Obligated Group does not take the action contemplated hereunder, the Master Trustee shall not be under any obligation to appear or intervene in any such action or proceeding and retain counsel therein and defend the same or otherwise take such action therein as it may be advised and may settle or compromise the same out of and for all of its own purposes, may expend and advance such sums of money as it may deem necessary, and such sums shall be an advance payable in accordance with Section 5.6 hereof.

SECTION 3.4 INSURANCE.

(a) Each Member of the Obligated Group agrees that, subject to paragraph (c) hereof, it will maintain, or cause to be maintained insurance covering such risks and in such amounts as, in its reasonable judgment, is adequate to protect it and its Property and operations and such insurance required pursuant to the terms of the Indenture. The Members of the Obligated Group will keep the Facilities or cause the same to be kept continuously insured against such risks as are customarily maintained with respect to facilities of like size and type, as recommended by the Insurance Consultant, paying as the same become due all premiums in respect thereto, which may include but are not limited to the following:

(i) commencing on the Completion Date, insurance upon the repair or replacement basis in an amount of not less than one hundred percent (100%) of the then actual cost of replacement (excluding costs of replacing excavations and foundations but without deduction for depreciation) of the Facilities (with deductible provisions not to exceed $10,000 in any one occurrence) against “all risk of loss” now or hereafter included in the usual and standard extended coverage endorsement in common use for similar structures by a certificate of the Insurance Consultant delivered to the Master Indenture. Said insurance policy or policies shall contain a provision that such insurance may not be canceled by the issuer thereof without at least thirty (30) days’ advance written notice to the Group and the Master Trustee. The Obligated Group further agrees that, in connection with the construction of the Project, the construction contract relating to the Project shall require insurance adequate to adequately protect such Member and its Property and operations. The insurance or self-insurance trusts) during the period covered by such report comply with the requirements of this Section and adequately protect such Member and its Property and operations, and (ii) reports of self-insurance and any reductions or eliminations of the amount of any insurance or self-insurance coverage (including amounts on deposit or to be deposited to self-insurance funds or trusts) during the period covered by such report comply with the requirements of this Section and adequately protect such Member and its Property and operations. The insurance or self-insurance required to be maintained pursuant to this Section shall be reviewed by an Insurance Consultant by the laws of the State; and

(b) All insurance required by paragraph (a) hereof must be taken out and maintained in insurance companies qualified to do business in the State that are rated “A-” or higher by A. M. Best & Company, Inc. All policies evidencing such insurance must provide for payment to the Obligated Group, each Related Bond Trustee, each Related Bond Issuer and the Master Trustee as mortgagee and loss payee under the Standard New York Mortgage Endorsement providing that no act or omission by the named insured will in any way prejudice the rights of the Master Trustee under such policies and will require that the Master Trustee be named as additional insured by a certificate of the Insurance Consultant delivered to the Master Indenture. Said insurance policy or policies shall contain a provision that such insurance may not be canceled by the issuer thereof without at least thirty (30) days’ advance written notice to the Obligated Group and the Master Trustee. The Obligated Group agrees that it will, at all times during the construction, renovation, installation and equipping of the Project, maintain or cause the Design Builder to maintain in full force and effect Builder’s Risk insurance 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 $3,000,000 in the aggregate, evidencing coverage or to the extent of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate; and

(c) On or before the date of execution and delivery of this Master Indenture, and at all times during the term of this Master Indenture, an Insurance Consultant shall be designated by the Obligated Group. At the time of the issuance of any Obligations, the Obligated Group will provide a certificate of the Insurance Consultant to the effect that all insurance required by this Master Indenture is in effect. In order to establish compliance with this Section, the Members shall deliver or cause to be delivered to the Master Trustee annually, within forty-five (45) days after January 31, 2019, (i) a report of an Insurance Consultant stating either (a) that the insurance in place meets the requirements set forth in Section 3.4, or (b) the types of insurance policies that such Member should maintain or the types of risks against which such Member should self-insure, that in the opinion of such Consultant would comply with the requirements of this Section and adequately protect such Member and its Property and operations, and (ii) reports of one or more Insurance Consultants stating the insurance or self-insurance maintained, or caused to be maintained, by the Members pursuant to this Section and then in effect and stating whether, in the opinion of such Insurance Consultant, the amount and manner of providing such insurance or self-insurance, and any reductions or eliminations of the amount of any insurance or self-insurance coverage (including amounts on deposit or to be deposited to self-insurance funds or trusts) during the period covered by such report comply with the requirements of this Section and adequately protect such Member and its Property and operations. The insurance or self-insurance required to be maintained pursuant to this Section shall be reviewed by an Insurance Consultant every January 31 of each year, commencing on January 31, 2017, and each Member shall follow any reasonable recommendations of the Insurance Consultant.

(d) There is hereby established with the Master Trustee a trust fund to be designated “Tucson Gardens of Palm Coast Properties, LLC Group – Insurance and Condemnation Fund” (the “Insurance and Condemnation Fund”) which shall be used solely for the purposes set forth in Sections 3.4 and 3.5 of this Master Indenture.

SECTION 3.5 INSURANCE AND CONDEMNATION PROCEEDS.

(a) The Obligated Group shall cause any Net Proceeds received by any Member as insurance proceeds with respect to any casualty loss or as Condemnation Awards solely relating to the Mortgaged Property to be deposited to the Insurance and Condemnation Fund. Such Net Proceeds may be used in such manner as the Obligated Group Agent may determine, including, without limitation, rebuilding or restoring the Facilities subjected to such casualty loss or Condemnation, or applying such moneys to the payment or prepayment of any Obligations, all subject to the approval of the Holder hereof and submitted to the Master Trustee in any manner it may from time to time determine, subject to the provisions of Section 3.5 of this Master Indenture, if the amount of such proceeds or awards received with respect to any casualty loss or Condemnation related to the Mortgaged Property does not exceed ten percent (10%) of the Book Value of the Property and Equipment of the Member as of the date of the most recent Financial Statements, the Obligated Group may withdraw such proceeds or awards for any purpose. The Master Trustee may, and shall be entitled to conclusively rely upon, the Officer’s Certificate of the Obligated Group as to whether such proceeds or award exceeds the foregoing Book Value. However, if the amount of such proceeds or awards received with respect to any casualty loss or Condemnation related to Mortgaged Property exceeds ten percent (10%) of the Book Value of the Property, Plant and Equipment of the Member as of the date of the most recent Financial Statements, all such proceeds

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or awards shall be used to prepay or redeem the Obligations; provided that such proceeds or awards may, notwithstanding the foregoing, be used to rebuild or reconstruct the Mortgaged Property so long as the Obligated Group Agent immediately notifies the Master Trustee and, within twelve (12) months after the casualty, loss or taking, delivers to the Master Trustee, as a precondition to the Master Trustee disbursing funds from the special trust fund described in (a) above, the following:

(i) An Officer’s Certificate certifying that the expected Long-Term Debt Service Coverage Ratio for each of the two (2) rolling periods of twelve (12) consecutive months following the date on which such proceeds or awards are expected to have been fully applied is not less than the Long-Term Debt Service Coverage Ratio required in Section 3.8(a) hereof, as shown by pro forma financial statements for such periods, accompanied by a statement of the relevant assumptions as to the use of such proceeds or awards upon which such pro forma statements are based; or

(ii) A written report of a Consultant stating the Consultant’s recommendations, including recommendations as to the use of such proceeds or awards to cause the Long-Term Debt Service Coverage Ratio for each of the periods described in subsection (b)(i) to be its highest practicable level that shall not be less than the Long-Term Debt Service Coverage Ratio required in Section 3.8(a) hereof, and (b) the Officer’s Certificate stating that the Obligated Group covenants to follow the Consultant’s recommendations to cause the Long-Term Debt Service Coverage Ratio for each of the periods described in subsection (b)(i) to be its highest practicable level, but not less than the Long-Term Debt Service Coverage Ratio required in Section 3.8(a) hereof.

(c) If any proceeds of insurance or condemnation shall be received with respect to Mortgaged Property that was financed or refinanced with Related Bonds that were issued as Tax-Exempt Bonds, the Obligated Group shall, as a condition thereto, not require any disbursement of such proceeds as otherwise permitted herein until there shall have been filed with the Master Trustee an Opinion of Counsel to the effect that such application of proceeds, in and of itself, will not adversely affect the federal income tax status of the interest on such Related Bonds.

(d) Each Member agrees that it will use all proceeds or awards for casualty loss or condemnation, to the extent permitted by law, only in accordance with the provisions of this Section.

SECTION 3.6 LIMITATIONS ON LIENS.

(a) No Member shall create or suffer to be created, or permit the existence of, any Lien on any Property now owned or hereafter acquired by it other than Permitted Liens.

(b) The term “Permitted Liens” as to any Property constituting real property means and shall be limited to the following:

(i) the Mortgage, and any encumbrance on title to any Property created by this Master Indenture and otherwise directly securing the Obligations;

(ii) any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereupon prior to the application of such proceeds and such earnings;

(iii) Liens on moneys deposited by residents or others with any Member as security for or as prepayment for the cost of care;

(iv) Liens on Property received by any Member through gifts, grants, or bequests, such Liens being due to restrictions on such gifts, grants, or bequests of Property or the income therefrom; and

(v) any Lien arising by reason of any exaction established to pay debt service with respect to Indebtedness.

(vi) The lien of the Master Trustee under Section 5.6 hereof.

(vii) Liens on Property hereafter acquired by a Member securing Indebtedness permitted under the provisions of Section 3.7 hereof that was assumed in connection with the acquisition of such Property, provided that the total of the Indebtedness secured by the Mortgaged Property shall not exceed the greater of (1) One Million Dollars ($1,000,000), or (2) ten percent (10%) of the Total Operating Revenues for the most recent Fiscal Year for which Financial Statements are available; and

(viii) Purchase Money Liens for Property hereafter acquired securing Indebtedness hereafter incurred and permitted by Section 3.7 hereof, provided that the total of the Indebtedness secured by Purchased Property shall not exceed the greater of (1) One Million Dollars ($1,000,000), or (2) ten percent (10%) of the Total Operating Revenues for the most recent Fiscal Year for which Financial Statements are available.

SECTION 3.7 LIMITATIONS ON INDENTEDNESS. Except for the Series 2016 Obligations and the obligations under the Related Loan Documents applicable to the Series 2016 Obligations, the Obligated Group shall incur any Indebtedness only if, after giving effect to all other Indebtedness incurred by the Obligated Group and then outstanding, such Additional Indebtedness can be incurred pursuant to at least one of subsections (a) through (g), inclusive, of this Section. Each Member covenants and agrees that it will not incur any Additional Indebtedness, without the written consent of the Obligated Group Agent, as evidenced by an Officer’s Certificate or a copy of the resolution of the Obligated Group Agent to be delivered to the Master Trustee and the written consent of the Holders of Bonds hereunder, unless it is a Permitted Lien, or an Obligation, such Property must be subjected to a first mortgage lien under the Mortgage pursuant to Section 3.13 hereof.

(a) Long-Term Indebtedness may be incurred if prior to the issuance thereof, there exists no Event of Default and one of the following conditions is met:

(i) Historical Pro Forma Test. There is delivered to the Master Trustee an Officer’s Certificate certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness to be incurred as of the date as of which it is being presented and the beginning of such period, for the most recent Fiscal Year preceding the date of delivery of the Officer’s Certificate for which Financial Statements are available is not less than 1.30:1 and the Obligated Group is in compliance with the Days’ Cash on Hand Requirement and the Occupancy Requirement; or

(ii) Historical Test and Forecast. In lieu of the requirements of paragraph (i) above, there is delivered to the Master Trustee:

(A) an Officer’s Certificate certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term Indebtedness then proposed to be incurred, for the most recent rolling Fiscal Year preceding the date of delivery of the Officer’s Certificate, for which Financial Statements are available is not less than 1.20:1, and

(B) a report of a Consultant stating that the Long-Term Debt Service Coverage Ratio (taking the proposed Long-Term Indebtedness into account) is expected not to be less than 1.30:1 for the fiscal year immediately succeeding the year in which such capital improvements are expected to be placed in operation and in the case of Long-Term Indebtedness not financing capital improvements, the Fiscal Year immediately succeeding the year in which the Long-Term Indebtedness is incurred; or

(iii) Pro Forma Test. In lieu of the requirements of paragraph (i) and (ii) above, a written report of a Consultant (prepared in accordance with industry standards) to the effect that the estimated Long-Term Debt Service Coverage Ratio of the Obligated Group will be not less than 1.35:1 for the first Fiscal Year following the attainment of Stable Occupancy in the case of construction, renovation or replacement of senior living facilities being financed with the proceeds of such additional Long-Term Indebtedness, provided that the attainment of Stable Occupancy is projected to occur no later than during the third (3rd) full Fiscal Year following the facilities being placed in service, or (2) following the incurring of Long-Term Indebtedness for other purposes; provided that such report shall include forecast balance sheets and statements of revenues and expenses for the first six months after the incurring of such Long-Term Indebtedness, and such changes in financial position for such Fiscal Year and a statement of the relevant assumptions upon which such forecasted statements are based, which financial statements must indicate that
sufficient revenues and cash flow could be generated to pay the operating expenses of the Obligated Group’s proposed and existing Facilities and the debt service on the Obligated Group’s other existing Indebtedness during such Fiscal Year.

(iv) Notwithstanding the foregoing, Long-Term Indebtedness may be incurred if prior to the incurrence thereof Majority of the Holders approve such Long-Term Indebtedness.

In addition to satisfying one of the conditions set forth in (i) through (iii) above, if Long-Term Indebtedness is incurred for the purpose of completing the construction or equipping of facilities for which Long-Term Indebtedness has therefore been incurred, the Obligated Group shall first provide the Master Trustee, prior to the incurrence thereof, with a certificate from the architect for such facility setting forth the architect’s estimate of the cost of completing the facility and the date on which the facility will be completed and an Officer’s Certificate stating that the proceeds from such additional Long-Term Indebtedness, in addition to other moneys available for such purpose, will be sufficient to cover the cost of completing the facility.

(b) Long-Term Indebtedness may be incurred to refund, refinance or replace any Outstanding Long-Term Indebtedness if prior to the incurrence thereof: (i) either (A) the Master Trustee receives an Officer’s Certificate stating that, taking into account the Long-Term Indebtedness proposed to be incurred, the existing Long-Term Indebtedness to remain Outstanding after the refunding of the Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than ten percent (10%) or (B) the conditions described in subsection (a)(ii) or (iii) above are met with respect to such proposed Long-Term Indebtedness; (ii) the Long-Term Debt Service Coverage Ratio, after refunding any Outstanding Long-Term Indebtedness will not be lower than it would be assuming no refunding of such Outstanding Long-Term Indebtedness and (iii) the Master Trustee receives an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded will no longer be Outstanding.

(c) Subordinate Indebtedness may be incurred without limit, so long as all such Subordinate Indebtedness complies with the provisions of Exhibit B to this Indenture. It is hereby evidenced by an Officer’s Certificate upon which the Master Trustee may conclusively rely.

(d) Short-Term Indebtedness may be incurred without limit if immediately after the incurrence of such Indebtedness the Obligated Group shall have delivered to the Master Trustee an Officer’s Certificate that the aggregate Outstanding principal amount of Short-Term Indebtedness of the Obligated Group does not exceed ten percent (10%) of the Total Operating Revenues for the twelve (12)-month period or Fiscal Year immediately preceding the date of calculation at the option of the Obligated Group Agent, less proceeds from each Refunding of such Indebtedness for the twelve (12)-month period or Fiscal Year, Short-Term Indebtedness of the Obligated Group shall be reduced to zero, or otherwise be otherwise be by no more than, three percent (3%) of the Total Operating Revenues for the twelve (12)-month period or Fiscal Year immediately preceding the date of calculation. For the purposes of this subsection, Short-Term Indebtedness shall not include overdrafts in banks to the extent there are immediately available funds of the Obligated Group sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business.

Section 3.8(a) within forty-five (45) days of the Ratio Evaluation Date for the Ratio Period in question based on the unaudited financial statements of the Obligated Group. In addition, the Accountant preparing the annual audited financial report of the Obligated Group is required to calculate the historical Debt Service Coverage Ratio of the Obligated Group as of the Annual Evaluation Date based on audited financial statements.

(b) If the Obligated Group fails to meet the Long-Term Debt Service Coverage Ratio covenant set forth in Section 3.8(a) above on any Ratio Evaluation Date, the Obligated Group shall, within ten (10) Business Days of submitting the report required by subsection (a) of this Section 3.8, immediately retain a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Facilities and with respect to improvements or changes in the operations and scope of the services delivered by the Obligated Group as to permit the Obligated Group to complete the requirements of the Long-Term Debt Service Coverage Ratio, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Obligated Group and such report shall be sent to the Obligated Group to the Master Trustee and Project Monitor as soon as practicable but in no event later than 30 days following the retention of the Consultant. The Obligated Group 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 permitted by law and other Legal Requirements, including without limitation the Land Use Restriction Agreement and 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 Master Trustee and Project Monitor progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Obligated Group continuously complies with the recommendations of the Consultant, failure to comply with the Long-Term Debt Service Coverage Ratio for any Ratio Period shall not constitute an Event of Default hereunder. However, should the Long-Term Debt Service Coverage Ratio (i) on any Annual Evaluation Date; or (ii) for four consecutive Ratio Evaluation Dates, be below 1.00, such shall constitute an Event of Default hereunder.

(c) This Section shall not be construed to (i) limit the right of the Members to establish and implement policies for the admission of residents to the Facilities, or (ii) prohibit the Members from providing services without charge or at reduced rates to persons unable to pay in whole or in part if reasonably deemed necessary by the Members to maintain the “tax exemption” of the interest on any Tax-Exempt Bonds under applicable law or to comply with any applicable Legal Requirements of law then in effect, or (iii) affect the Land Use Restriction Agreement.

(d) Compliance with the covenants contained in this Section shall be determined by the Obligated Group on the basis of the Financial Statements and by the Master Trustee on the basis of the Officer’s Certificate delivered to the Master Trustee in accordance with the provisions of Section 3.24 hereof upon delivery to the Master Trustee of such Financial Statements and Officer’s Certificate, as the case may be.

(e) Indebtedness may be incurred without limitation by the Members of the Obligated Group under a line of credit, letter of credit, standby bond purchase agreement or credit enhancement or similar facility (and any reimbursement agreement relating thereto) established in connection with the incurrence of any Indebtedness; provided, however, that any liabilities resulting from the use of or drawing under such credit enhancement or similar facility shall be included in Indebtedness for all other purposes of this Master Indenture. If a facility is used or drawn upon to purchase, but not retire, Indebtedness, then an amount equal to the outstanding principal owed under such facility shall be excluded from Indebtedness.

(f) In the case of Completion Indebtedness, in lieu of meeting the requirements set forth above, the Obligated Group may incur Long-Term Indebtedness upon the presentation to the Master Trustee of (1) a certificate showing due diligence in the operation of the Facilities, such that the Long-Term Debt Service Coverage Ratio shall have been without the incurrence of such proposed Long-Term Indebtedness and (2) a certificate of the Architect or the Construction Consultant to the effect that the amount of the Completion Indebtedness is sufficient to complete the Project.

(g) Notwithstanding the foregoing, the Obligated Group may incur Indebtedness, prior to the Incurrence of any Indebtedness, in an amount not to exceed $5,000,000 of Long-Term Indebtedness for the purpose of financing the costs of equipment, vehicles, and other tangible personal property necessary for the operation of the Project.

SECTION 3.8 LONG-TERM DEBT SERVICE COVERAGE RATIO.

(a) Each Member shall set rates and collect charges for its facilities, services and products, without considering any forecasted capital gains or losses, and exercise such skill and diligence in the operation of the Facilities, such that the Long-Term Debt Service Coverage Ratio on each Ratio Evaluation Date, based on unaudited financial statements for the four preceding quarters, will not be less than 1.10 for each Ratio Period commencing June 30, 2020, and will not be less than 1.20 for each Ratio Period commencing June 30, 2021 (the “Long-Term Debt Service Coverage Covenant”). The first three quarters that a Long-Term Debt Service Coverage Ratio of 1.0:1 is required, the Long-Term Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group, on an annualized basis based for the quarter ending March 31, the two quarters ending June 30, and the three quarters ending September 30, and thereafter based on the four preceding quarters. The first three quarters that a Long-Term Debt Service Coverage Ratio of 1.0:1 is required, the Long-Term Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group, on an annualized basis based for the quarter ending March 31, the two quarters ending June 30, and the three quarters ending September 30, and thereafter based on the four preceding quarters. The Long-Term Debt Service Coverage Ratio shall also be calculated for the twelve months ending on each Annual Evaluation Date, based on audited financial statements.

The Obligated Group shall submit to the Master Trustee a report evidencing its compliance or noncompliance with the Long-Term Debt Service Coverage Ratio covenant set forth in this

SECTION 3.9 SALE, LEASE OR OTHER DISPOSITION OF ASSETS.

(a) Each Member agrees that it will not in any Fiscal Year transfer Property, Plant and Equipment, except with the consent of the Obligated Group Agent, and except for the following transfers listed below, which are expressly permitted:

(i) subject to the Lien of any Mortgage, to another Member of the Obligated Group without limit;

(ii) in the ordinary course of business, to any Person, of Property, Plant and Equipment if the Book Value of such assets does not exceed five percent (5%) of the Book Value of Property, Plant and Equipment of such Member as shown on the most recent Financial Statements for the most recent Fiscal Year;

(iii) to any Person, of Property, Plant and Equipment if prior to the transfer the Master Trustee receives an Officer’s Certificate of the Obligated Group Agent stating that such property, Plant and Equipment has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness or revenue producing capacity of the remaining Property, Plant and Equipment or the Facilities of the applicable Member, provided, however, that no Officer’s Certificate shall be required to be delivered to the Master Trustee with respect to any Property, Plant and Equipment having a Book Value as shown on the most recent Financial Statements of less than $50,000 net to exceed $250,000 per Fiscal Year;

(iv) to any Person of Property that is real property in an arm’s length transaction for the fair market value thereof to any Person other than the Master Trustee, provided that the Masters may accept the proceeds of such transfer to (1) purchase additional real property that shall be subject to the Mortgage and provide an Opinion of Counsel in accordance with the provisions of Section 3.24 hereof upon delivery to the Master Trustee of such Financial Statements and Officer’s Certificate, as the case may be.
All proceeds received by the Obligated Group Agent in connection with a conveyance of the Unimproved Land shall be deposited in the applicable redemption account or sub-account of the Bond Fund to be used for extraordinary mandatory redemption of Series 2016C Bonds and then if no Series 2016C Bonds then outstanding, then the Series 2016A Bonds pursuant to Section 3.10(a) of the Related Bond Indenture containing the agreement of such Affiliate (i) to become a Member under this Master Indenture and thereby become subject to the requirements set forth in Section 3.10 hereof and (ii) to be limited by usual equity principles, bankruptcy laws, insolvency laws, other laws affecting the status, for purposes of federal income taxation, of interest payable on any such Related Bonds; and unless:

(a) each Member covenants that it will not cease to be a Member unless prior to the effective date of such withdrawal the Master Trustee shall have received (1) an Officer's Certificate of the Obligated Group certifying that immediately after such withdrawal (A) the Obligated Group is permitted hereunder and under the Related Bond Indenture and any bond documents related thereto, increasing the amount due on the Obligations or any subsequent Obligations, is delivered to the Master Trustee, (B) an endorsement to the mortgage title policy delivered in connection with the delivery of the mortgagee title insurance policy or an endorsement to the mortgage title policy a new Mortgage shall be delivered to the Master Trustee that subjects to the Lien thereof any real property of the Person becoming a Member; (ii) a mortgagee title insurance policy or an endorsement to the mortgage title policy relating thereto, including the Related Loan Document entered into by the Member, (iv) a net worth or fund balance, as the case may be, as reflected in the pro forma financial statements furnished to the Master Trustee, which is, after giving effect to such sale or transfer, not less than the net worth or fund balance, as the case may be, of the Obligated Group, as reflected in the most recent audited balance sheet of the obligations of the Obligated Group under the Related Bond Indenture and any bond documents related thereto, including the Related Loan Document entered into by the Member, (v) obtaining all licenses and permits required by law to operate the Project, (vi) has a Long-Term Debt Service Coverage Ratio not less than the Long-Term Debt Service Requirement for the two consecutive years prior to such sale or transfer, as determined from the transferee Person’s financial statements on a pro forma basis which gives effect to such sale or transfer, or (vii) has Days’ Cash on Hand not less than the Days’ Cash on Hand Requirement as determined from the pro forma financial statements furnished to the Master Trustee evidencing that all then current Members of the Obligated Group support the transfer of such property of the Person becoming a Member; (iii) EXHIBIT B attached hereto is amended to include a description of the Property thereof under the Code are Outstanding, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then-existing law the consummation of such merger, consolidation, sale or transfer would not, by reason of the fact that such sale or transfer will not cause interest on any Tax-Exempt Bond to become includable in revenues and expenses of the Obligated Group for the most recent Fiscal Year include the revenues and expenses of such other Person.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor Person evidencing that all then current Members of the Obligated Group support the transfer of such property of the Person becoming a Member, with the consent of the Obligated Group Agent and the Majority of the Holders, if:

(c) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee may accept an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee to make and issue such Opinion of Counsel as required by this Section and to join in the execution of any instrument required to be executed and delivered by this Section.

(e) In addition to the requirements set forth in paragraphs (a) through (d) above, any successor corporation must meet all requirements to which any Member is subject that is a party to the merger, consolidation, sale, or conveyance and the requirements set forth in Section 3.11(d), (e) and (f).

SECTION 3.11 ADMISSION INTO OBLIGATED GROUP. In addition to Persons that are successor entities to any Member of the Obligated Group through a merger or consolidation permitted by Section 3.10 hereof, Affiliates that are not Members may become Members, with the consent of the Obligated Group Agent and the Majority of the Holders, if:

(a) the Affiliate that is to become a Member shall execute and deliver to the Master Trustee an instrument evidencing the agreement of such Affiliate (i) to become a Member under this Master Indenture and thereby become subject to the performance and observance of all covenants and obligations of a Member hereunder, and (ii) guaranteeing to the Master Trustee and each other Member that all Obligations Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms of this Master Indenture when due;

(b) each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section shall be accompanied by an Opinion of Counsel, addressed to and satisfied by the Master Trustee, as advised by its counsel, to the effect that such instrument has been duly authorized, executed and delivered by such Affiliate and constitutes a valid and binding obligation of such Affiliate enforceable in accordance with its terms, except as enforceability may be limited by usual equity principles, bankruptcy laws, insolvency laws, other laws affecting creditors’ rights generally and laws dealing with fraudulent conveyances;

(c) the Obligated Group shall deliver to the Master Trustee (i) an Officer’s Certificate certifying that (A) immediately upon any Affiliate becoming a Member, the Obligated Group would not, as part of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed hereunder and (B) the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year, assuming such action actually occurred at the beginning of such period, would not have been reduced to less than 1.20:1, and (ii) if any Related Bonds are Outstanding, the interest upon which is excludible from gross income for federal tax purposes other than described in clauses (i) through (ii) of this sentence.

(ii) either other Member will be the successor Person or, if the successor Person is not a Member, such successor corporation shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor Person to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under this Master Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Indenture and any Supplement applicable to such Member;

(iii) immediately after such merger or consolidation, or such sale or conveyance, no Member would be in default in the performance or observance of any covenant or condition to be performed or observed hereunder and (B) the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year for which Financial Statements have been reported preceding the proposed date of such action, assuming such action actually occurred at the beginning of such period, would not have been reduced to less than 1.20:1, and (i) if any Related Bonds are Outstanding, the interest upon which is excludible from gross income for federal tax purposes, an Opinion of Bond Counsel, addressed to and in form and substance satisfactory to the Master Trustee and Related Bond Issuer, as advised by each of their respective counsel, to the effect that under then-existing law the consummation of such merger, consolidation, sale or transfer would not, by reason of the fact that each of the conditions for such a permitted transfer under a specifically referred to subsection of this Section have been satisfied, and together with a survey of any real property proposed to be transferred and to remain under the Lien of the Mortgage and endorsement of any Title Policy relating thereto.

SECTION 3.10 CONSOLIDATION, MERGER, SALE OR CONVEYANCE.

(a) No Member shall merge or consolidate with, or sell or convey all or substantially all of its assets, common stock, or membership interests to any Person that is not a Member unless it has obtained the consent of the Obligated Group Agent, the Holders of a Majority of Obligations related to Related Bonds, and unless:

(i) each Member may, without violating the agreement contained in this Section 3.9, sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, provided the transferee Person (i) is authorized to do business in the State, (ii) is a domestic corporation, partnership, limited liability company or other entity, or if a natural person, is a resident of the United States of America, (iii) assumes in writing all of the obligations of the Obligated Group under the Related Bond Indenture and any bond documents related thereto, including the Related Loan Document entered into by the Member, (iv) obtains all licenses and permits required by law to operate the Project, (v) has a Long-Term Debt Service Coverage Ratio not less than the Long-Term Debt Service Requirement for the Obligated Group furnished to the Master Trustee pursuant to the Master Indenture, (vi) has a Long-Term Debt Service Coverage Ratio not less than the Long-Term Debt Service Requirement for the Obligated Group furnished to the Master Trustee pursuant to the Master Indenture, (vii) has a Long-Term Debt Service Coverage Ratio not less than the Long-Term Debt Service Requirement for the Obligated Group furnished to the Master Trustee pursuant to the Master Indenture, (viii) has Days’ Cash on Hand not less than the Days’ Cash on Hand Requirement as determined from the most recent audited balance sheet of the obligations of the Obligated Group under the Related Bond Indenture and any bond documents related thereto, including the Related Loan Document entered into by the Member, (ix) assuming in writing all of the obligations of the Member hereunder and obtains all licenses and permits required by law to operate the Facilities;

(ii) if Related Bonds that bear interest that is excludible from the gross income of the recipient thereof under the Code are Outstanding, the interest upon which is excludible from gross income for federal tax purposes, an Opinion of Bond Counsel, addressed to and in form and substance satisfactory to the Master Trustee, to the effect that under then-existing law the consummation of such merger, consolidation, sale or transfer would not, by reason of the fact that each of the conditions for such a permitted transfer under a specifically referred to subsection of this Section have been satisfied, and together with a survey of any real property proposed to be transferred and to remain under the Lien of the Mortgage and endorsement of any Title Policy relating thereto.

(iv) if Related Bonds that bear interest that is excludible from the gross income of the recipient thereof under the Code are Outstanding, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then-existing law the consummation of such merger, consolidation, sale or transfer would not, by reason of the fact that each of the conditions for such a permitted transfer under a specifically referred to subsection of this Section have been satisfied, and together with a survey of any real property proposed to be transferred and to remain under the Lien of the Mortgage and endorsement of any Title Policy relating thereto.

(v) if there is delivered to the Master Trustee a written report of a Consultant stating that the conditions described in Section 3.7(a) hereof would have been satisfied for the inaccuracy of one dollar (SI) Additional Indebtedness, assuming that any Indebtedness of any successor or acquiring Person is Indebtedness of the Obligated Group and that the
To the effect that under then existing law such Member’s withdrawal from the Obligated Group, whether or not contemplated on any date of delivery of any Related Bond, would not cause the interest payable on such Related Bond to be includable in the gross income of the recipient thereof under the Code. In addition, prior to withdrawing from the Obligated Group, the Member proposing to take such action shall file with the Master Trustee a written consent from each other Member to such withdrawal.

(b) Upon withdrawal of any Member from the Obligated Group pursuant to this Section, the liabilities of such Member hereunder shall be released and discharged in full by the Master Trustee and the Liens created on the withdrawing Member’s Pledged Assets hereunder and under the Mortgage shall be released and discharged.

(c) If any Property that is real property is to be released from the Mortgage pursuant to paragraph (b) above, the Obligated Group shall deliver to the Master Trustee an original executed counterpart of any amendment or supplement to the Mortgage releasing such Property, whereupon the Master Trustee shall release such Property. The Obligated Group may, but is not obligated to, further provide the Master Trustee with a mortgage title policy, or an endorsement to the mortgage title policy delivered in connection with the issuance of the Obligations or any subsequent Obligations, showing the amount of title insurance equal to at least the principal amount of all Obligations outstanding after the withdrawal. Furthermore, upon such withdrawal, EXHIBIT B attached hereto shall be amended to delete therefrom any Excluded Property of such Member.

Notwithstanding the foregoing paragraphs (a) through (c), neither Tuscan Gardens of Palm Coast Properties, LLC, nor Tuscan Gardens of Palm Coast Management Company, LLC, may withdraw from the Obligated Group nor may the Principals nor may the Principals undertake any actions that could result in a Change in Control of the Obligated Group.

SECTION 3.13 MORTGAGES; ADDITIONAL FILINGs. The Obligations shall be secured, among other things, by the Mortgage, and the Members covenant to comply with the provisions of the Mortgage.

The Obligated Group shall promptly execute and file from time to time all appropriate amendments to the Mortgage as are necessary (a) to subject to its Lien additional Property that is real property of the Obligated Group not previously subject to such Lien (except the Property of the Obligated Group that was not Mortgaged Property on the date of the issuance of the Obligations, unless Additional Obligations have been issued with respect to such Property, or unless agreed to by the Members), and (b) to reflect the issuance of any additional Obligations not already specified in the Mortgage. In the event of (f) and (g) of the previous sentence, each Member shall promptly (i) execute an appropriate Mortgage for the equal and ratable benefit of the Master Trustee on behalf of the Holders of the Obligations, granting a first Lien on all of its Property that is real property (not already subject to the Mortgage) in the same manner and to the same degree as the Obligated Group Agent subjected its Property in the Mortgage in connection with the issuance of the Obligations, (ii) record such Mortgage in the appropriate real estate records of the applicable jurisdiction, (iii) file a copy of such Mortgage together with evidence of its recordation with the Master Trustee, and (iv) amend such Mortgage (A) to subject to its Lien Property not previously subject to such Lien, and (B) to indicate the issuance of any additional Obligations not specified therein. All such Mortgages shall be substantially identical to the Mortgage, consistent with, and with changes to the form thereto required by, applicable law, and all such Mortgages and amendments thereto and to the Mortgage shall be in form reasonably acceptable to the Master Trustee. Each Member shall prepare and file such financing statements, amendments thereto, continuation statements or termination statements as, in the Opinion of Counsel, are necessary or desirable to perfect and maintain the security interest in the Pledged Assets and shall file copies of such statements and the Opinion of Counsel with the Master Trustee.

The Members shall also prepare and file any instruments with respect to the security interests created hereunder or the Pledged Assets and under the Mortgage and any other Mortgage made hereunder that, in the Opinion of Counsel, are required due to changes in the Obligated Group and shall provide copies of the same to the Master Trustee.

If any real property shall become subject to the Mortgage pursuant to this Master Indenture, the Obligated Group Agent shall obtain an amendment or endorsement to any mortgage title policy delivered in connection with the issuance and delivery of any Outstanding Indebtedness, including such real property in the real property described in EXHIBIT A to such policy. In connection with the issuance of any Obligations, the Obligated Group shall, at its expense, provide the Master Trustee a mortgage title policy, or an amendment thereto, on any of its real Property subject to a Mortgage made hereunder such that the amount of coverage under all such mortgage title policies will equal, in the aggregate, the principal amount of all Obligations outstanding after the issuance of the additional Obligations.

SECTION 3.14 DAYS’ CASH ON HAND REQUIREMENT.

(a) The Obligated Group covenants that it will calculate the Days’ Cash on Hand on each Liquidity Testing Date. The Obligated Group shall deliver an Officer’s Certificate setting forth such calculation to the Master Trustee not later than forty-five (45) days after each Liquidity Testing Date.

(b) The Obligated Group covenants that it shall meet the Days’ Cash on Hand Requirement on each Liquidity Testing Date.

(c) If the Obligated Group has not met the Days’ Cash on Hand Requirement on a Liquidity Testing Date, the Obligated Group shall, within ten (10) Business Days of delivery of the Officer’s Certificate required by subsection 3.14(a) of this Master Indenture, retain a Consultant to make recommendations with respect to the rates, fees and other charges of the Obligated Group and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to meet the Days’ Cash on Hand Requirement set forth in subsection 3.14(a).

A copy of the Consultant’s report and recommendations, if any, shall be filed by the Obligated Group with the Master Trustee and the Project Monitor within sixty (60) days after the date such Consultant is retained. The Obligated Group 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 Obligated Group Agent) and permitted by applicable Legal Requirements, including without limitation the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

(d) Notwithstanding any other provision of this Master Indenture, failure of the Obligated Group to achieve 30 Days’ Cash on Hand Requirement for any two consecutive Liquidity Testing Dates shall constitute an Event of Default under this Master Indenture.

Liquidity Testing Dates shall constitute an Event of Default under this Master Indenture; otherwise, failure of the Obligated Group to achieve the Days’ Cash on Hand Requirement for any Liquidity Testing Date shall not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for adopting a plan and follows each recommendation contained in such plan or Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements, including without limitation the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

SECTION 3.15 RATING SOLICITATION COVENANT. The Obligated Group Agent agrees that, if it will, not later than one hundred twenty (120) days after each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, it shall retain a Consultant, which may be the Underwriter, that has expertise in the assisted living industry to assess the likelihood of whether the Obligated Group could obtain from S&P, Moody’s or Fitch a rating not less than the lowest investment grade rating of such rating agency. Such assessment shall be delivered to the Master Trustee.

The Obligated Group Agent agrees to provide to such Consultant such information as it may reasonably request in order to assist it in making such assessment. If such Consultant determines that such rating is obtainable, the Obligated Group agrees that it will, at the Obligated Group’s sole expense, solicit and make a good faith effort to obtain such rating and the Obligated Group Agent shall notify the Master Trustee if a rating has been obtained or not.

SECTION 3.16 OCCUPANCY REQUIREMENT. The Obligated Group covenants that for each fiscal quarter starting with the fiscal quarter which ends not less than sixty (60) days following the issuance of the Completion Certificate, and ending (the “Ending Quarter”) with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use commercially reasonable efforts to have occupied during the relevant Occupancy Quarter the percentage of the total number and percentage of the number of units included within the Available Units or at above the applicable occupancy requirements set forth below, which levels shall be measured within five (5) Business Days after the last day of the applicable Occupancy Quarter for the relevant Occupancy Quarter (the “Occupancy Requirement”).

Notwithstanding the beginning, with the second Occupancy Quarter, the Obligated Group shall be deemed to be in compliance with the occupancy Requirement if, during the relevant Occupancy Quarter, the percentage of the total number of Available Units occupied at the end of such Occupancy Quarter is at or above the applicable overall occupancy requirement set forth above.

Within five (5) Business Days following the end of each Occupancy Quarter through the Ending Quarter, the Obligated Group is required to provide the Master Trustee with (i) the percentage of the total number of assisted living units included within the Available Units occupied at the end of such Occupancy Quarter and (ii) the percentage of the total number of Available Units occupied at the end of such Occupancy Quarter.

If the Occupancy Requirement set forth above for that Occupancy Quarter is not met, the Manager shall within ten (10) Business Days provide recommendations to the Obligated Group regarding the actions to be taken to increase the percentage of Available Units occupied to at least the Occupancy Requirement within thirty (30) days thereafter. If the Occupancy Requirement is not met for the next successive Occupancy Quarter, the Obligated Group shall within ten (10) Business Days retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the percentage of Available Units occupied to at least the Occupancy Requirement set forth above for future periods. Within sixty (60) days of retaining any such Consultant, the Obligated Group shall cause a copy of the Consultant’s report and recommendations, if any, to the Master Trustee and the Project Monitor.

The Obligated Group shall follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements, including without limitation the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

The Obligated Group shall not be required to obtain a Consultant’s report in any two (2) consecutive Occupancy Quarters.
Notwithstanding any other provision of this Master Indenture, failure of the Obligated Group to achieve the Occupation Requirement for any Occupancy Quarter shall not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for obtaining a Consultant’s report and adopting a plan and follows each recommendation contained in such Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group agent) and permitted by applicable Legal Requirements including without limitation the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

The Occupation Requirement does not apply after the Series 2016 Project has achieved four consecutive quarters in which the average occupancy of the units in the Project is equal to or greater than eighty-five percent (85%) and is evidenced in writing to the Trustee a statement of a Certified Public Accountant or Consultant to the effect that the increase is reasonable determined in the reasonable judgment of the Governing Body of the Obligated Group Agent) and permitted by applicable Legal Requirements including without limitation the Land Use Restriction Agreement and laws and regulations with respect to Medicare and Medicaid.

SECTION 3.13 MANAGEMENT. The Manager will manage the Series 2016 Project initially. The Obligated Group may replace the Manager with the written approval of the Project Monitor. The Obligated Group is required to engage a Manager or Marketing Consultant for operation of the Facilities at all times so long as the Series 2016 Obligations remain outstanding. Ex ante; as provided below, the Obligated Group shall be required to retain a new Manager for operation of the Facilities, if:

(a) the Obligated Group fails to make any payment required pursuant to the Series 2016 Obligations (excluding the Subordinate Obligations other than Obligation No. 3);
(b) the Obligated Group fails to maintain a Long-Term Debt Service Coverage Ratio of at least 1.00 as shown on any Annual Evaluation Date;
(c) the Obligated Group fails to meet the required Occupancy Requirement by the end of the second Occupancy Quarter following the date a report and plan are required as described above under Section 3.16; or
(d) the Obligated Group fails to meet or maintain the Days’ Cash on Hand Requirement for any two (2) successive Quarterly Testing Dates.

Whenever the Obligated Group is required to retain a new Manager and/or Marketing Consultant, as described above, the Obligated Group shall, within ten (10) Business Days, retain a Consultant, who shall, within thirty (30) days of the date requiring appointment of a new Manager and/or Marketing Consultant, submit to the Obligated Group, with a copy to the Master Trustee, a list of two (2) or more Persons experienced in the management, or marketing, as the case may be, of assisted living facilities of a type and size similar to the Facilities. If the Obligated Group has not retained a new Manager and/or Marketing Consultant within the time described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and approved by the Project Monitor.

In the event that a new Manager and/or Marketing Consultant is appointed by the Obligated Group at any time when the Long-Term Debt Service Coverage Ratio or the Occupation Requirements is less than the level required pursuant to this Master Indenture, the provisions of this Master Indenture shall not be applied to require the further appointment of another Manager and/or Marketing Consultant until the new Manager and/or Marketing Consultant is employed and has been employed for at least twelve (12)-months.

In lieu of meeting the requirements of the previous paragraph, the Obligated Group may engage a replacement Manager and/or Marketing Consultant upon the written approval of the Project Monitor. Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager and/or Marketing Consultant if the Trustee receives, within thirty (30) days of the event requiring appointment of a new Manager:

(i) a written report (prepared by a Consultant, but not by the Manager and/or Marketing Consultant) containing sufficient detail to support the conclusion and concluding (A) that the failure of the Obligated Group to comply with the Long-Term Debt Service Ratio and/or the Occupation Requirement is primarily due to factors outside the control of the Manager and/or Marketing Consultant, or (B) that retaining a new Manager and/or Marketing Consultant is not likely to materially improve the Obligated Group’s ability to comply with such requirements; and
(ii) a certificate signed by the Obligated Group agent stating that the performance by the Manager and/or Marketing Consultant is not likely to materially improve the Obligated Group’s ability to comply with such requirements and setting forth the reasons supporting retention of the present Manager and/or Marketing Consultant.

SECTION 3.18 NEEDS ASSESSMENT ANALYSES. Commencing on the eighth (8th) year anniversary of the date hereof and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a Needs Assessment Analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group agent, is experienced in conducting needs assessment analyses for assisted living facilities or other similar housing and healthcare facilities specifically designed for the aged. The Needs Assessment Analysis shall include recommendations for the monthly amount to be deposited to the Repair and Replacement Fund and a statement as to the amount of the Repair and Replacement Fund Requirement. A copy of the Needs Assessment Analysis shall be filed with the Master Trustee solely as a repository to be made available upon reasonable notice for delivery to the Holder of an Obligation. The Obligated Group Agent shall revise the Repair and Replacement Fund Requirement based on the recommendation of the consulting engineer and the Obligated Group shall provide the Master Trustee with a revised Repair and Replacement Fund Requirement within one hundred twenty (120) days of each such testing period. The cost of the Needs Assessment Analysis may be paid from amounts in the Repair and Replacement Fund.

SECTION 3.19 ANNUAL BUDGET. At least thirty (30) days prior to the Completion Date and at least thirty (30) days prior to the first day of each Fiscal Year, the Obligated Group shall prepare or have prepared the Annual Budget for each Fiscal Year. The Obligated Group shall deliver to the Master Trustee a copy of which was delivered to the Project Monitor; and

At least thirty (30) days prior to the Completion Date and at least thirty (30) days prior to the first day of each Fiscal Year, the Obligated Group shall prepare or have prepared the Annual Budget for each Fiscal Year. The Annual Budget shall contain Total Cash Operating Expenses on a monthly basis. The Annual Budget is subject to approval of the Governing Body. If the Obligated Group fails to prepare or submit the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall continue in effect until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. Promptly following preparation by the Obligated Group and approval by the Manager,

In addition to and without limiting any covenants contained elsewhere in this Master Indenture, each Member of the Obligated Group covenants that:

(i) it will not refine, discharge, spill, disperse, dispose, leak, pump, emit, pour, empty, dump or otherwise release or deposit any Hazardous Materials or any waste of any kind, in or on any portion of the Facilities and it will not cause, suffer, allow or permit any other person or entity to do so;
(ii) it will not refine, produce, handle, transfer, process, treat, transport, use, generate, hold or store any Hazardous Materials or any waste of any kind, except that: (A) construction materials, office equipment, other office furnishings, cleaning solutions and other materials used in the normal course of the Obligated Group’s business may be held or stored on any portion of the Facilities, provided such use, holding or storage is normally incidental to and reasonably necessary for the construction, operation or maintenance of any portion of the Facilities, except as disclosed in that certain Phase I environmental site assessment dated as of October 14, 2016, from Geotechnical and Environmental Consultants, Inc., a copy of which was delivered to the Project Monitor; and
(iii) in addition to and without limiting any covenants contained elsewhere in this Master Indenture, each Member of the Obligated Group covenants that:

(a) it will not, discharge, spill, disperse, dispose, leak, pump, emit, pour, empty, dump or otherwise release or deposit any Hazardous Materials or any waste of any kind, in or on any portion of the Facilities and it will not cause, suffer, allow or permit any other person or entity to do so;
(b) it will not refine, produce, handle, transfer, process, treat, transport, use, generate, hold or store any Hazardous Materials or any waste of any kind, except that: (A) construction materials, office equipment, other office furnishings, cleaning solutions and other maintenance materials may be used, stored and/or disposed of on any portion of the Facilities, provided such activity is performed in compliance with all applicable law and provided all such waste is removed within a reasonable amount of time after it is generated; and (B) reasonable quantities of infectious waste, as may be defined by any applicable laws of any state, may be generated and stored.

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on any portion of the Facilities, so long as the storage, disposal and treatment of such waste is performed in accordance with all applicable laws, rules and regulations;

(iii) it will not generate, use, hold or store any Hazardous Materials that are permitted under subparagraph (ii) above, in a manner so as to create a risk or threat of its release on, under or from any portion of the Facilities;

(iv) it will provide written notice to the Master Trustee within one (1) week of the Obligated Group’s knowledge of any and all discharges, spills, disposals or other releases on or from any portion of the Facilities to the environment of any Hazardous Materials that are not completely cleaned up and removed within three (3) Business Days of such releases;

(v) except for water or oxygen tanks, it will give written notice to the Master Trustee of any installation of any type of storage tank, whether under or above-ground, at any portion of the Facilities, and will comply with all applicable laws and regulations concerning installation of any type of storage tank, including water tanks;

(vi) it will, within five (5) Business Days of receipt, notify the Master Trustee and provide the Master Trustee with copies of any notice of violation from any government agency, notice of filing of any administrative, civil or criminal action by any person or entity, notice of any investigation or request, other than routine administrative requests for information or related materials by any government agency, relative to any environmental condition in, on, about, under or from any portion of the Facilities;

(vii) if there is a spill, disposal, disposal or other release on the soil thereof, if the Law of any portion of the Facilities to the environment, the Obligated Group will: (A) promptly take all measures necessary to contain and remove discharges, spills, disposals or other releases of any Hazardous Materials to the environment and remove and mitigate any and all threats to health, property, and the environment in a manner consistent with all applicable law; and (B) provide the Master Trustee, within thirty (30) days after demand by the Master Trustee, with a bond, letter of credit, or similar financial assurance evidencing the Master Trustee’s satisfaction based upon a certificate from the Obligated Group Agent that the necessary funds are available to pay the costs of investigating, removing, treating and disposing of any Hazardous Materials, sources of any kind or material contaminated by such Hazardous Materials or wastes and disposing of any assessments that are or may be imposed on the Obligated Group and/or any portion of the Facilities as a result thereof;

(viii) it will include or have included in any contracts and agreements of any kind entered into or renewed after the date of execution and delivery of this Master Indenture for the operation or management or occupancy of or the protection of any isinstance of activities (other than routine maintenance service and other incidental activities) at any portion of the Facilities substantially the same limitations on the activities of such other contracting party as are placed on the Obligated Group by this subsection; and

(ix) it will permit the Master Trustee and its authorized representatives to enter and inspect and assess the Facilities at reasonable times to determine the Obligated Group’s compliance with the above conditions.

SECTION 3.21 REPRESENTATIONS AND WARRANTIES. The Obligated Group Agent makes the following representations and warranties as the basis for its covenants herein:

(a) Each Member is duly organized and existing under the laws of the state in which it is incorporated or organized and has full power and authority to own and lease, and the execution and delivery of the Obligations does not contravene, violate, conflict with or constitute a breach of any of its organizational documents, including any and all applicable laws, rules and regulations for the conduct of its business or the ownership, use or operation of its properties, including its Project Approvals.

(b) The execution and delivery of the Obligations, the Mortgage and this Master Indenture, and the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof and thereof do not and will not conflict with or result in a breach of any of the terms or conditions of its organizational documents or of any material agreement or instrument to which it is now a party, and do not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of its Property except for Permitted Liens. It has good and marketable fee simple title to and all of its Property constituting real property other than that which it leases, in which case it has a valid leasehold estate in the real property demised by each such lease, and good and marketable title to and all of its other Property, in all cases, free and clear of all Liens except for Permitted Liens. The Permitted Liens existing with respect to any of its Property do not and will not in the aggregate materially adversely affect the value of the Property currently affected thereby, materially impair the same, or materially impair or materially interfere with the operation and usefulness thereof for the purpose for which it was acquired or is held by it. The Obligated Group is not in violation, in any material respect, of any environmental or similar law or restriction. The recitals of fact and statements contained in this Master Indenture and in each Related Loan Document are true, correct and complete, in all respects, to the best of the Obligated Group’s knowledge, and the Obligated Group shall have no duty or obligation to review or examine the contents thereof, all of the following:

(a) A monthly statement of the Obligated Group as soon as practicable after the information is available but not in no event more than forty-five (45) days after the completion of such month, including (i) the issuance to the Master Trustee or any other holder of a certificate of occupancy for the first building, (A) a summary statement as to the status of construction including the report of any Construction Completion, (B) an unaided financial reports on the development costs of the Project incurred during that month and on an aggregate basis, and (C) statements of the balances for each fund and account required to be established hereunder or under any Related Bond Indenture as of the end of such month, obtained from the applicable trustee, all in reasonable detail and certified by the Officer of the Obligated Group, and (ii) after the issuance of a certificate of occupancy for the first building, (A) occupancy levels of the Project as of the end of such month; (B) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (D) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (D) unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month compared to the approved budget for that month and an unaudited balance sheet and the Obligated Group as of the end of such month, and (E) statements of the balances for each fund and account required to be established hereunder or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Agent. Prior to Stable Occupancy, the Obligated Group Agent shall organize and hold quarterly conference calls in the same manner as described in Section 3.24(b) below. The requirements of paragraph (a) will cease upon the achieving in which the average occupancy of the units in the Project for three consecutive months is equal to or greater than eighty-five percent (85%), as evidenced by a certificate executed by the Obligated Group Agent and delivered to the Master Trustee.

(b) Commencing the first full quarter after issuance of the last certificate of occupancy and all required licenses, quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than forty-five (45) days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, and a calculation of the Obligated Group Agent. Such financial statements and calculations will be accompanied by a comparison to the Annual Budget and management's discussion and analysis of results for the applicable Fiscal Year.

(c) If the Long-Term Debt Service Coverage Ratio of the Obligated Group for the last two (2) consecutive Ratio Testing Dates is less than 1.0:1 or 1.0:1 as the case may be and Days’ Cash on Hand of the Obligated Group is less than the Days’ Cash on Hand Requirement for any Liquidation Testing Date, the Obligated Group shall deliver to the Master Trustee, within thirty (30) days from such date of, financial information and the calculations described in the above paragraph on a monthly basis within forty-five (45) days of the
end of each month until either the Long-Term Debt Service Coverage Ratio of the Obligated Group is at least 1.01:1 or 1.20:1 as the case may be or Days’ Cash on Hand of the Obligated Group is at least equal to the applicable Days’ Cash on Hand Requirement.

(d) Prior to Stable Occupancy, the Obligated Group Agent shall organize and hold quarterly conference calls in the same manner as described in Section 3.04(b) below. The requirements of paragraphs (a) and (b) shall apply upon the achieving in the average occupancy of the units in the Project for three consecutive months is equal to or greater than eighty-five percent (85%), as evidenced by a certificate executed by the Obligated Group Agent and delivered to the Master Trustee.

(e) Within one hundred twenty (120) days of the end of each Fiscal Year, beginning the Fiscal Year ending December 31, 2018, an annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a combined and an unaudited combined balance sheet as of the end of such Fiscal Year and a combined and unaudited combined statement of cash flows for such Fiscal Year and a combined and unaudited combined statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants preparing such report (or another firm of certified public accountants) containing calculations of the Obligated Group’s Long-Term Debt Service Coverage Ratio and Days’ Cash on Hand of the Obligated Group at the end of such Fiscal Year and a statement that such accountants have no knowledge of any default under the Master Indenture insofar as it relates to accounting matters or to the Obligated Group’s financial covenants, or if such accountants have obtained knowledge of any such default or defaults, they are required to disclose in such statement the default or defaults and the nature thereof.

(f) On or before the date of delivery of the financial reports referred to in paragraphs (b) and (c) above, an Officer’s Certificate of the Obligated Group Agent (i) stating that the Obligated Group is in compliance with all of the financial terms, provisions and conditions of the Master Indenture, and Related Loan Agreement, and any Related Bond Indenture or, if not, specifying all such financial defaults and the nature thereof, (ii) calculating and certifying the Long-Term Debt Service Coverage Ratio, Days’ Cash on Hand and occupancy level (as set forth in Section 3.16 hereof) as of the end of such month, quarter or Fiscal Year, as appropriate, and (iii) attaching a summary of the Obligated Group’s annual operating and capital budget for the coming Fiscal Year, sources of revenue for such units, turnover statistics and any changes in services offered at the Obligated Group Facilities.

(g) On or before the date of delivery of the financial report referred to in paragraphs (c) above, a management’s discussion and analysis of results for the applicable Fiscal Year.

(h) The Obligated Group Agent shall make available one or more representatives for a telephonic conference call which occurs on a quarterly basis, (i) in the event the Obligated Group’s Long-Term Debt Service Coverage Ratio covenant and Days’ Cash on Hand Requirement are met or are in the event the Long-Term Debt Service Coverage Ratio covenant and Days’ Cash on Hand Requirement are not met, at least every other fiscal quarter; and (ii) in the event all Related Bonds maintain ratings in one of the three highest rating categories assigned by such Rating Agency, no conference call is required. The Obligated Group Representative shall post notice of such calls to EMMA at least two (2) weeks prior to the scheduled date of each call. The Master Trustee shall have no obligation to participate in any such conference calls.

(i) Such additional information as the Master Trustee, the Related Bond Trustee or the Project Monitor may reasonably request.

SECTION 3.25 DISTRIBUTIONS. The Obligated Group covenants not to distribute any cash to any Member or any Affiliate, except for fees payable to (i) the Developer pursuant to the Development Agreement (excluding any deferred Dealer Fee payments that might otherwise be due), (ii) payments pursuant to the Allocation Agreement from the Allocation Fund and (iii) the Project Manager pursuant to the Project Management Agreement, unless the Obligated Group maintains 60 Days’ Cash on Hand and is in compliance with the covenants in Sections 3.16, 3.17, 3.19 and 3.24 and there is not then existing an Event of Default or if the Obligated Group has not made a regularly scheduled interest payment on Obligations No. 7, 3 or 11 there is not an Event of Default resulting from the making of such distributions and such distribution shall not result in the Obligated Group having less than 60 Days’ Cash on Hand as evidenced by a certificate of an independent accountant.

The Obligated Group may not withdraw monies from the Allocation Fund to make equity distributions and other lawful purposes unless the Obligated Group is in compliance with sections 3.14, 3.16, 3.17, 3.19 and 3.24 of this Master Indenture. No distributions from the Allocation Fund shall be made more often than once every ninety (90) days and there shall not be an Event of Default resulting from the making of such distributions. The Obligated Group may not withdraw, per annum, more than 8.00% of the aggregate amount of cash equity contributed by or on behalf of the Obligated Group. The Master Trustee shall not be responsible for monitoring compliance with this limitation.

SECTION 3.26 COMPEITION. The Obligated Group hereby agrees not to own and/or to operate any business or to engage in any business, whether or not for profit, unless the Obligated Group is in compliance with the provisions of Section 3.26 hereof, whereby any Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness now exists or shall hereafter be created, shall occur, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and (iv) as a result of such failure to pay or other event of default with respect thereto such Indebtedness shall have been accelerated; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if within thirty (30) days, or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member in good faith shall commence proceedings to contest the obligation to pay or the existence of such Indebtedness and such enforcement proceeding is stayed;

(e) the entry of a decree or order by a court for relief against any Member, or approving as properly filed a petition, seeking reorganization, arrangement, adjustment or composition of or in respect of any Member, under the United States Bankruptcy Code or any other similar applicable federal or state law, or approving a receiver, liquidator, custodian, assignee or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of affairs and the continuance of any such decree or order unStayed and in effect for a period of ninety (90) consecutive days; or

(f) the filing by any Member of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing of it by a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief, under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it to insolvency or inability to pay its debts generally as they become due: or

(g) the Long-Term Debt Service Coverage Ratio is less than 1.00:1 or 1.20:1 as the case may be or Days’ Cash on Hand of the Obligated Group is at least equal to the applicable Days’ Cash on Hand Requirement.

SECTION 4.00 ACCELERATION, ANNULMENT OF ACCELERATION.

(a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of the Majority of the Holders shall, by notice to the Members, declare all Obligations outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable, anything in the Obligations or in any other Section of this Master Indenture to the contrary notwithstanding. In
the event Obligations are accelerated there shall be due and payable on such accelerated Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon to the date of acceleration and, to the extent permitted by applicable law, interest on overdue interest if so provided in such Obligations, that accrues to the date of payment.

(b) At any time after the principal of the Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted on account of such default, if: (i) the Obligated Group shall have paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all accrued and interest on all principal of and interest on any such date, and shall have deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees, and liabilities of the Master Trustee; (ii) such application is to be made and upon such date interest on the amounts of principal to be paid for application and the likelihood of additional moneys becoming available for such application in the future, in the event of such declaration of acceleration, shall be applied by it at such times, and from time to time, not be required to make payment to the Holder of any unpaid Obligation until such Obligation otherwise than the principal of such Obligations then due only because of such declaration of acceleration) shall have been remedied or waived pursuant to this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee may determine in its sole discretion for the benefit of the Holders. (b) During the continuance of an Event of Default, no disbursements shall be made to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SEC. 4.3 ADDITIONAL REMEDIES AND ENFORCEMENT OF REMEDIES. Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of a Majority of the Holders, or any Person exercising the right given to such Person in any Supplement, together with security and indemnity of the Master Trustee to its reasonable satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(a) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;

(b) Suit upon all or any part of the Obligations;

(c) Civil action to require any Person holding moneys, documents or other property pledged or交付able to the Master Trustee on account of the Obligations to account to it if were the trustee of an express trust for the Holders;

(d) Civil action to enjoin any acts or things, that may be unlawful or in violation of the rights of the Holders; and

(e) Enforcement of any other right of the Holders under the Mortgage or conferred by law or hereby.

Fund or Repair and Replacement Fund unless first approved by a Majority of the Bondholders. For purposes of clarity, amounts on deposit in the funds listed in this subsection (c) used to pay debt service on Related Bonds shall be applied without the need for a requisition.

(d) Whenever all Obligations and other amounts due hereunder have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members or their respective successors as directed by the Obligated Group Agent, or, if no such direction is available, to a court of competent jurisdiction.

SECTION 4.4 APPLICATION OF PLEDGED ASSETS AND OTHER MONEYS AFTER DEFAULT.

(a) After payment of (i) the Issuer’s Fees and Expenses, including the Annual Issuer’s Fee, the costs and expenses of the proceedings resulting in the collection of such moneys and of the reasonable expenses and advances incurred or made by the Master Trustee, the Related Bond Trustee and the Holders with respect thereto and all other expenses or items of Final judgment or decree in any suit, action, or proceeding instituted on account of such default, if: (i) the Obligated Group shall have paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all accrued and interest on all principal of and interest on any such date, and shall have deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees, and liabilities of the Master Trustee; (ii) such application is to be made and upon such date interest on the amounts of principal to be paid for application and the likelihood of additional moneys becoming available for such application in the future, in the event of such declaration of acceleration, shall have been remedied or waived pursuant to this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee may determine in its sole discretion for the benefit of the Holders. (b) During the continuance of an Event of Default, no disbursements shall be made to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

SEC. 4.5 REMEDIES NOT EXCLUSIVE. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Holders is intended to be exclusive of any other remedy, but each and every remedy hereby given hereunder under the Financing Instruments or existing at law or in equity or by statute on or after the date hereof.

SECTION 4.6 REMEDIES VESTED IN THE MASTER TRUSTEE. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.4 hereof, any recovery or judgment shall be for the equal benefit of all the Holders.

SECTION 4.7 HOLDERS’ CONTROL OF PROCEEDINGS. If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, a Majority of the Holders shall have the right, at any time, by instrument in writing executed and delivered to the Master Trustee and accompanied by security and indemnity reasonably satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so proposed would be prejudicial to the Master Trustee or any other Person exercising the right given or action taken under the provisions of this Master Indenture shall be applied as follows:

(i) Unless the principal of all Outstanding Obligations shall have become due and payable:

(A) First, to the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations shall have become due, and premium, if any, whether at maturity or by call for redemption, in the order of their due dates, with interest on such Obligations at the respective rates specified therein from the respective dates on which they came due, and if the amounts available shall not be sufficient to pay in full all Obligations due in redemption or maturities on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations, except Contract Obligations; and

(B) Second, to the payment to the Persons entitled thereto of the unpaid principal installments of any Contract Obligations that shall have become due, and premium, if any, whether at maturity or by call for redemption, in the order of their due dates, with interest on such Contract Obligations at the respective rates specified therein from the respective dates on which they came due, and if the amounts available shall not be sufficient to pay in full all Obligations due in redemption or maturities on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference, except Contract Obligations; and

(C) Third, to the payment to the Persons entitled thereto of a pro rata share of the amounts available after payment to the Persons entitled thereto of the unpaid principal installments of any Obligations and Contract Obligations and the unpaid amounts due and payable and before the entry of final judgment or decree in any suit, action, or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.4 hereof, any recovery or judgment shall be for the equal benefit of all the Holders.

SEC. 4.8 TERMINATION OF PROCEEDINGS. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members, the Master Trustee, and the Holders shall be restored to their former positions.
and rights hereunder, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

SECTION 4.5 WAIVER OF EVENT OF DEFAULT.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default that has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of a Majority of the Holders, shall waive any Event of Default hereunder and its consequences, provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.2 hereof, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members, the Master Trustee, and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right hereunder.

SECTION 4.10 APPOINTMENT OF RECEIVER. Upon the occurrence of any Event of Default, unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as a matter of right if it shall so elect, (a) immediately and without declaring the Obligations to be due and payable, or (b) after declaring the same to be due and payable, or on the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer.

Each Member hereby consents and agrees, and shall be advised by the Master Trustee, consent and agree at the time of application by the Master Trustee or Related Bond Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power, and authority, to the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds thereof, with like effect as the Member could do so, and to borrow money and issue evidences of indebtedness as such receiver. The Master Trustee shall send notice to each Holder of any appointment of a receiver under this Section.

SECTION 4.11 REMEDIES SUBJECT TO PROVISIONS OF LAW.

All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

SECTION 4.12 NOTICE OF DEFAULT.

The Master Trustee shall, within thirty (30) days after the occurrence of an Event of Default of which it is notified or is deemed to have notice pursuant to Section 5.1(h) hereof, mail to all Holders as the names and addresses of such Holders appear upon the Obligation Register of the Master Trustee, notice of such 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 default as the payment of the principal of or premium, if any, on any of the Obligations and the Events of Default specified in subsection (e) of Section 4.1, or if provision to the contrary is made in any Supplement, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of notice is in the interests of the Holders.

ARTICLE V

THE MASTER TRUSTEE

SECTION 5.1 ACCEPTANCE OF TRUSTS AND OBLIGATIONS. The Master Trustee hereby accepts the trusts and obligations imposed upon it by this Master Indenture and the Mortgage against the Master Trustee:

(a) The Master Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and the Mortgage. In case an Event of Default has occurred (that has not been cured or waived) the Master Trustee shall exercise such rights and powers vested in it by this Master Indenture and the Mortgage, and use the same degree of care and skill in their exercise, as a prudent corporate trustee ordinarily would exercise and use under the circumstances of the kind of his or her own affairs.

(b) The Master Trustee may exercise any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents or receivers appointed with due care by or through employees but shall be answerable for the conduct of such employees in accordance with the standard specified above, and shall be entitled to act or refrain from acting on the written direction of an Obligated Group Agent or on the opinion or advice of its counsel or other experts concerning all matters of trust hereof and the duties hereunder, and may in all cases pay and be reimbursed for reasonable compensation to all such attorneys, experts, agents, receivers, and employees as may reasonably be employed in connection with the trust hereof. As a condition to the taking, suffering, or omission of any action hereunder, the Master Trustee may demand and act on a written direction from the Obligated Group Agent, the Holders or an Opinion of Counsel and, absent negligence or willful misconduct, shall not be responsible for any loss or damage resulting from any action or non-action by it taken or omitted to be taken in good faith in reliance on such written direction or Opinion of Counsel.

(c) The Master Trustee shall not be responsible for any recital herein or in the Obligations (except in respect to the certificate of the Master Trustee endorsed on the Obligations) or for insuring any Property, Plant and Equipment or collecting any insurance moneys, or for the validity of the execution by any Member of this Master Indenture, of any supplements hereto or of any of the conditions of the security hereof, except that in the event the Master Trustee takes possession of any Property, Plant and Equipment pursuant to any provision of this Master Indenture or the Mortgage, it shall not be liable in preserving such Property, Plant and Equipment.

(d) The bank or trust company acting as Master Trustee and its directors, officers, employees, or agents may in good faith buy, sell, own, hold and deal in any Obligations or Related Bonds and may join in any action that any Holder may be entitled to take with like effect as if such bank or trust company were not the Master Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Obligations from itself, including any department, affiliate, or subsidiary, with like effect as if it were not the Master Trustee.

(e) The Master Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper, document or oral or telephonic communication reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Master Trustee pursuant to this Master Indenture or the Mortgage on the request or authority or consent of any Holder shall be conclusive and binding on all future Holders of the same Obligation and on Obligations issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, in the absence of bad faith the Master Trustee shall be entitled to rely on an Officer’s Certificate as sufficient evidence of the facts therein contained, to the effect that any particular dealing, transaction or action is necessary or expedient, or that the Obligated Group is in compliance with all or any of the provisions herein, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Master Trustee may accept a certificate of the Secretary of or Assistant Secretary of any Member to the effect that a resolution in the form therein set forth has been adopted by the Governing Body as conclusive evidence that such resolution has been duly adopted and is in full force and effect. Any information, report or certificate that is to be provided to the Master Trustee hereunder shall not, absent an express provision herein, create any obligation of the Master Trustee or Trustee to take any action with respect thereto other than to hold such as a repository.

(g) The permissive right of the Master Trustee to do things enumerated in this Master Indenture and the Mortgage shall not be construed as a duty, and the Master Trustee shall not be answerable for other than its negligence or willful default.

(h) The Master Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations hereunder.

(i) Notwithstanding any other provision of this Master Indenture, the Master Trustee shall have the right, but shall not be required, to demand, as a condition of any action by the Master Trustee in respect of the authentication of any Obligations, the withdrawal of any cash, the release of any Property, or any action whatsoever within the purview of this Master Indenture or the Mortgage, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof.

(j) Before taking any action under this Master Indenture or the Mortgage at the direction or request of Holders, the Master Trustee may require that reasonably satisfactory security and indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, including costs incurred in defending itself against any and all charges, claims, complaints, allegations, assertions, or demands of any nature whatsoever except liability resulting from its negligence or willful default.
(k) All moneys received by the Master Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received.

(l) The Master Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except failure by any Member to make payments, if any, required to be made to the Master Trustee for Holders or to file with the Master Trustee any document required by this Master Indenture, any Supplement, or the Mortgage to be so filed, unless the Master Trustee shall be notified in writing of such default by any Holder.

(m) The Master Trustee is authorized to respond in writing to all written inquiries from Holders and persons identifying themselves as prospective Holders for information concerning the status of funds and accounts held under this Master Indenture and for other information concerning the Members of the Obligated Group and the Obligations and similar matters otherwise within the knowledge of the Master Trustee, and the Master Trustee shall not be liable to any Holder or any Member by reason of its disclosures of such information to those requesting it and shall not be liable for any subsequent discoveries of such information or the further distribution of such information.

(n) The Master Trustee shall not be liable for any actions it takes or omits to take that in good faith, absent negligence, it believes to be authorized or within its powers hereunder.

(o) The Master Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Mortgage.

(p) In the event the Master Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Holders of Obligations, each representing less than a majority in aggregate principal amount of the Outstanding Obligations, pursuant to the provisions of this Master Indenture, the Mortgage or the other Financing Instruments, then the directives of Holders of the greater percentage of aggregate principal amount of Obligations shall control.

(q) The Master Trustee’s immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Master Indenture and the Mortgage shall extend to the Master Trustee’s officers, directors, agents, attorneys, and employees. Such immunities and protections and right to indemnification, together with the indemnity from two or more groups of Holders of Obligations, together with the indemnification in connection with the performance of its duties under this Master Indenture and the Mortgage to be so filed, unless the Master Trustee shall be notified in writing of such default by any Holder.

(r) Except for information provided by the Master Trustee concerning the Master Trustee, the Master Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Obligations, and the Master Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Obligations.

(s) The Master Trustee makes no representation as to and shall have no obligation to monitor or confirm: (i) the accuracy, completeness, sufficiency or adequacy of any insurance required by this Master Indenture; (ii) the quality of the Pledged Assets or any real or personal property encumbered by the Mortgage; (iii) the legal sufficiency of any liens, and the perfection thereof, granted or purported to be granted to the Master Trustee pursuant to this Master Indenture or the Mortgage; or (iv) the calculation of any financial covenant.

SECTION 5.2. INTERVENTION BY MASTER TRUSTEE; PROTECTION OF HOLDERS; INTERESTS.

(a) In any judicial proceeding to which a Member is a party and that, in the opinion of the Master Trustee, has a substantial bearing on the interests of the Holders, the Master Trustee may intervene on behalf of the Holders and, subject to Section 5.5 hereof, shall do so if requested by the Holders of twenty-five percent (25%) in aggregate principal amount of Obligations then Outstanding.

(b) If requested in writing by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding, the Master Trustee shall, upon receipt of security and indemnity in its reasonable satisfaction for such suits and proceedings as it may deem to be necessary or expedient, based upon the advice of its counsel, (i) to prevent any impairment of the security hereunder by any acts that may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders; provided that such request and the action to be taken by the Master Trustee shall not be in conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master Trustee, shall not be unduly prejudicial to the interest of the Holders not making such request.

SECTION 5.3. MERGER OR CONSOLIDATION OF MASTER TRUSTEE.

Any corporation or association into which the Master Trustee may be converted or merged, or with which it may be consolidated, or to which it may be transferred or its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Master Trustee hereunder and vested with all the trusts, powers, discretion, 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. No costs or expenses incurred by the predecessor Master Trustee or the successor Master Trustee from such conversion, merger, consolidation, sale or transfer shall be charged to the Members.

SECTION 5.4. REMOVAL AND RESIGNATION OF THE MASTER TRUSTEE.

(a) The Master Trustee may resign on its motion, or may be removed at any time by an instrument or instruments in writing signed by (i) a Majority of the Holders, or (ii) the Members of the Obligated Group if no Event of Default then exists. No such resignation or removal shall become effective unless and until a successor Master Trustee or temporary successor trustee as provided below has been appointed and has assumed the trusts created hereby. No resignation or removal shall affect the obligation of the Members under Section 5.9 hereof to pay the Master Trustee fees that have accrued prior to the effective date of such resignation or removal and reasonable expenses of transferring funds, records and other necessary items or information to a successor trustee. Written notice of such resignation or removal shall be given to the Members and to each Holder at the address then shown on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee.

A successor Master Trustee may be appointed at the direction of a Majority of the Holders, or by the Members of the Obligated Group if no Event of Default then exists. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of removal or the date notice of resignation is given, the Master Trustee, any Member or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as provided above.

(b) Every such successor Master Trustee appointed pursuant to this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, a trust company having a combined capital, surplus and undivided profits of not less than Fifty Million Dollars ($50,000,000).

(c) Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties, and obligations of its predecessor, except for such predecessor’s rights under this Article V and subject to such predecessor’s right to be paid any amounts owed it hereunder; and, except as provided in Section 5.3 of this Master Indenture, such successor shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers, and trusts of such predecessor. Except as provided in Section 5.3 hereof, the predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. After the payment in full of any amounts due to the predecessor Master Trustee, the successor Master Trustee shall promptly deliver all material records relating to the trust or trusts thereof and, on request, communicate all material information it may have obtained concerning the trust hereunder to the successor Master Trustee.

(d) Each successor Master Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder.

SECTION 5.5. SEPARATE OR CO-MASTER TRUSTEE.

(a) At any time or for purposes of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of Obligations Outstanding, shall appoint, one or more persons approved by the Master Trustee either as co-trustees or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts, or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

(b) 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:

(i) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Master Trustee, or by the separate trustee or co-trustees, as the case may be, except as provided in Section 5.5 hereof has been appointed and has assumed the trusts created hereby. No resignation or removal shall affect the obligation of the Members under Section 5.9 hereof to pay the Master Trustee fees that have accrued prior to the effective date of such resignation or removal and reasonable expenses of transferring funds, records and other necessary items or information to a successor trustee. Written notice of such resignation or removal shall be given to the Members and to each Holder at the address then shown on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee.
(d) In case any co-trustee or separate trustee shall die, become incapable of acting, resign, or be removed, all rights, powers, trusts, duties, and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

SECTION 5.6 FEES, CHARGES AND EXPENSES OF MASTER TRUSTEE. Absent a specific agreement as to payment of the Master Trustee’s fees, charges, and expenses, the Master Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees, and other expenses reasonably made or incurred by the Master Trustee in connection with such services, such payment to be made within thirty (30) days of receipt of an invoice for such fees and expenses. The Obligated Group shall pay on demand interest on any advances or expenses incurred by the Master Trustee or Related Bond Trustee with interest accruing at the Lawful Rate per annum from the date that such advance is made or expense is incurred. Upon an Event of Default, but only upon an Event of Default, the Master Trustee and any Related Bond Trustee shall have, on a pro rata basis, a first Lien with right of payment prior to payment on account of principal of, or premium, if any, and interest on any Obligation upon the Trust Estate created hereby and by the Mortgage for the foregoing fees, charges and expenses incurred by the Master Trustee and the fees, expenses and indemnity payments owing to the Related Bond Trustee pursuant to the terms of the Related Loan Document. The Master Trustee shall act as an agent for the Related Bond Trustee for the purpose of perfecting and administering said Lien and this agreement shall be a control agreement for such purpose. When the Master Trustee or Related Bond Trustee incurs expenses or renders services after the occurrence of an Event of Default specified in Section 4.1(f) hereof, the expenses and the compensation for the services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. No resignation or removal of the Master Trustee shall affect its right to receive fees, expenses, and any indemnity due hereunder that have accrued prior to the effective date of such resignation or renewal and reasonable expenses of transferring funds, records and other necessary terms and information to the successor trustee hereunder.

SECTION 5.7 TRUSTEE ARTICLE CONTROLLING. Regardless of whether expressly so provided therein, every provision of this Master Indenture and the Mortgage relating to the conduct or affecting the liability of the Master Trustee shall be subject to the provisions of this Article V.

SECTION 5.8 MAINTENANCE OF RECORDS. The Master Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Master Trustee pursuant to the provisions hereof as are requested by the Obligated Group Agent and at the expense of the Obligated Group.

SECTION 5.9 INDEMNITY.

(a) Each Member shall pay, and shall protect, provide security and indemnify, and save the Master Trustee harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys’ fees and expenses of each Member and the Master Trustee), causes of action, suits, claims, demands and judgments of whatsoever kind and nature (including those arising or resulting from any injury to or death of any person or damage to Property) arising from or in any manner directly or indirectly growing out of or connected with the following, except to the extent that such loss, liability or damage, including reasonable attorneys’ fees, is incurred by reason of the Master Trustee’s negligence or willful misconduct:

(i) the use, non-use, condition or occupancy of any of the Property of any Member, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any of such Property including adjoining sidewalks, streets or alleys and any equipment or Facilities at any time located on such Property or used in connection therewith but which are not the result of the negligence or willful misconduct of the Master Trustee;
(ii) violation of any agreement, warranty, covenant or condition of this Master Indenture, except by the Master Trustee;
(iii) violation of any contract, agreement or restriction by any Member relating to its Property;
(iv) violation of any law, ordinance, regulation or court order affecting any Property of any Member or the ownership, occupancy, or use thereof; and
(v) any statement or information concerning any Member or its officers and members or its Property, contained in any official statement or other offering document furnished to the Master Trustee or the purchaser of any Obligations or any Related Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or other offering document of any statement or information that should be contained therein for the purpose for which the same is to be used or that is necessary to make the statements therein concerning any Member, its officers and members and its Property not misleading in any material respect, provided that the official statement or other offering document has been approved by the Obligated Group Agent and the indemnified party did not have knowledge of the omission or misstatement or did not use the official statement or other offering document to which such indemnity relates in connection with such existing or threatened litigation.

(b) Such indemnity shall extend to each Person, if any, who “controls” the Master Trustee as that term is defined in Section 15 of the Securities Act of 1933, as amended.

(c) In the event of settlement of any litigation commenced or threatened, such indemnity shall be limited to the aggregate amount paid under a settlement effected with the written consent of the Obligated Group Agent, as well as the expenses incurred in connection with such existing or threatened litigation.

(d) The Master Trustee shall promptly notify the Obligated Group Agent in writing of any claim or action brought against the Master Trustee or any controlling Person, as the case may be, in respect of which security and indemnity may be sought against any Member, setting forth the particulars of such claim or action, and the Obligated Group will assume the defense thereof, including the employment of counsel satisfactory to the Master Trustee or such controlling Person, as the case may be, and the payment of all expenses. The Master Trustee or any such controlling Person, as the case may be, may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall be payable by the Obligated Group. The obligations of the Obligated Group set forth in this Section 5.9 and in Section 5.6 of this Master Indenture shall survive the assignment or termination of this Master Indenture and the resignation or removal of the Master Trustee.

SECTION 5.10 RELATED BOND ISSUER. Upon the request of any Related Bond Issuer, the Master Trustee shall provide to the Related Bond Issuer upon reasonable notice to the Master Trustee and at the expense of the Obligated Group, copies of any notices, certificates, reports, filings or other documentation provided to the Master Trustee pursuant to this Master Indenture.

SECTION 5.11 ADDITIONAL NOTICES. The Master Trustee shall post to EMMA and give notice to each Required Information Recipient of (i) any non-payment of principal or interest on any Obligation or Related Bond and (ii) the occurrence of any Event of Default under the Master Indenture or any Related Bond Indenture, if the Master Trustee has actual knowledge of such non-payment or Event of Default.

SECTION 6.1 SUPPLEMENTS NOT REQUIRING CONSENT OF HOLDERS.

The Obligated Group, without the consent of, or notice to, any Holder, may, without the consent of or notice to any of the Holders, enter into one or more Supplements executed by such Member and the Master Trustee for one or more of the following purposes:

(a) to cure any ambiguity, formal defect or omission in this Master Indenture;
(b) to correct or supplement any provision herein that may be inconsistent with any other provision herein;
(c) to grant or confer upon the Master Trustee for the benefit of, or ratably upon, the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon it or them, subject to the limitations in the provision of Section 6.2(a) hereof;
(d) to qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect;
(e) to create and provide for the issuance of Obligations and Supplements as permitted hereunder;
(f) to provide for the addition of another Member to the Obligated Group pursuant to Section 3.11 hereof or the withdrawal of a Member pursuant to Section 3.12 hereof, or to obligate a successor to any Member as provided in Section 3.10 hereof;
(g) to comply with the provisions of any federal or state securities laws; and
(h) to provide for the release in accordance with the provisions hereof of any Property subject to the Lien of such Mortgage.

SECTION 6.2 SUPPLEMENTS REQUIRING CONSENT OF HOLDERS.

(a) Other than Supplements referred to in Section 6.1 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, a Majority of the Holders shall have the right, pursuant to Section 8.1 hereof, to consent to and approve the execution by the Master Trustee and the Obligated Group of such Supplements as shall be deemed necessary and desirable by the Master Trustee and the Obligated Group for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplement; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement that would allow the following modifications without the consent of one hundred percent (100%) in aggregate principal amount of all Outstanding Related Bonds or, if an Event of Default has occurred and is continuing, with respect to (i), (ii), (iii), (iv), (v) or (vi) of this subsection 6.2(a), without the consent of the Holders of at least seventy percent (70%) in aggregate principal amount of all Outstanding Related Bonds:

(i) the use, non-use, condition or occupancy of any of the Property of any Member, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of any of such Property including adjoining sidewalks, streets or alleys and any equipment or Facilities at any time located on such Property or used in connection therewith but which are not the result of the negligence or willful misconduct of the Master Trustee;
shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein, or in any manner to question the validity or the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

(e) Any such supplements further must be consented to in writing by any Related Bond Issuer.

SECTION 6.3 EXECUTION AND EFFECT OF SUPPLEMENTS.

(a) Prior to executing any Supplement permitted by this Article, the Master Trustee shall give an Opinion of Counsel stating that the execution of such Supplement or of a modification or amendment or restatement hereby, complies with the terms hereof, and will not adversely affect the salability from gross income for federal income tax purposes of interest payable on any Related Bonds the interest on which is excluded from gross income for federal income tax purposes. The Master Trustee may, but shall not be obligated to, enter into any such Supplement that affects the Master Trustee’s own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation beforehand or hereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the Obligated Group Agent or the Master Trustee shall so determine, new Obligations so modified as to be in the opinion of the Master Trustee and the Obligated Group Agent to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon cancellation of Obligations therein to be replaced.

After an amendment under Section 6.1 or 6.2 becomes effective, the Obligated Group Agent shall mail or cause the Master Trustee to mail notice of such amendment to the affected Holders.

SECTION 6.4 AMENDMENT OF MORTGAGE AND/OR JOINER AND CONTINUATION REAL ESTATE AGREEMENTS NOT REQUIRING CONSENT OF HOLDERS.

The Obligated Group Agent, with the consent of the Obligated Group Agent, and the Master Trustee, may, without the consent of or notice to any of the Holders, enter into amendments to, and/or modifications, supplements or restatements of, the Mortgage or Mortgage Indenture in substantially the same form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

Any such supplements further must be consented to in writing by any Related Bond Issuer.

SECTION 6.5 AMENDMENT OF MORTGAGES REQUIRING CONSENT OF HOLDERS.

(a) Other than amendments, modifications, supplements or restatements referred to in Section 6.4 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, a Majority of the Holders shall have the right, pursuant to Section 8.1 hereof, to consent to and approve the execution by the Master Trustee and each Member of such amendments, modifications, supplements or restatements of the Mortgages as shall be deemed necessary and desirable for the purpose of (a) further mortgaging the Unimproved Land; (b) granting any additional property to the Mortgaged Property; (c) granting or conferring upon the Master Trustee for the benefit of, or ratably upon, the Holders any additional rights, remedies, powers, or authority that may lawfully be granted or conferred upon it or them; (d) to comply with the provisions of any federal or state securities law; (e) to add additional property to the Mortgage; or (f) in accordance with Section 3.9 hereof.

For the purposes of clarity, if the Unimproved Land is sold, transferred, leased or otherwise conveyed by the Obligated Group pursuant to the provisions of Section 3.6(X) hereof, including without limitation, a sale, transfer, lease or other conveyance to an Affiliate, then the Obligated Group Agent, with the consent of the Obligated Group, may encumber the Mortgaged Property with, and the Master Trustee may join in and consent to, such encumbrances, covenants, conditions and restrictions; common area maintenance agreements; shared facilities agreements; use agreements; and such other agreements deemed necessary or desirable by the Obligated Group Agent to govern the Unimproved Land and the Mortgaged Property with respect to, among other things: (i) the sharing and use of vehicular and pedestrian ingress and egress, parking, access, stormwater drainage and retention/detention, common area lighting, utilities and other facilities; and (ii) the responsibilities and expenses of installing, insuring, maintaining, repairing, modifying and replacing the foregoing; all without the consent of or notice to any of the Holders, so long as any such agreement provides that any lien for assessments or other charges against the Mortgaged Property or owner thereof shall not have priority over the lien of the Mortgage or Mortgage Trust Indenture, and provided that any such agreement further provides that neither the Master Trustee, nor its successors or assigns, nor any purchaser at a foreclosure sale, shall have any liability for any such assessments or other charges accruing against the Mortgaged Property or the owner thereof, unless or until the Master Trustee or its successors or assigns, or purchaser at a foreclosure sale has acquired title to the Mortgaged Property through foreclosure or by deed or other transfer in lieu of foreclosure.

(b) If the Obligated Group Agent shall request the Master Trustee to enter into an amendment to a modification, supplement, or restatement of the Mortgages, Mortgages Indenture or any other Real Estate Agreement, the Master Trustee shall give an Opinion of Counsel stating that the execution of such amendment or modification or supplement or restatement shall not adversely affect the salability from gross income for federal income tax purposes of the interest on the Bonds and that such amendment is permitted hereunder.

If the Obligated Group Agent shall request the Master Trustee to enter into an amendment to a modification, supplement, or restatement of the Mortgages, Mortgages Indenture or any other Real Estate Agreement, the Master Trustee shall give an Opinion of Counsel stating that the execution of such amendment or modification or supplement or restatement shall not adversely affect the salability from gross income for federal income tax purposes of the interest on the Bonds and that such amendment is permitted hereunder.

The Obligated Group Agent, with the consent of the Obligated Group Agent, and the Master Trustee, may, without the consent of or notice to any of the Holders, enter into amendments to, and/or modifications, supplements or restatements of, the Mortgage or Mortgage Indenture in substantially the same form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.
SECTION 6.6 EXECUTION OF AMENDMENTS. Prior to executing any amendment, modification, supplement or restatement of the Mortgage permitted by Section 6.4 or 6.5 hereof, the Master Trustee shall receive an Opinion of Bond Counsel stating that the execution of such amendment, modification, supplement or restatement is authorized or permitted hereby, complies with the terms hereof and will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on any Related Bonds the interest on which is excludible from gross income for federal income tax purposes. The Master Trustee may, but shall not be obligated to, enter into any such amendment, modification, supplement or restatement of the Mortgage that affects the Master Trustee’s own rights, duties or immunities.

ARTICLE VIII CONCERNING THE HOLDERS

SECTION 8.1 EVIDENCE OF ACTS OF HOLDERS.

(a) In the event that any request, direction or consent is requested or permitted hereunder of the Holders, the owner of an Obligation shall be deemed to be the Holder of the Obligation, and the Related Bonds shall be deemed Obligations for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Related Bonds then outstanding held by each such owner of Related Bonds bears to the aggregate principal amount of all Related Bonds and Obligations, other than Obligations underlying such Related Bonds, then Outstanding, and the Related Bond Trustee shall then be deemed to give a partial request, direction or consent, in the proportion that the Holders of the Related Bonds that give such request, direction or consent is to the aggregate principal amount of such Related Bonds.

(b) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Holders, such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Holders in person or by agent appointed in writing.

(c) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Obligations, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Members, with regard to any action taken by them, or either of them, under such request, direction, consent or other instrument, namely:

(i) the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him or her the execution thereof; or by the affidavit of a witness of such execution; and

(ii) the ownership of Related Bonds may be proved by the registration books for such Related Bonds maintained pursuant to the Related Bond Indenture.

(d) Nothing in this Section shall be construed as limiting the Master Trustee to the proof hereinafter specified, it being intended that the Master Trustee may accept any other evidence of the matters herein stated that it may deem sufficient.

(e) Any action taken or suffered by the Master Trustee pursuant to any provision hereof upon the request or with the consent of any person who at the time is the Holder of any Obligation, shall be conclusive and binding upon all future Holders of the same Obligation.

(f) In the event that any request, direction or consent is requested or permitted hereunder of the Holders of an Obligation that constitutes a Guaranty, for purposes of any such request, direction, or consent, the principal amount of such Obligation shall be deemed to be the stated principal amount of such Obligation.

ARTICLE VII DISCHARGE OF MASTER INDENTURE

SECTION 7.1 SATISFACTION AND DISCHARGE OF MASTER INDENTURE.

(a) If the Obligated Group shall deliver to the Master Trustee for cancellation all Obligations hereunder of the Holders of an Obligation that constitutes a Guaranty, for purposes of any such satisfaction and discharge any lien securing such Master Indenture. Each Member hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Indenture or such Obligations.

(b) Notwithstanding anything else herein to the contrary, a direction with respect to an Obligation shall constitute a direction with respect to one hundred percent (100%) of the principal amount of that Obligation.

SECTION 7.2 PAYMENT OF OBLIGATIONS AFTER DISCHARGE OF LIEN.

(a) Notwithstanding the discharge of the Lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein.

(b) Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of, or the collection of the principal of, or interest on, or any other amounts payable with respect to, any Obligation shall be held by the Master Trustee or such paying agent in trust for the benefit of the holders of the Obligation so held, and shall from time to time be paid to the Members as their interests may appear, and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look only to the Members for payment thereof as secured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

SECTION 7.3 SATISFACTION OF RELATED BONDS.

The provisions of Section 7.1 and Section 7.2 of this Master Indenture notwithstanding, any Obligation that secures a Related Bond shall be deemed paid and shall cease to be entitled to the lien, benefit and security under this Master Indenture in the circumstances described in the definition of “Outstanding” contained in Article I, and (b) shall not be deemed paid and shall continue to be entitled to the lien, benefit and security under this Master Indenture unless and until such Related Bond shall cease to be entitled to any lien, benefit or security under the Related Bond Indenture pursuant to the provisions thereof.

SECTION 8.2 OBLIGATIONS OR RELATED BONDS OWNED BY MEMBERS.

In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Indenture, Obligations or Related Bonds that are owned by any Member or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be outstanding or held by such Member for purposes of this Section, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee’s right to vote such Obligations or Related Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member. In case of a dispute as to such right, the Master Trustee shall be able to rely on the advice of counsel for any decision made by the Master Trustee.

SECTION 8.3 INSTRUMENTS EXECUTED BY HOLDERS BIND FUTURE HOLDERS.

At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.1 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such Obligation or Related Bond that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.1 hereof, revoke such action so far as concerns such Obligation or Related Bond. Except upon such revocation, any such action taken by the Holders of an Obligation or Related Bond as permitted by any provision of this Section, demand, request, waiver, consent, vote or other action of the Holders of such Obligation or Related Bond that by any provision hereof is required or permitted to be given shall be conclusive and binding on such Holder and upon all future Holders and owners of such Obligation or Related Bond, and of any Obligation or Related Bond issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member, the Master Trustee, and the Holders of all of such Obligations or Related Bonds.
SECTION 3 USE OF MONEYS. On each Weekly Disbursement Date beginning the first (1st) week after which monies are deposited in the Revenue Fund and on each Weekly Disbursement Date thereafter, the Master Trustee shall make the following transfers from the Revenue Fund in the following order of priority, provided that (1) in the event any Weekly Disbursement Date shall be insufficient to make any one or more of such transfers, any and all of such deficiencies shall be remedied prior to making any transfers to any subordinated funds (based upon the following order of priority) in such month or any future month, (2) although funds in the Revenue Fund will be applied on a weekly basis on each Weekly Disbursement Date, the order of priority for application of funds in the Revenue Fund shall be calculated and applied on a monthly basis, as described below (i.e., funds will be applied to each item until the amount required for the current month is achieved, and the amount required for each item will be reset on the first day of each calendar month) and (3) during any occurrence of an Event of Default, the Master Trustee at the written discretion of a Majority of the Holders of Obligations relating to Related Bonds may modify the application of this Section:

FIRST: to the Insurance and Tax Escrow Fund, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to (a) one-twelfth (1/12th) of the amount for the current year for annual premiums for property insurance required to be maintained pursuant to Section 3.4 hereof and for annual real estate taxes, or other charges for governmental services for the current year, as provided in the Annual Budget and (b) unpaid insurance premiums, real estate taxes or other governmental service charges from any prior month;

SECOND: to the Related Bond Trustee for deposit to the Rebate Fund, to the extent of any deposit required to be made thereto pursuant to the Tax Agreement, as defined in the Related Bond Indenture;

THIRD: to (a) the Issuer, the Annual Issuer’s Fee and Issuer’s Fees and Expenses; provided, however, the amount of Annual Issuer’s Fee shall be adjusted for any Annual Issuer’s Fee paid from the Senior Bonds Capitalized Interest Account pursuant to the Bond Indenture, and (b) the Operating Account held by the Obligated Group Agent, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the principal amount of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date, so that there shall be accumulated in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations) coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date, (b) payable semi-annually, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-twelfth (1/12th) of the Repair and Replacement Fund Requirement for the Series 2016 Project, to the Repair and Replacement Fund, following the one year anniversary of the Completion Date of the Series 2016 Project, to the Repair and Replacement Fund, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-twelfth (1/12th) of the principal amount of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date, so that there shall be accumulated in such fund or account, an amount not less than the principal of such Obligations (other than the Subordinate Obligations and Contract Obligations), coming due by maturity or mandatory redemption on the immediately succeeding principal payment, maturity or mandatory redemption date, (c) payable semi-annually, the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the interest on such Obligations (other than the Subordinate Obligations and Contract Obligations) bearing interest payable semi-annually due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligations (other than the Subordinate Obligations and Contract Obligations), an amount not less than the interest on such Obligations (other than the Subordinate Obligations and Contract Obligations) coming due on the immediately succeeding interest payment date for such Obligations (other than the Subordinate Obligations and Contract Obligations) bearing interest payable quarterly due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligations (other than the Subordinate Obligations and Contract Obligations), an amount not less than the interest on such Obligations (other than the Subordinate Obligations and Contract Obligations) coming due on the immediately succeeding interest payment date for such Obligations (other than the Subordinate Obligations and Contract Obligations) bearing interest payable monthly; coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date;

NINTH: to the payment of interest on Obligation No. 3 in (a) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-sixth (1/6th) of the interest on such Obligation No. 3, (b) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-fourth (1/4th) of the interest on such Obligation No. 3 bearing interest payable semi-annually due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligation No. 3, an amount not less than the interest on such Obligation No. 3 coming due on the immediately succeeding interest payment date for such Obligation No. 3, (b) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to one-fourth (1/4th) of the interest on such Obligation No. 3 bearing interest payable semi-annually due on the next succeeding interest payment date with respect to such Indebtedness, so that there shall be accumulated on such interest payment date taking into account interest earnings on amounts held in any such account for interest on Obligation No. 3, an amount not less than the interest on such Obligation No. 3 coming due on the immediately succeeding interest payment date for such Obligation No. 3, (c) the amount necessary to accumulate, during the month during which the transfer is made, an amount equal to the interest on all such Obligations (other than the Subordinate Obligations and Contract Obligations) bearing interest payable monthly; coming due by maturity or mandatory redemption on the next principal payment, maturity or mandatory redemption date;
the Operating Reserve Fund, an amount necessary to cause the balance of the Operating Reserve Fund to equal the Operating Reserve Requirement until such requirement is satisfied;

ELEVENTH: to the Manager, payment of the Subordinate Manager Fee and any unpaid Subordinate Manager Fee from any prior month;

TWELTH: to the Surplus Fund the balance (if any) remaining after the payments identified above have been made.

SECTION 9.3 OPERATING RESERVE FUND. There is hereby established with the Master Trustee a trust fund to be designated “Tuscan Gardens of Palm Coast Properties, LLC Obligated Group - Operating Reserve Fund” (the “Operating Reserve Fund”), which shall be used solely for the purposes set forth in this Section. The Master Trustee shall hold such funds in a trust account maintained by the Master Trustee in such bank or banks, as the Master Trustee shall determine, in such city or cities, state or states, as the Master Trustee believes advisable. The Master Trustee may transfer funds from the Operating Reserve Fund to another fund or account hereunder an amount necessary to cause the balance of the Operating Reserve Fund to equal the Operating Reserve Requirement.

The Master Trustee shall deposit in the Operating Reserve Fund, in addition to the amounts specified in Section 9.2, hereof, any money paid to the Master Trustee by the Obligated Group for credit or transfer to the Operating Reserve Fund including monies received from the Manager pursuant to the Management Agreement. The Obligated Group may only require the Master Trustee to withdraw funds from the Operating Reserve Fund after all money has been withdrawn from the Working Capital Fund.

The Master Trustee may withdraw funds from the Operating Reserve Fund to allow the Obligated Group to pay (a) the maintenance and repair costs related to the Facilities, (b) the principal of, premium, if any, and interest on any Obligations (not including the Subordinate Obligations and Contract Obligations), and (c) Total Cash Operating Expenses. At any time the Obligated Group shall have the option, but not the obligation, to deposit additional funds in the Operating Reserve Fund sufficient to meet the Operating Reserve Fund Requirement, the Master Trustee shall not deposit any money in the Operating Reserve Fund, but instead shall deposit such money in the Revenue Fund.

The Master Trustee shall have no duty to verify the purposes for which any such monies are requisitioned.

SECTION 9.4 WORKING CAPITAL FUND. There is hereby established with the Master Trustee a trust fund to be designated “Tuscan Gardens of Palm Coast Properties, LLC Obligated Group - Working Capital Fund” (the “Working Capital Fund”), and within the Working Capital Fund, an account to be designated “Developer Fee Account” (the “Developer Fee Account”), which shall be used solely for the purposes set forth in this Section. The Master Trustee shall hold such funds in a trust account maintained by the Master Trustee in such bank or banks, as the Master Trustee shall determine, in such city or cities, state or states, as the Master Trustee believes advisable.

The Working Capital Fund is requisitioned. As long as there are moneys on deposit sufficient to meet the Repair and Replacement Fund for the purpose described in (i) and (iii) of this subsection (b) shall only be disbursed upon receipt of a requisition for payment substantially in the form attached hereto as EXHIBIT C executed by the Master Trustee Agent, and the Master Trustee is hereby authorized and directed to issue such checks or transmit wires for each disbursement described in the preceding paragraph upon receipt of such requisition; provided, however, that the Master Trustee shall disburse such funds as directed by the Obligated Group in accordance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in EXHIBIT D hereto; then

(e) to pay the interest then due on Obligation No. 3; then

(f) to pay the principal then due on Obligation No. 3; then

(g) to pay the interest due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in EXHIBIT D hereto; then

(h) to principal payment due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in EXHIBIT D hereto; then

(i) to the payments on Contract Obligations (except Obligation No. 4) due and payable.

To the extent that the moneys are available to make a partial payment of any of the items in this Section, the Master Trustee shall make such partial payment to the extent moneys are available.

The Master Trustee may, without the consent of the Obligated Group, disburse funds from the Surplus Fund to pay principal, premium, if any, and interest on any Obligations then due on any interest payment date or principal of any Obligations at any maturity or mandatory redemption date if there are insufficient moneys otherwise available to pay such amounts.

When the Obligated Group has presented a written certificate to the Project Monitor and the Master Trustee that all payments required to be made into the funds and accounts held under this Master Indenture as of the applicable Member Distribution Date have been made and the items in this Section 9.7 which are due and payable as of the applicable Member Distribution Date described below have been paid, and provided no Event of Default has then occurred and is then outstanding and provided further after taking into account such distribution the Obligated Group is in compliance with the provisions of Sections 3.8 and 3.14 hereof, moneys on deposit in the Surplus Fund shall then be distributed to the Obligated Group on January 1, April 1, July 1, and October 1 of each year (each, a “Member Distribution Date”). Moneys shall then be distributed to the Obligated Group and shall be retained in the Surplus Fund and used for the purposes described herein in the event that any items in Section 9.7, which are due and payable as of the applicable Member Distribution Date, have not been paid.

SECTION 9.5 INSURANCE AND TAX ESCROW FUND. There is hereby established with the Master Trustee a trust fund to be designated “Tuscan Gardens of Palm Coast Properties, LLC Obligated Group - Insurance and Tax Escrow Fund” (the “Insurance and Tax Escrow Fund”), which shall be used solely for the purposes set forth in this Section. The Obligated Group shall have the option, but not the obligation, to deposit additional funds in such account to the balance required to be maintained therein; then

(d) to pay Total Cash Operating Expenses of the Obligated Group that will be due in the month the payment is made, whether or not included in the Annual Budget, then

(e) to pay the interest then due on Obligation No. 3; then

(f) to pay the principal then due on Obligation No. 3; then

(g) to pay the interest due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in EXHIBIT D hereto; then

(h) to principal payment due on any Subordinate Obligation (except Obligation No. 3), in compliance with the provisions for the payment of Subordinate Indebtedness, then due or accruing thereon, set forth in EXHIBIT D hereto; then

(i) to the payments on Contract Obligations (except Obligation No. 4) due and payable.

The Master Trustee shall deposit in the Insurance and Tax Escrow Fund (i) money transferred from the Revenue Fund in the amounts and on the dates described in Section 9.2 hereof, and (ii) any other amounts required to be deposited into the Insurance and Tax Escrow Fund hereunder or under the Mortgage or with respect to any Related Bond Indenture and delivered to the Master Trustee with instructions to deposit the same thereinto. Money on deposit in the Insurance and Tax Escrow Fund shall be disbursed by the Master Trustee to the Obligated Group Agent to pay, or as reimbursement for the payment of, taxes, assessments and insurance premiums with

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MONEYS TO BE HELD IN TRUST. All moneys and instruments required to be deposited with or paid to the Master Trustee for the account of the Revenue Fund, the Repair and Replacement Fund, Insurance and Condemnation Fund, Insurance and Tax Escrow Fund, Operating Reserve Fund, Working Capital Fund, Senior Bonds Interest Account, Allocation Fund or any other trust fund or reserve established under any provision of this Master Indenture, and any investments purchased with such moneys or such instruments, are part of the Pledged Assets, shall be held by the Master Trustee in trust and shall, while held by the Master Trustee, constitute part of the Trust Estate and be subject to the trust created by this Master Indenture, and any lien or security interest granted with respect to the Trust Estate, and shall be and remain entitled to the benefit and shall be subject to the security of this Master Indenture for the benefit of the Holders of all Obligations. Upon an Event of Default, the Master Trustee is authorized to apply the moneys on deposit in the various funds and accounts in accordance with this Master Indenture and upon an Event of Default, the Obligated Group Agent shall not require any of such moneys to be used to pay Subordinated Management Fee. All moneys, investments and instruments held in any fund under this Master Indenture are a part of the Trust Estate, and the rights and interests of the Master Trustee and the Holders of Obligations in and to such moneys, investments and instruments are and shall be superior to the claims of the creditors and depositors of the Master Trustee.

SECTION 9.10 AMOUNTS REMAINING IN FUNDS AND ACCOUNTS. Any amounts remaining in the Repair and Replacement Fund, Insurance and Condemnation Fund, Insurance and Tax Escrow Fund, Operating Reserve Fund, Allocation Fund, Working Capital Fund, Surplus Fund or any other fund, account or reserve created under this Master Indenture, in payment in full of all outstanding Obligations (or provision for payment thereof as provided in this Master Indenture), the fees, charges, expenses and other amounts owing to any Related Bond Issuer, the Related Bond Trustee or the Master Trustee and all other amounts required to be paid hereunder, shall be paid to the Obligated Group within thirty (30) days after such payment in full (or such provision for payment).

(b) The Master Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient on a timely basis for the uses prescribed for moneys held in such fund or account. The Master Trustee may transfer or debit investments from any fund or account to the credit of any other fund or account in lieu of cash when required or permitted by the provisions of this Master Indenture. In computing the assets of any fund or account, investments and accrued interest thereon shall be deemed a part thereof. Such investments shall be valued at their amortized cost plus accrued interest. The Master Trustee shall be liable for any depreciation in the value of any obligations in which moneys of funds or accounts shall be invested, as advertised, or for any loss arising from any investment.

(c) The Obligated Group covenants that none of the moneys held under this Master Indenture will knowingly be used in any manner which will cause any Related Bonds, the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes, to become “arbitrage bonds” within the meaning of Section 148 of the Code and any regulations promulgated or promulgated in connection therewith. The Master Trustee’s reliance upon the written investment instructions of the Obligated Group Agent shall fully protect the Master Trustee in fulfilling its obligations set forth above.

The parties acknowledge that to the extent regulations of the Comptroller of Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions, the parties waive receipt of such confirmations, to the extent permitted by law. The Master Trustee or Related Bond Trustee shall furnish a statement of security transactions on its regular monthly reports. This language eliminates the need to send investment confirmations each time a trade is executed, and also eliminates the need for a separate letter from the parties waiving this requirement.

(e) The Master Trustee shall have no duty to invest any money for which the Obligated Group has not provided investment directions.

SECTION 9.12 ALLOCATION OF INCOME FROM INVESTMENTS. All interest accruing from investments of moneys in the Revenue Fund, Repair and Replacement Fund, Insurance and Condemnation Fund, Operating Reserve Fund, Allocation Fund, Working Capital Fund, Surplus Fund, reserve, other special trust fund and other accounts or funds and any profit realized from the foregoing shall be allocated as follows:

(a) Interest and profits from the investments of moneys in the Revenue Fund shall be credited to the Revenue Fund.

(b) Interest and profits from the investment of moneys in the Repair and Replacement Fund shall be credited to the Repair and Replacement Fund.

(c) Interest and profits from the investment of moneys in the Insurance and Condemnation Fund shall be credited to the Insurance and Condemnation Fund, and interest and profits for the investment of money in the Insurance and Tax Escrow Fund shall be credited to the Insurance and Tax Escrow Fund.

(d) Interest and profits from the investment of moneys in the Operating Reserve Fund shall be credited to the Operating Reserve Fund.

(e) Interest and profits from the investment of moneys in the Working Capital Fund shall be credited to the Operating Reserve Fund.

(f) Interest and profits from the investment of moneys in the Allocation Fund shall be credited to the Allocation Fund.

(g) Interest and profits from the investment of moneys in the Surplus Fund shall be credited to the Surplus Fund.

(h) Interest and profits from the investment of moneys in other reserves, other special trust funds or accounts or funds shall remain in such reserves, funds or accounts.

SECTION 10.3 MASTER TRUSTEE’S OWN BOND OR INVESTMENT DEPARTMENT. The Master Trustee may make any and all investments permitted hereunder through its own bond or investment department or through an affiliated broker or dealer.

SECTION 10.9 INVESTMENT RECORDS. The Master Trustee shall, in accordance with the standard procedures, keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Master Indenture. The Master Trustee shall make copies of such records available to the Obligated Group, upon its reasonable written request.
ARTICLE XI
MISCELLANEOUS PROVISIONS

SECTION 11.1 LIMITATION OF RIGHTS. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be for the sole and exclusive benefit of each Member, the Master Trustee, any Related Bond Issuer and the Holders hereunder and with the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Obligations issued hereunder is intended or shall be construed to give to any other Person any legal or equitable right, remedy, or any claim under or in respect to this Master Indenture or any covenants, conditions, and provisions hereof contained.

SECTION 11.2 SEVERABILITY. If any one or more Sections, clauses, sentences or parts hereof shall for any reason be adjudged invalid or unenforceable by a court of competent jurisdiction, such judgment shall not affect, impair, or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific Sections, clauses, sentences and parts so adjudged.

SECTION 11.3 HOLIDAYS. When any action or the payment of the principal of, premium if any, and interest on any Obligation is provided herein to be done on a day, or within a time period, named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

SECTION 11.4 GOVERNING LAW. This Master Indenture and any Obligations issued hereunder are contracts made under the laws of the State, exclusive of the State’s rules regarding choice of law, and shall be governed by and construed in accordance with such laws.

SECTION 11.5 COUNTERPARTS. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

SECTION 11.6 IMMUNITY OF INDIVIDUALS. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant, or agreement herein against any past, present or future officer, member, employee or agent of any Member, and all such liability of any such individual as is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder. No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of a Member in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee or agent shall be subject to any liability under this Master Indenture with respect to any other action taken by him or her provided that he or she does not act in bad faith.

SECTION 11.7 BINDING EFFECT. This instrument shall inure to the benefit of and shall be binding upon each Member, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

SECTION 11.8 RELATED BOND TRUSTEE OR BONDHOLDERS DEEMED TO BE OBLIGATION HOLDERS. For the purposes of this Master Indenture, unless a Related Bond Trustee so elects or the Related Bond Indenture so provides, the Holders of any series of Related Bonds of the Obligated Group shall be deemed the Holders of the Obligations to the extent of the principal amount of the Obligations to which their Bonds relate.

SECTION 11.9 UCC FINANCING STATEMENTS. The Members of the Obligated Group shall file or cause to be filed, and shall deliver, or cause to be delivered to the Master Trustee evidence of the filing of UCC financing statements that perfect the security interest granted by the Obligated Group to the Master Trustee pursuant to this Master Indenture and the Mortgage (the “Original Financing Statements”). The Members of the Obligated Group hereby expressly grant to the Master Trustee the full right and authority, and hereby direct the Master Trustee to file any continuation that may be required by law or is necessary to maintain the security interest perfected by the Original Financing Statements; provided, however, that the foregoing right is permissive but not an obligation of the Master Trustee. The Master Trustee shall not be responsible for and makes no representation as to the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Bonds. The Master Trustee shall not be responsible for filing any financing statement or recording any documents or instruments in any public office at any time or otherwise for perfecting or maintaining the perfection of any lien or security interest in the trust estate, it being understood that the Obligated Group shall be obligated to make such filings on behalf of the Master Trustee. The Master Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Master Indenture. The Master Trustee shall file continuation statements with respect to each UCC financing statement relating to the trust estate filed by the Obligated Group at the time of the issuance of the Obligations. In addition, unless the Master Trustee shall have been notified in writing by the Obligated Group that any filing of an initial filing or description of collateral was or has become defective, the Master Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section 11.10 and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Obligated Group by the Master Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Master Trustee in the preparation and filing of all continuation statements under this Section 11.10, including attorneys’ fees and expenses.

SECTION 11.10 MASTER TRUSTEE AS PAYING AGENT AND REGISTRAR. The Master Trustee is hereby designated and agrees to act as principal Paying Agent and Obligation Registrar and in respect to the Obligations. The Obligated Group may, prior to the occurrence and continuance of an Event of Default, also appoint one or more other banks as Paying Agent.

SECTION 11.11 NOTICE OF PAYMENT AT CORPORATE TRUST OFFICE. All payments of principal of, premium, if any, or interest on any Obligations shall be made to the Master Trustee for and in respect to the Obligations at the Corporate Trust Office, at the address shown on the books of the Master Trustee kept pursuant hereto.
IN WITNESS WHEREOF, the Obligated Group Agent has caused this Master Trust Indenture to be executed in its name and on its behalf by its duly authorized officer, and to evidence its acceptance of the trusts hereby created the Master Trustee has caused this Master Trust Indenture to be executed in its name and on its behalf by its duly authorized officer, all of as of the date first above written.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company
By: __________________________
Janet Horvath-Pino
Authorized Representative

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee
By: __________________________
Name: Janice Entsminger
Title: Vice President

EXHIBIT A
EXISTING LIENS
[NONE]

EXHIBIT B
EXCLUDED PROPERTY
[NONE]

EXHIBIT C
FORM OF REQUISITION FROM
[OPERATING RESERVE FUND/WORKING CAPITAL FUND/ALLOCATION FUND]
REQUISITION NO. _____

To: U.S. Bank National Association, as Master Trustee

Pursuant to the Master Trust Indenture dated as of December 1, 2016 (the “Master Indenture”) by and among Tuscan Gardens of Palm Coast Properties, LLC (the “Obligated Group Agent”) and U.S. Bank National Association, as master trustee (the “Master Trustee”), the undersigned Obligated Group Agent, as defined in the Master Indenture, hereby requests and authorizes the Master Trustee to pay to the person(s) listed on the Disbursement Schedule attached hereto out of the moneys on deposit in the [Operating Reserve Fund/Working Capital Fund/Allocation Fund] created by the Master Indenture the aggregate sum of $_______ for advances, payments and expenditures made or incurred by the Obligated Group in connection with the items listed in the Disbursement Schedule. [only with respect to the Operating Reserve Fund: There is no money remaining in the Working Capital Fund.]

In connection with the foregoing request and authorization, the undersigned hereby certifies that: (1) each item for which disbursement is requested hereunder is properly payable out of the [Operating Reserve Fund/Working Capital Fund/Allocation Fund] in accordance with the terms and conditions of the Master Indenture, including each condition precedent to the disbursement of such funds, and none of those items has formed the basis for any disbursement heretofore made from the [Operating Reserve Fund/Working Capital Fund/Allocation Fund]; (2) each such item is or was a necessary expenditure permitted under the Master Indenture; (3) this statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Master Trustee for its actions taken pursuant hereto; and (4) this statement constitutes the approval of the Obligated Group of each disbursement hereby requested and authorized. If the request is for a disbursement from the Operating Reserve Fund, the Obligated Group Agent represents that all money has been withdrawn from the Working Capital Fund.

In connection with the foregoing request and authorization, the undersigned hereby certifies that the Obligated Group is in compliance with the Master Trust Indenture.
EXHIBIT D
REQUIREMENTS FOR SUBORDINATE INDEBTEDNESS

Any issue of Subordinate Indebtedness, as used in the Master Trust Indenture to which this Exhibit is attached, shall be evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Indebtedness (to which appropriate reference shall be made in the instruments evidencing such Indebtedness) substantially as set forth below the term “debentures” being, for convenience, used in the provisions set forth below to designate the instruments issued to evidence Subordinate Obligations and the term “this Master Indenture” to designate the instrument, indenture or other document containing such provisions:

All debentures issued under this Master Indenture shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions:

(a) All debentures issued hereunder and any coupons thereto appertaining 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. For all purposes of this Section the term “Superior Indebtedness” means all Obligations, including Obligation No. 1 and Obligation No. 2, now or hereafter issued under that certain Master Trust Indenture dated as of December 1, 2016 (the “Master Indenture”) among Tuscan Gardens of Palm Coast Properties, LLC, and Tuscan Gardens of Palm Coast Management Company, LLC, as the Obligated Group, and U.S. Bank National Association, a national banking association, as master trustee (the “Master Trustee”), as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified. For the avoidance of doubt, Obligation No. 3 is not Superior Indebtedness, but is Subordinated Indebtedness.

(b) Other than with respect to interest payments on Obligation No. 3, no payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Superior Indebtedness has been made or duly provided for in accordance with the terms of such Superior Indebtedness. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Superior Indebtedness, or (ii) there shall have occurred an event of default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Superior Indebtedness, as defined therein or in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof and such event of default shall not have been cured or waived or shall not have ceased to exist.

(c) Omitted.

(d) Upon (i) any acceleration of maturity of the principal amount due on the debentures or (ii) any payment of distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of any Member, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or otherwise, 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 principal, premium, if any, or interest on the Indebtedness evidenced by the debentures, and upon any such dissolution or winding-up or liquidation, reorganization or arrangement, any payment or distribution of any kind or character, whether in cash, property or securities, to which the holders of the debentures or the trustee under this Master Indenture would be entitled, except for the provisions hereof, shall be paid by the Members, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to the Master Trustee to the extent necessary to pay all Superior Indebtedness in full after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of Superior Indebtedness, before any payment or distribution is made to the holders of the Indebtedness evidenced by the debentures or to the Master Trustee under this Master Indenture.

(e) 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 trustee under this Master Indenture or by the holders of the debentures 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 Master 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, after giving effect to any concurrent payment or distribution to the Master Trustee for the holders of such Superior Indebtedness.

(f) No present or future holder of Superior Indebtedness shall be prejudiced in his right to enforce subordination of the Indebtedness evidenced by the debentures by any act or failure to act on the part of any Member or anyone in custody of its assets or property.

The foregoing subordination provisions (a) through (f) of this Section shall be for the benefit of the holders of Superior Indebtedness and may be enforced by the Master Trustee against the holders of debentures or any trustee thereof, provided, however, that the indentures or other instruments creating or evidencing subordinated debt or pursuant to which any subordinated debt is issued shall provide: (i) that the foregoing provisions are solely for the purpose of defining the relative rights of the holders of Indebtedness on the one hand and the holders of the Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between the Members and the holders of the Subordinated Indebtedness, the obligations of the Members, which is unconditional and absolute, to pay to the holders thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Indebtedness or any Trustee on their behalf from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights set forth above of the holders of Superior Indebtedness to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Indebtedness, (ii) that upon any payment or distribution of assets of any Member of the character referred to in the fourth paragraph of the foregoing provisions, the trustee under any indenture relating to Subordinate Indebtedness 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 said trustee for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Superior Indebtedness and other indebtedness of such Member, 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 (iii) that the trustee under any indenture relating to Subordinate Indebtedness and any paying agent therefor shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by such trustee or such paying agent, unless and until such trustee or such paying agent, as the case may be, shall have received written notice thereof from any Member or from one or more holders of Superior Indebtedness, or from the Master Trustee.

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EXHIBIT E
FORM OF REQUISITION FROM REPAIR AND REPLACEMENT FUND REQUISITION NO. _____

To: U.S. Bank National Association, as Master Trustee

Pursuant to the Master Trust Indenture dated as of December 1, 2016 (the “Master Indenture”) by and among Tuscan Gardens of Palm Coast Properties, LLC (the “Obligated Group Agent”) and U.S. Bank National Association, as master trustee (the “Master Trustee”), the undersigned Obligated Group Agent, as defined in the Master Indenture, hereby requests and authorizes the Master Trustee to pay to the person(s) listed on the Disbursement Schedule attached hereto out of the moneys on deposit in the Repair and Replacement Fund created by the Master Indenture the aggregate sum of $__________ for advances, payments and expenditures made or incurred by the Obligated Group in connection with the items listed in the Disbursement Schedule.

In connection with the foregoing request and authorization, the undersigned hereby certifies that: (1) each item for which disbursement is requested hereunder is properly payable out of the Repair and Replacement Fund in accordance with the terms and conditions of the Master Indenture and none of those items has formed the basis for any disbursement heretofore made from the Repair and Replacement Fund; (2) each such item is or was a necessary expenditure permitted under the Master Indenture; (3) this statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Master Trustee for its actions taken pursuant hereto; (4) no Event of Default has occurred and is continuing and (5) this statement constitutes the approval of the Obligated Group of each disbursement hereby requested and authorized.

Dated: ________________, 20__.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company

By: __________________________
Name: _______________________
Title: _______________________

DISBURSEMENT SCHEDULE FOR REQUISITION NO. _____ FROM THE REPAIR AND REPLACEMENT FUND

Name and Address of Payee: ____________________________

Description of Component: ____________________________

Describe Nature of Obligation: __________________________

Amount to be Paid to Payee: $__________

Attach: Invoice Supporting Payment Applicable Lien Waiver
Reference is made to the Master Trust Indenture dated as of December 1, 2016 (the “Governing Document(s)”), between Tuscan Gardens of Palm Coast Properties, LLC, a Florida limited liability company (the “Obligated Group Agent”) and U.S. Bank National Association, as master trustee (the “Master Trustee”).

The undersigned officer hereby certifies to the Trustee that:

I have read all relevant sections of the Governing Documents relating to Insurance and the definitions relating thereto;

I have made such examination or investigation as is necessary or appropriate in order to make the statements contained herein;

I have made such examination or investigation as is necessary to enable me to express an informed opinion as to whether or not the terms, conditions and covenants in the Governing Documents with respect to insurance matters have been complied with; and

Based on examination and review of the Governing Documents, all of the terms, conditions and covenants set forth in the Governing Documents as they relate to Insurance matters have been satisfied and are in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Officer’s Certificate this ___ day of ________, 20__.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company
By:________________________________
Name: ____________________________
Title: ______________________________

EXHIBIT G
FORM OF INSURANCE AND TAX ESCROW FUND REQUISITION

Requisition No. ______________  Date: _______________

To: U.S. Bank National Association, as Master Trustee (the “Trustee”) under the Master Trust Indenture dated as of December 1, 2016 (the “Master Indenture”), between Tuscan Gardens of Palm Coast Properties, LLC and U.S. Bank National Association

Attention: Trust Department

The undersigned Obligated Group Agent hereby requests that there be paid from the Insurance and Tax Escrow Fund, created by the Master Indenture, the sum set forth below, and in that connection, I HEREBY CERTIFY, as follow:

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The Obligated Group Agent hereby certifies that:

(1) all evidence, statements, and other writings required to be furnished under the terms of the Master Indenture are true and omit no material fact, the omission of which may make them misleading; and

(2) all money previously disbursed from the Insurance and Tax Escrow Fund has been used solely to pay for costs allowed by the Master Indenture, and the Obligated Group Agent has written evidence to support this item of warranty.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Master Indenture.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company

By: __________________________________
Name: ________________________________
Title: ________________________________

EXHIBIT H
LEGAL DESCRIPTION OF REAL PROPERTY
TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC,
a Florida limited liability company, as an Initial Obligated Group Member and
Obligated Group Agent

TUSCAN GARDENS OF PALM COAST MANAGEMENT COMPANY, LLC,
a Florida limited liability company, as an Initial Obligated Group Member

and

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

Dated as of December 1, 2016

Relating to:

TUSCAN GARDENS OF PALM COAST PROJECT

SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

This SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1 (the “Supplemental Master Indenture”), dated as of December 1, 2016, between TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC (the “Obligated Group Agent”) a Florida limited liability company authorized to transact business in Florida (the “State”) and TUSCAN GARDENS OF PALM COAST MANAGEMENT COMPANY, LLC, a Florida limited liability company authorized to transact business in the State (collectively, together with the Obligated Group Agent, the “Members”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association with trust powers in Florida (the “Master Trustee”),

WITNESSETH:

WHEREAS, the Obligated Group Agent and the Master Trustee have entered into a Master Trust Indenture dated as of December 1, 2016 (the “Master Trust Indenture”); and

WHEREAS, Capital Trust Agency (the “Issuer”) has contemporaneously herewith issued its First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A, in the principal aggregate amount of $36,600,000 (the “Series 2016A Bonds”) and its Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B, in the aggregate principal amount of $36,600,000 (the “Series 2016B Bonds”), and its Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C, in the aggregate principal amount of $7,275,000 (the “Series 2016C Bonds”), and together with the Series 2016A Bonds and the Series 2016B Bonds, the “Series 2016 Bonds”); pursuant to a Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), to finance all or a portion of the cost of the construction, installation and equipping of a concert senior living community located in Flagler County, Florida (the “Series 2016 Project”), fund necessary reserves and costs of issuance related to the Series 2016 Bonds; and

WHEREAS, pursuant to the Loan Agreement dated as of December 1, 2016 (the “Loan Agreement”), between the Issuer and the Obligated Group Agent, the Obligated Group Agent has agreed to issue Obligation No. 1 (as hereinafter defined), (“Obligation No. 1”) created by this Supplemental Master Indenture to evidence the obligation of the Obligated Group to make the payments required on the Series 2016A Bonds; and

WHEREAS, pursuant to the Loan Agreement between the Issuer and the Obligated Group Agent, the Obligated Group Agent has agreed to issue Obligation No. 2 (as hereinafter defined), (“Obligation No. 2”) created by this Supplemental Master Indenture to evidence the obligation of the Obligated Group to make the payments required on the Series 2016B Bonds; and

WHEREAS, pursuant to the Loan Agreement between the Issuer and the Obligated Group Agent, the Obligated Group Agent has agreed to issue Obligation No. 3 (as hereinafter defined), (“Obligation No. 3”) and together with Obligation No. 1 and Obligation No. 2, the “Series 2016 Obligations”) created by this Supplemental Master Indenture to evidence the obligation of the Obligated Group to make the payments required on the Series 2016C Bonds; and

WHEREAS, the Obligated Group Agent is authorized by law and by the Master Trust Indenture, and deems it necessary and desirable, to issue and deliver the Series 2016 Obligations pursuant to the Master Trust Indenture; and

WHEREAS, pursuant to the terms of the Master Trust Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2016 Obligations; and

WHEREAS, all acts and things necessary to make the Series 2016 Obligations authorized by this Supplemental Master Indenture, when executed by the Obligated Group Agent for and on behalf of the Obligated Group and each Obligated Group Member and authenticated and delivered by the Master Trustee as provided in the Master Trust Indenture and this Supplemental Master Indenture, the valid, binding and legal obligations of each Obligated Group Member, and to constitute these presents, together with the Master Trust Indenture, a valid indenture and agreement according to its terms and the terms of the Master Trust Indenture, have been done and performed and the execution of this Supplemental Master Indenture and the issue hereunder and under the Master Trust Indenture of the Series 2016 Obligations created by this Supplemental Master Indenture have in all respects been duly authorized, and the Obligated Group Agent, for and on behalf of the Obligated Group and each Obligated Group Member, in the exercise of the legal right and power vested in it, executes this Supplemental Master Indenture and proposes to make, execute, issue and deliver the Series 2016 Obligations created hereby;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2016 Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2016 Obligations created hereby by the holders thereof, the Obligated Group Agent, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

ARTICLE I
DEFINITION OF TERMS

SECTION 1.1 DEFINITIONS.

Capitalized terms used in this Supplemental Master Indenture that are not defined as set forth below or otherwise stated herein shall have the meanings assigned to them in the Master Trust Indenture.

SECTION 1.2 OBLIGATION NO. 1.

There is hereby created as an Obligation under the Master Trust Indenture a promissory note to be known and entitled “Tuscan Gardens of Palm Coast Properties, LLC, Obligation No. 1.” Obligation No. 1, in the principal amount of $36,600,000 may be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

SECTION 2.2 FORM OF OBLIGATION NO. 1.

The Obligation No. 1 created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated (December 1, 2016), shall bear interest from its date on the principal balance thereof in the amount set forth in such Obligation No. 1, which interest shall be payable on the first day of each April and October in each year, and shall be substantially in the following form:

DEFINITIONS.
TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
OBLIGATION NO. 1

This Obligation No. 1 is issued for the purpose of securing the payment of the principal of, premium, if any, and interest on the Bond Indenture at the date of disbursement of the Bond Indenture with respect to the Series 2016A Bonds.

This Obligation No. 1 shall not be transferred by any holder, except in discharge of a demand for payment, and shall neither be assigned nor hypothecated.

Upon the occurrence of certain “Events of Default,” as defined in the Master Indenture, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The Series 2016A Bonds are being issued pursuant to a Bond Trust Indenture dated as of December 1, 2016 (“the Bond Indenture”), between the Issuer and the Bond Trustee, for the purposes of acquiring, constructing, developing, furnishing and equipping a congregate senior living community, composed of approximately 130 units which includes 86 assisted living units comprising 116 licensed beds and 44 memory care units comprising 56 licensed beds and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and to be located on an approximately 16-acre site at the Southeast Corner of Colbert Lane and Blaire Drive, in the City of Palm Coast, Florida, in Flagler County, Florida (the “Series 2016 Project”), (ii) funding capitalized interest on the Series 2016 Bonds; (iii) making a deposit to a Debt Service Reserve Fund for the Senior Bonds; and (iv) making a deposit to the Working Capital Fund for the Bonds.

This Obligation No. 1 shall be registered on the register to be maintained by the Trustee and this Obligation No. 1 shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney, and shall not be subject to any lien or security interest.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

The holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.
The undersigned Obligated Group Agent (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Trust Indenture, the Obligated Group Agent and all other Obligated Group Members referred to and defined in the Master Trust Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Obligation No. 1 are identified on SCHEDULE I attached hereto.

Any person (as defined in the Master Trust Indenture) who shall satisfy the conditions set forth in the Master Trust Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Obligation No. 1 shall thereupon and thereafter likewise be jointly and severally obligated on this Obligation No. 1, whether or not the name of such person shall appear on or be added to SCHEDULE I.

If any person who is on the date of execution and delivery of this Obligation No. 1, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Obligation No. 1 and under the Master Trust Indenture, whether or not the name of such person shall appear on or be deleted from SCHEDULE I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Trust Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Trust Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Master Trust Indenture.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company

By: Janet Horvath-Pino
Authorised Representative

PAYMENT TO U.S. BANK NATIONAL ASSOCIATION, as Bond Trustee for the owners of the Series 2016A Bonds hereinafter mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Obligation No. 1, whether or not the name of such person shall appear on or be added to SCHEDULE I, the sum of $4,215,000, pro rata, together with interest thereon accrued to the date fixed for payment or redemption, and on and after such date fixed for payment or redemption (unless the Obligated Group Members shall default in the payment of Obligation No. 1) at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of Obligation No. 1) at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption, interest on Obligation No. 1 or portion thereof so called for prepayment or redemption shall cease to accrue.

SECTION 2.3 PREPAYMENT OF OBLIGATION NO. 1
Obligation No. 1 created hereby and its principal installments shall be subject to prepayment, in whole or in part, on October 1, 20_, or on any date thereafter, at the option of the Obligated Group Agent, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2016A Bonds to be deemed to have been paid within the meaning of the Bond Indenture, and to pay all fees and expenses, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Bond Indenture with respect to such Series 2016A Bonds. Any prepayment of the principal of Obligation No. 1 shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2016A Bonds redeemed with the proceeds of such prepayment.

SECTION 2.4 ADDITIONAL PREPAYMENT OF OBLIGATION NO. 1
Obligation No. 1 created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Agent, on behalf of the Obligated Group, pursuant to the Master Trust Indenture.

SECTION 2.5 CREDIT ON OBLIGATION NO. 1
If the Obligated Group Agent (i) shall have elected to apply the Series 2016A Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, (ii) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of the Bond Indenture, and (iii) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2016A Bonds so applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Obligated Group Agent and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on Obligation No. 1 on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2016A Bonds have been applied, and the principal amount of Obligation No. 1 created hereby due on such date will be reduced accordingly.

SECTION 2.6 EFFECT OF PREPAYMENT OF OBLIGATION NO. 1
If the Obligated Group Agent shall have complied with the notice requirements of the Loan Agreement, Obligation No. 1 or the portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice in the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of Obligation No. 1) at the prepayment or redemption price.

SECTION 2.7 PARTIAL PREPAYMENT OF OBLIGATION NO. 1
In the event of a partial redemption of Obligation No. 1, the amount of installments of such Obligation No. 1 coming due after such redemption shall be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Obligation No. 1 shall have been paid in full.

ARTICLE III OBLIGATION NO. 2

SECTION 3.1 OBLIGATION NO. 2
There is hereby created as an Obligation under the Master Trust Indenture a promissory note to be known and entitled “Tuscan Gardens of Palm Coast Properties, LLC, Obligation No. 2”. Obligation No. 2, in the principal amount of $4,215,000, may be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

SECTION 3.2 FORM OF OBLIGATION NO. 2
The Obligation No. 2 created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated [December 1, 2016], shall bear interest from its date on the principal balance thereof in the amount set forth in such Obligation No. 2, which interest shall be payable in arrears on the first day of each April and October in each year, and shall be substantially in the following form:

THIS OBLIGATION HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW

$[_____] TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC OBLIGATION NO. 2

Tuscan Gardens of Palm Coast Properties, LLC, as an obligated group member and the Obligated Group Agent (the “Obligated Group Agent”), for value received, hereby promises to pay to Capital Trust Agency (the “Issuer”), or registered assigns, at the Orlando, Florida, corporate trust office of U.S. Bank National Association, as bond trustee (the “Bond Trustee”), the principal sum of $4,215,000 in installments on the 1st day of each October as set forth on SCHEDULE A.
attached hereto and incorporated herein, and to pay interest on the unpaid principal balance hereof on the 1st day of each April and October in the amounts as set forth on SCHEDULE A attached hereto and incorporated herein.

Principal of, premium, if any, and interest on this Obligation No. 2 are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same on the date of the Series 2016B Bond due or the Series 2016B Bond plus the applicable premium, if any, with the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2016B Bonds to be redeemed in the manner and upon the terms therein provided, subject to redemption in whole or in part as provided in the Master Trust Indenture, and extraordinary mandatory redemption (i) in whole or in part under the circumstances described in Section 3.5 of the Master Trust Indenture, (ii) in whole or in part from any proceeds derived from the sale of any property acquired by the Obligated Group Members by gift or otherwise, or from any condemnation of any property acquired by the Obligated Group Members, or (iii) in whole or in part, as provided in the Master Trust Indenture.

Copies of the Master Trust Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Master Trust Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Obligation No. 2, the terms and conditions on which, and the purposes for which, this Obligation is issued and the rights, duties and obligations of the Obligated Group Agent and the Master Trustee under the Master Trust Indenture, to all of which the holder hereof, by acceptance of this Obligation No. 2, assents.

Any amounts in the Senior Bonds Principal Account and Senior Bonds Interest Account of the Bond Fund (as created in the Bond Indenture) at the close of business of the Bond Trustee on the day immediately preceding any payment date on this Obligation in excess of the aggregate amounts then required to be contributed to such Bond Fund shall be credited against the payments due by the Obligated Group Agent and the other Obligated Group Members on such next succeeding principal or interest payment date on this Obligation No. 2.

To the extent permitted by and as provided in the Master Trust Indenture, modifications or changes of the Master Trust Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Trust Indenture) and of the holders of the Series 2016 Obligations in particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the Majority of the Holders. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such Supplemental Master Indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations (other than Subordinate Obligations and Contract Obligations), or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation or as otherwise provided in the Master Indenture. Any such consent by the holder of this Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation.

In the manner and with the effect provided in the Master Trust Indenture, this Obligation No. 2 and its principal installments will be subject to prepayment and redemption prior to maturity at the times and in the amounts provided for in the Bond Indenture, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2016B Bonds to be deemed to have been paid within the meaning of the Bond Indenture to the date of discharge of the Bond Indenture with respect to the Series 2016B Bonds. This Obligation is also subject to special mandatory redemption as provided for in the Bond Indenture, and extraordinary mandatory redemption (i) in whole or in part in the event of any change in law, in which the reasonable judgment of the Obligated Group Agent, remade or continued operation of the Series 2016 Project no longer feasible.

With respect to principal due on the Series 2016B Bonds, if the Obligated Group Agent (ii) shall have elected to apply a Series 2016B Bond that has been redeemed or otherwise acquired by the Obligated Group Agent or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture,

affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for money's payable on this Obligation No. 2.

No covenant or agreement contained in this Obligation No. 2 or the Master Trust Indenture shall be deemed to be a covenant of any party other than the Obligated Group Members, their successors and assigns, and their respective predecessors in interest, nor shall any such covenant or agreement be binding upon or be valid or become obligatory for any purpose, until this Obligation No. 2 shall have been fully executed and delivered and shall be binding upon and inure to the benefit of and be enforceable by the holders of this Obligation No. 2 and its principal installments.

In WITNESS WHEREOF, the Obligated Group Agent has caused this Obligation No. 2 to be executed in its name and on its behalf by the manual or facsimile signature of its Authorized Representative.

TUSCANY GARDENS OF PALM COAST PROPERTIES, LLC

Florida limited liability company

By: Janet Horvath-Pino

Authorized Representative

SCHEDULE A

[Form of Endorsement By Obligated Group Agent]

The undersigned Obligated Group Agent (as defined in the within mentioned Master Indenture) hereby certifies to the provisions of the Master Trust Indenture, the Obligated Group Agent and all other Obligated Group Members referred to and defined in the Master Trust Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Obligation No. 2 are identified on SCHEDULE I attached hereto.

Any person (as defined in the Master Trust Indenture) who shall satisfy the conditions set forth in the Master Trust Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Obligation No. 2 will be entitled to have its name added to SCHEDULE I attached hereto.
If any person who is on the date of execution and delivery of this Obligation No. 2, or who shall thereafter become, an Obligated Group Member and as thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Trust Indenture for withdrawal from withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Obligation No. 2 and under the Master Trust Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Trust Indenture) and to all other holders of Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Trust Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereof or surrendered to the Master Trustee in exchange for one or more substitute Obligations delivered pursuant to the provisions of the Master Trust Indenture.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company

By: Janet Horvath-Pino
Authorized Representative

[Form of Schedule I]

Members of the Obligated Group

Name: Tuscan Gardens of Palm Coast Properties, LLC
Address for Notices: 199 South Orange Avenue, Suite 1650
Orlando, Florida 32801

Tuscan Gardens of Palm Coast Management Company, LLC
199 South Orange Avenue, Suite 1650
Orlando, Florida 32801

[Form of Assignment to Bond Trustee]

By: ___________________________
Authorized Signatory

[Form of Master Trustee’s Certificate of Authentication]

This Obligation No. 2 is one of the Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: ___________________________

By: ___________________________
Authorized Signatory

[End Form of Obligation No. 2]

SECTION 3.3 PREPAYMENT OF OBLIGATION NO. 2. Obligation No. 2 created hereby and its principal installments shall not be subject to prepayment, in whole or in part, prior to its maturity date.

ARTICLE IV OBLIGATION NO. 3

SECTION 4.1 OBLIGATION NO. 3. There is hereby created as an Obligation under the Master Trust Indenture a promissory note to be known and entitled “Tuscan Gardens of Palm Coast Properties, LLC, Obligation No. 3.” Obligation No. 3, in the principal amount of $2,725,000 may be executed, authenticated and delivered in accordance with Article II of the Master Trust Indenture.

SECTION 4.2 FORM OF OBLIGATION NO. 3. The Obligation No. 3 created hereby shall be in the form of a fully registered Obligation without coupons, shall be dated [December 3, 2016], shall bear interest from its date on the principal balance thereof in the amount set forth

in such Obligation No. 3, which interest shall be payable on the first day of each April and October in each year, and shall be substantially in the following form:

***** [BEGIN FORM OF OBLIGATION NO. 3] *****

THIS OBLIGATION HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW

$[_____] TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC OBLIGATION NO. 3

Tuscan Gardens of Palm Coast Properties, LLC, as an obligated group member and the Obligated Group Agent (the “Obligated Group Agent”), for value received, hereby promises to pay in Capital Trust Agency (the “Issuer”), or registered assigns, at the Orlando, Florida, corporate trust office of U.S. Bank National Association, as bond trustee (the “Bond Trustee”), the principal sum of $2,725,000 in installments on the 1st day of each October as set forth on SCHEDULE A. A attached hereto and incorporated herein, and to pay interest on the unpaid principal balance hereof on the 1st day of each April and October in the amounts as set forth on SCHEDULE A. The payee hereof and incorporated herein.

Principal of, premium, if any, and interest on this Obligation No. 3 are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same with the Bond Trustee, at or prior to the opening of business on the date, prior to the date the same shall become due and payable, by giving notice of payment to the Master Trustee, as herein defined, as provided in the Bond Indenture, as herein defined.

This Obligation is issued in the principal amount of $2,725,000 as dated [December 3, 2016] and is designated as the “Tuscan Gardens of Palm Coast Properties, LLC, Obligation No. 3” (“Obligation No. 3.”) and together with all other Obligations issued under the Master Trust Indenture hereinafter defined, excluding any and all Subordinate Obligations except as this Obligation No. 3, the “Obligations”) issued under and pursuant to Supplemental Master Trust Indenture Number 1 dated as of December 1, 2016 (the “Supplemental Master Indenture”), supplementing the Master Trust Indenture dated as of December 1, 2016 (the “Master Trust Indenture”), between the Obligated Group Agent and U.S. Bank National Association, as master trustee (the “Master Trustee”), and delivered pursuant to a Loan Agreement between the Issuer and the Obligated Group Agent, dated as of December 1, 2016 (the “Loan Agreement”). The Master Trust Indenture, as supplemented by the Supplemental Master Indenture, is herein called the “Master Indenture.” Pursuant to the terms of the Master Trust Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Obligation No. 3 and all other Obligations.

This Obligation No. 3 is issued for the purpose of securing the payment of the principal of, premium, if any, and interest on the Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Series 2016C Bonds”) and all other payments required under the financing documents, including (but not limited to) the fees and charges of the Bond Trustee incurred in connection with the rendering of its services as Bond Trustee under the Bond Indenture, and as when the same become due, including all advances and the reasonable fees and expenses of its counsel, and advisers and indemnities required under the Bond Indenture.

The Series 2016C Bonds are being issued pursuant to a Bond Trust Indenture dated as of December 1, 2016 (the “Bond Indenture”), between the Issuer and the Bond Trustee, for the purpose of (i) acquiring, constructing, developing, furnishing and equipping a senior living community, composed of approximately 130 units which includes 86 assisted living units comprising 110 licensed beds, 44 memory care units comprising 56 licensed beds and related common areas to be known as Tuscan Gardens of Palm Coast Senior Housing Project and to be located on an approximately 16-acre site at the southwest corner of Colbert Lane and Blare Drive, in Palm Coast, Florida (the “Series 2016C Project”) and (ii) funding capitalized interest on the Series 2016 Bonds.

Copies of the Master Trust Indenture are on file at the corporate trust office of the Master Trustee and reference is hereby made to the Master Trust Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Obligation No. 3, the terms and conditions on which, and the purposes for which, this Obligation is issued and the rights, duties and obligations of the Obligated Group Agent and the Master Trustee under the Master Trust Indenture, to all of which the holder hereof, by acceptance of this Obligation No. 3, assents.

Any amounts in the Series 2016C Principal Account and the Series 2016C Interest Account of the Bond Fund (as created in the Bond Indenture) at the close of business of the Bond Trustee on the day immediately preceding any payment date on this Obligation in excess of the aggregate amount then required to be contained in such account of such Bond Fund shall be credited against the payments due by the Obligated Group Agent and the other Obligated Group Members on such next succeeding principal or interest payment date on this Obligation No. 3.

To the extent permitted by and as provided in the Master Trust Indenture, modifications or changes of the Master Trust Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Trust Indenture) and of the holders of the Series 2016 Obligations in particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the Majority of the Holders. No such modification or change shall be made which will reduce the percentage of the Obligations, the consent of the holders of which is required to consent to such Supplemental Master Indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations (other than Subordinate Obligations and Contract Obligations), or which will affect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the holder of such Obligation or as otherwise provided in the Master Indenture. Any such consent by the holder of this Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation.

In the manner and with the effect provided in the Master Trust Indenture, this Obligation No. 3 and its principal installments will be subject to prepayment and redemption prior to maturity.
at the times and in the amounts provided for in the Bond Indenture, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2016C Bonds to be deemed to have been paid within the meaning of the Bond Indenture to the date of discharge of the Bond Indenture with respect to the Series 2016C Bonds. This Obligation is also subject to special mandatory redemption as provided for in the Bond Indenture, and extraordinary mandatory redemption (i) in whole or in part under the circumstances described in Section 3.5 of the Master Indenture, (ii) in whole or in part from any proceeds derived under the mortgage title policy required by the terms of the Loan Agreement, and (ii) in whole in the event of any change in law which, in the reasonable judgment of the Obligated Group Agent, renders the continued operation of the Series 2016 Project no longer feasible.

With respect to principal due on the Series 2016C Bonds, if the Obligated Group Agent (i) shall have elected to apply a Series 2016C Bond that has been redeemed or otherwise acquired by the Obligated Group Agent or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, and (ii) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of the Bond Indenture, and the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2016C Bond thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Obligated Group shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on this Obligation No. 3 on the same date as the sinking fund payment date under the Bond Indenture for the sinking fund requirement in payment of which the Series 2016C Bond have been applied, and the principal amount of this Obligation No. 3 due on such date will be reduced accordingly.

Any redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in the Master Trust Indenture. If this Obligation No. 3 shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Trust Indenture, interest on this Obligation No. 3 shall cease to accrue from the date fixed for redemption, and from and after such date this Obligation No. 3 shall be deemed not to be outstanding, as defined in the Master Trust Indenture, and shall no longer be entitled to the benefits of the Master Trust Indenture, and the holder hereof shall have no rights in respect of this Obligation No. 3 other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain “Events of Default,” as defined in the Master Trust Indenture, the principal of all outstanding Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Trust Indenture.

The holder of this Obligation No. 3 shall have no right to enforce the provisions of the Master Trust Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Trust Indenture. Notwithstanding the foregoing, the Issuer may at any time enforce its rights under the Loan Agreement against the Obligated Group, whether at law or in equity, for payment of all unpaid Issuer’s Fees and Expenses and/or Issuer’s Fees due and owing, and all fees and charges of the Bond Trustee incurred in connection with the rendering of its services as Bond Trustee under the Bond Indenture, and as when the same become due, including all advances and the reasonable fees and expenses of its counsel, and advisers and indemnities required under the Bond Indenture.

This Obligation No. 3 shall be registered on the register to be maintained by the Master Trustee and this Obligation No. 3 shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Agent shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 3 a new registered Obligation No. 3 without coupons, registered in the name of the transferee.

The Obligated Group Agent and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Obligation No. 3 is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Agent and the other Obligated Group Members, the Master Trustee, and any paying agent, shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation No. 3.

No covenant or agreement contained in this Obligation No. 3 or the Master Trust Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in its individual capacity, and neither the Board of Directors, any member or affiliate of any of the Obligated Group Members nor any officer executing this Obligation No. 3 shall be liable personally on this Obligation No. 3 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 3.

IN WITNESS WHEREOF, the Obligated Group Agent has caused this Obligation No. 3 to be executed in its name and on its behalf by the manual or facsimile signature of its Authorized Representative.

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC
a Florida limited liability company
By: ______________________________
Authorized Representative

[Form of Schedule I]
Members of the Obligated Group

Names: Tuscan Gardens of Palm Coast Properties, LLC
Tuscan Gardens of Palm Coast Management Company, LLC

Address for Notices: 189 South Orange Avenue, Suite 1650
Orlando, Florida 32801

This Obligation No. 3 is one of the Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: ___________________________

U.S. BANK NATIONAL ASSOCIATION, not in its individual capacity, but solely as Master Trustee
By: ______________________________
Authorized Signatory

[Form of Assignment to Bond Trustee]
Pay to the order of U.S. Bank National Association, as Bond Trustee for the owners of the Series 2016C Bonds heretofore mentioned, without warranty and without recourse against the undersigned except warranty of good title, warranty that the Issuer has not assigned this Obligation to a person or entity other than the Bond Trustee, and that the original principal amount thereof remains unpaid hereunder.

CAPITAL TRUST AGENCY
By: ______________________________
Authorized Signatory

**** [END FORM OF OBLIGATION NO. 3] ****
SECTION 4.3 PREPAYMENT OF OBLIGATION NO. 3. Obligation No. 3 created hereby and its principal installments shall be subject to prepayment, in whole or in part, on October 1, 20[__] or on any date thereafter, at the option of the Obligated Group Agent, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2016C Bonds to be deemed to have been paid within the meaning of the Bond Indenture, and to pay all fees and expenses, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Bond Indenture with respect to such Series 2016C Bonds. Any prepayment of the principal of Obligation No. 3 shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2016C Bonds redeemed with the proceeds of such prepayment.

SECTION 4.4 ADDITIONAL PREPAYMENT OF OBLIGATION NO. 3. Obligation No. 3 created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Agent, on behalf of the Obligated Group, pursuant to the Master Trust Indenture.

SECTION 4.5 CREDIT ON OBLIGATION NO. 3. If the Obligated Group Agent (i) shall have elected to apply the Series 2016C Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Bond Indenture, (ii) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of the Bond Indenture, and (iii) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2016C Bonds thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereinupon the Obligated Group Agent and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on Obligation No. 3 created hereby on such date will be reduced accordingly.

SECTION 4.6 EFFECT OF PREPAYMENT OF OBLIGATION NO. 3. If the Obligated Group Agent shall have complied with the notice requirements of the Loan Agreement, Obligation No. 3 or the portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice in the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of Obligation No. 3 at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on Obligation No. 3 or portion thereof so called for prepayment or redemption shall cease to accrue.

SECTION 4.7 PARTIAL PREPAYMENT OF OBLIGATION NO. 3. In the event of a partial redemption of Obligation No. 3, the amount of installments of such Obligation No. 3 coming due after such redemption shall be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Obligation No. 3 shall have been paid in full.
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MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

This MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT (this "Mortgage"), is made as of the 1st day of December, 2016 by TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC, a Florida limited liability company (the "Obligated Group Agent" and "Obligated Group"), as mortgagee and debtor, whose address is 189 South Orange Avenue, Suite 1650, Orlando, Florida 32801, to U.S. BANK NATIONAL ASSOCIATION, a national banking association having a corporate trust office in Orlando, Florida and serving as master trustee under that Master Trust Indenture dated as of December 1, 2016, with the Obligated Group Agent, as mortgagee and secured party (together with its successors and assigns, the "Mortgagee"), whose address is 225 East Robinson Street, Suite 250, Orlando, Florida 32801.

WHEREAS, the Obligated Group (which currently consists of the Obligated Group Agent and Tuscan Gardens of Palm Coast Management Company, LLC) and the Mortgagee have entered into that certain Master Trust Indenture dated as of December 1, 2016, the "Master Indenture") pursuant to which obligations regarding indebtedness of the Obligated Group may be issued; and

WHEREAS, Section 3.13 of the Master Indenture provides that the Series 2016 Obligations (hereinafter defined) will be secured by, among other things, the Mortgage; and

WHEREAS, the Obligated Group on December [__], 2016, is issuing its Obligation No. 1 in the principal amount of $36,600,000 ("Obligation No. 1"), its Obligation No. 2 in the principal amount of $4,215,000 ("Obligation No. 2"), and its Obligation No. 3 in the principal amount of $2,725,000 ("Obligation No. 3"), and together with Obligation No. 1 and Obligation No. 2, the "Series 2016 Obligations";

NOW, THEREFORE, in consideration of the foregoing, the Mortgagee and Obligated Group do hereby agree as follows:

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ARTICLE III
ASSIGNMENT OF LEASES AND RENTS

SECTION 31 ASSIGNMENT. The Mortgagor does hereby absolutely and unconditionally assign and transfer to Mortgagee all of Mortgagor’s estate, right, title and interest in and to the Leases and Rents, to have and to hold the Leases and Rents unto Mortgagee, its successors and assigns forever. From time to time, upon request of Mortgagee, Mortgagor shall give further evidence of this assignment to Mortgagee by executing and delivering to Mortgagee an unconditional assignment of Mortgagor’s interest in any Leases or Rents. From time to time, upon request of Mortgagee, Mortgagor shall give further evidence of this assignment to Mortgagee by executing and delivering to Mortgagee an unconditional assignment of Mortgagor’s interest in any Leases or Rents. From time to time, upon request of Mortgagee, Mortgagor shall give further evidence of this assignment to Mortgagee by executing and delivering to Mortgagee an unconditional assignment of Mortgagor’s interest in any Leases or Rents. From time to time, upon request of Mortgagee, Mortgagor shall give further evidence of this assignment to Mortgagee by executing and delivering to Mortgagee an unconditional assignment of Mortgagor’s interest in any Leases or Rents.

SECTION 32 PAYMENT OF RENTS TO MORTGAGEE, AS TRUSTEE, UNTIL DEFAULT. So long as no Event of Default has occurred and which, after notice and any applicable grace period, remains uncured, Mortgagor may, as trustee for the use and benefit of Mortgagee, collect, receive and accept the Rents as they become due and payable (but in no event for more than two (2) months in advance) provided, however, that if the Rents exceed the payments due under the Series 2016 Obligations, the Mortgagor may use such excess as provided in the Master Indenture. Upon the occurrence of an Event of Default, Mortgagor may, to the extent permitted by law at its option, remove the Mortgagor as trustee for the collection of the Rents and appoint any other person including, but not limited to, itself as a substitute trustee to collect, receive, accept and use all such Rents in payment of the Series 2016 Obligations. Mortgagor hereby directs each of the respective tenants under the Leases, and any rental agent, to pay to Mortgagor all such Rents, as may now be due or shall hereafter become due, upon demand for payment thereof by Mortgagee without any obligation on the part of such tenant or rental agent to determine whether or not an Event of Default has in fact occurred. Upon an Event of Default, the permission hereby given to Mortgagor to collect, receive and accept such Rents as trustee shall be, to the extent permitted by law, termite and such permission shall only be reinstated upon a cure or waiver of the Event of Default. Further, upon an Event of Default, Mortgagor shall immediately turn over to Mortgagee all Rents in the actual or constructive possession of Mortgagor, its affiliates, contractors, or its agents, together with an accounting thereof. Exercise of Mortgagee’s rights under this Section, and the application of any such Rents to the Series 2016 Obligations, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant hereto, but shall be cumulative and in addition to all other rights and remedies of Mortgagee. Notwithstanding anything herein to the contrary, if the Mortgagor is then authorized to collect Rents, the Mortgagor shall collect and transfer all Rents and all other Gross Receipts in the manner and at the times provided for in the Master Indenture.

SECTION 33 PERFORMANCE UNDER LEASES. Mortgagor covenants that it shall, at its sole cost and expense, (a) duly and punctually perform and discharge, or cause to be performed and discharged, all of the obligations and undertakings of Mortgagor or its agents under the Leases, (b) use its best efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases, (c) promptly notify Mortgagee if Mortgagor receives any notice from a tenant claiming that Mortgagor is in default under a Lease, and (d) appear in and defend any action or proceeding arising under or in any manner connected with the Leases.
Mortgagor hereby represents and warrants to Mortgagee that:

SECTION 4.2 ORGANIZATION. Mortgagor (a) is validly existing and in good standing as a limited liability company under the laws of the State of Florida, (b) has the corporate power and authority to own its properties and to carry on its business as now being conducted, (c) is qualified to do business in the State of Florida, and (d) is in compliance with all Governmental Requirements.

SECTION 4.3 VALIDITY. (a) The execution, delivery and performance by Mortgagor of this Mortgage, and the borrowing evidenced by the Series 2016 Obligations, (b) are within the powers and purposes of Mortgagor, (ii) have been duly authorized by all necessary action of Mortgagor, (iii) do not require the approval of any Governmental Authority other than the Mortgagor, and (iv) will not violate any Governmental Requirement, the organizational documents of Mortgagor or any indenture, agreement or other instrument to which Mortgagor is a party by which it or any of its property is bound, or be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of its property or assets, except as contemplated by the provisions of the Master Indenture; and (b) this Mortgage is a legal, valid and binding obligation of Mortgagor in accordance with its terms.

SECTION 4.4 FINANCIAL STATEMENTS. All balance sheets, statements of profit and loss, and other financial data with respect to the Mortgagor, (a) are complete and correct in all material respects, (b) accurately present the financial condition of said party as of the dates, and the results of its operations, for the periods for which the same have been furnished, and (c) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; all balance sheets disclose all known liabilities, direct and contingent, as of their respective dates, and there has been no change in the condition of the Mortgagor, financial or otherwise, since the date of the most recent financial statements given to Mortgagor, other than changes in the ordinary course of business, none of which changes has been materially adverse.

SECTION 4.5 OTHER AGREEMENTS. Mortgagor is not a party to any agreement or instrument materially and adversely affecting it or its present or proposed businesses, properties or assets, operation or condition, financial or otherwise, and Mortgagor is not in material default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions set forth in any agreement or instrument to which it is a party which could have a material adverse effect on the financial condition of Mortgagor.

SECTION 4.6 TITLE. Mortgagor is indefeasibly seized of and has and will have good and marketable fee simple title to the Land described on EXHIBIT A hereon, free and clear of any and all mortgages, liens, encumbrances, claims, charges, equities, covenants, conditions, restrictions, easements, rights of way and all other matters affecting the Land and Improvements, whether or not of record, except for the Permitted Liens and Mortgagor will preserve its title to the
SECTION 3.14 BOOKS AND RECORDS. The Mortgagor shall keep and maintain, at all times, full, true and accurate books of accounts and records, adequate to correctly reflect the results of the operation of the Mortgaged Property. The Mortagor shall have the right to examine such books and records and to make such copies or extracts therefrom as the Mortgagee shall require upon reasonable notice from Mortgagor.

SECTION 3.15 ESTOPPEL AFFIDAVITS. Mortgagor, within ten (10) days after written request from Mortgagor, shall furnish a written statement, duly acknowledged, setting forth the unpaid principal balance of, and interest on, the Series 2016 Obligations secured by this Mortgage, and whether or not any of the foregoing or defenses exist theretofore.

SECTION 3.16 INDEMNIFICATION. Mortgagor shall at its own expense, and does hereby agree to, protect, indemnify, reimburse, defend and hold harmless Mortgagee and its directors, officers, agents, employees, attorneys, successors and assigns from and against any and all liabilities (including strict liability), losses, suits, proceedings, settlements, judgments, orders, penalties, fines, loss, assessments, claims, demands, damages, injuries, obligations, costs, disbursements, expenses or fees, of any kind or nature (including attorneys’ fees and expenses paid or incurred in connection therewith) arising out of or by reason of (a) an incorrect legal description of the Land, (b) any action, or inaction of Mortgagee in connection with the Series 2016 Obligations this Mortgage, (c) the construction of any Improvements, (d) the use and operation of the Mortgaged Property, (e) any acts or omissions of Mortgagor or on the operation of the Mortgaged Property regarding the contamination of air, soil, surface waters or groundwater over, on or under the Mortgaged Property, (f) the presence, whether present or future, of any Hazardous Material, or (g) any event or condition of any nature whatsoever which Mortgagor shall be required to pay or reimburse Mortgagee for all reasonable attorneys’ fees paid or incurred in connection with this Mortgage or the Series 2016 Obligations.

SECTION 3.17 FURTHER ASSURANCES. Mortgagor, at its sole expense, upon the request of Mortgagee, and does hereby agree to, and to give such further instruments and to do such further acts as may be necessary, in the reasonable opinion of the Mortgagee, to protect, indemnify, reimburse, defend and hold Mortgagee harmless from and against any and all liabilities, losses, suits, proceedings, judgments, orders, penalties, fines, loss, assessments, claims, demands, damages, injuries, obligations, costs, disbursements, expenses or fees, arising out of or by reason of (a) an incorrect legal description of the Land, (b) any action, or inaction of Mortgagee in connection with the Series 2016 Obligations this Mortgage, (c) the construction of any Improvements, (d) the use and operation of the Mortgaged Property, (e) any acts or omissions of Mortgagor or on the operation of the Mortgaged Property regarding the contamination of air, soil, surface waters or groundwater over, on or under the Mortgaged Property, (f) the presence, whether present or future, of any Hazardous Material, or (g) any event or condition of any nature whatsoever which Mortgagor shall be required to pay or reimburse Mortgagee for all reasonable attorneys’ fees and expenses paid or incurred in connection with this Mortgage or the Series 2016 Obligations.

The indemnifications of this Section 3.16 shall survive the full payment and performance of the Series 2016 Obligations and the satisfaction of this Mortgage until such time as all applicable statutes of limitations during which a claim could be made against Mortgagee which would be subject of indemnification under this Section 3.16 shall have expired.

SECTION 3.18 JUNIOR MORTGAGE(S) AND RIGHTS OF MORTGAGEE. (a) Mortgagor shall, with respect to any Junior Mortgage, (i) promptly observe and perform all of the covenants and conditions contained in the Junior Mortgage, (ii) duly and promptly make all payments required by the terms of the Junior Mortgage, (iii) promptly notify Mortgagee in writing upon receipt by Mortgagor of any notice that Mortgagee is in default under the Junior Mortgage or that an event has occurred which with due notice or the lapse of time, or both, would constitute a default under the Junior Mortgage, and to promptly cause a copy of each such notice given by the holder thereof to be delivered to Mortgagee, and (iv) from time to time, upon demand of Mortgagor, submit evidence to Mortgagee that Mortgagor has maintained and is maintaining the Junior Mortgage in good standing. Upon receipt by Mortgagee of any such aforesaid notice, Mortgagor may rely thereon even though the existence of such default or the nature thereof may be questioned or denied by Mortgagor or by any party on behalf of Mortgagor.

(b) If Mortgagor fails to make any payment required under any Junior Mortgage as and when due, or fails to perform any material condition, covenant, or term of the Junior Mortgage, then Mortgagor may on behalf of Mortgagor, but without obligation to do so, and with reasonable notice to and demand upon Mortgagor, and without releasing Mortgagor from any obligation and without waiving any Event of Default hereunder, take any action Mortgagor deems reasonably necessary or desirable to prevent or cure any such default by Mortgagor. Mortgagor hereby expressly grants to Mortgagee and agrees that Mortgagor and its agents shall have the absolute and immediate right to enter upon the Land and the Improvements or any part thereof to such extent and as often as Mortgagor in its sole discretion deems reasonably necessary or desirable in order to prevent or cure any such default by Mortgagor. All reasonable payments and all reasonable costs and expenses incurred by Mortgagor in connection with any such prevention or cure (including, without limitation, reasonable attorneys’ fees and expenses) will be paid by Mortgagor.
lied upon the Fixtures, Leases, and Rents; and, Mortgagor, at the expense of Mortgagor, may cause such statements and assurances to be recorded and re-recorded, filed and re-filed, in the name of Mortgagor, and Mortgagor hereby constitutes and irrevocably appoints Mortgagor its true and lawful attorney in fact, which appointment is coupled with an interest, with full power of substitution, and empowers said attorney or attorneys in the name of Mortgagor, but at the option of said attorney-in-fact, to execute and file any and all financing statements.

SECTION 5.20 WITHHOLDING TAXES. If under any applicable law or regulation or the interpretation thereof by any Governmental Authority charged with the administration thereof, Mortgagor shall be required to make any withholding or deduction from any payment of the Series 2016 Obligations (whether of principal, interest or otherwise) to be made by or on behalf of Mortgagor to Mortgagee for or in respect of any present or future taxes, levies, imposts, duties, tariffs, fees, charges, or fees of any nature (excepting only Mortgagor’s income taxes of the United States of America and its political subdivisions), the amount due from Mortgagor to Mortgagee in respect of such payment shall be increased to the extent necessary to ensure that after making such withholding or deduction and any withholdings or deductions required to be made in respect to any such increase, Mortgagee shall receive an amount equal to the amount which Mortgagee would have received had no such withholding or deduction been required to be made. In the event of any such withholding or deduction, Mortgagor shall deliver to Mortgagee forthwith after receipt thereof the official receipt or other official documentation evidencing the payment of the amount so withheld or deducted.

SECTION 5.21 HAZARDOUS MATERIAL.

(a) If, at any time, Mortgagor becomes aware, or has reasonable cause to believe, that any Release or threatened Release of any Hazardous Material has occurred or will occur at the Mortgaged Property, or Mortgagor identifies or otherwise becomes aware of any noncompliance or alleged non-compliance with any Environmental Requirement by Mortgagor or at the Mortgaged Property, any threatened or pending Environmental Claim related to the Mortgaged Property or any event or condition which could result in an Environmental Claim, Mortgagor shall notify Mortgagee immediately in writing of such circumstance and shall include a full description of all relevant information. Mortgagee shall, upon receipt, promptly deliver to Mortgagee a copy of any report, audit, summary or investigation, of any kind or character, whether prepared by or on behalf of Mortgagor or by any other Person, related to environmental conditions at the Mortgaged Property or the compliance status of the Mortgaged Property with respect to any Environmental Requirement.

(b) If Mortgagor shall ever have reason to believe that any Release or threatened Release of a Hazardous Material or any non compliance with any Environmental Requirement has occurred with respect to the Mortgaged Property, or if any Environmental Claim is made or threatened with respect to the Mortgaged Property, or if an Event of Default occurs, or following the completion of any corrective action pursuant to subsection 5.21(c) hereof, Mortgagor shall, within thirty (30) days of written request by Mortgagee and at Mortgagor’s expense, provide to Mortgagee an environmental site assessment and compliance audit of the Mortgaged Property which addresses such conditions. Such environmental site assessment and compliance audit shall be performed to the reasonable satisfaction of Mortgagor, in accordance with good environmental engineering practices and by a consulting firm reasonably acceptable to Mortgagor. Each report so prepared shall be addressed to Mortgagor. A copy of each report and all supporting documents shall be promptly furnished to Mortgagor.

(c) Mortgagor shall, in compliance with all Environmental Requirements, promptly undertake and complete any and all investigations, testing, or abatement, cleanup, remediation, response or other corrective action necessary or recommended to: (i) remove, remediate, clean up, or abate any Release or threatened Release of any Hazardous Material at or from the Mortgaged Property; (ii) correct any non-compliance with any Environmental Requirement by Mortgagor or at the Mortgaged Property; (iii) address any unsafe or hazardous condition at the Mortgaged Property resulting from or related to any Hazardous Material; or (iv) make an appropriate response to any threatened or pending Environmental Claim related to Mortgaged Property or the Mortgaged Property. Any report or other document prepared in response to any of these events shall be addressed to Mortgagee. A copy of any such report or other document (and all supporting documents) shall be promptly furnished to Mortgagee. If requested by Mortgagee, Mortgagor shall provide to Mortgagee, within thirty (30) days of Mortgagor’s request, a letter of credit or other financial assurance evidencing Mortgagor’s satisfaction that all necessary funds are readily available to pay the costs and expenses of the required actions and to discharge any liens established against the Mortgaged Property.

(d) Mortgagor shall have the right, but not the obligation, without limitation of Mortgagor’s rights under the Master Indenture, and at Mortgagor’s sole risk and expense, to enter onto the Mortgaged Property and/or to take, or cause to be taken, such actions as Mortgagor deems necessary or advisable to investigate, clean up, remediate or otherwise respond to, address or correct any of the issues addressed in this Agreement upon evidence of a Release of any Hazardous Material. Mortgagor shall reimburse Mortgagee for the costs of any such action. Mortgagor agrees, however, that, except in the case of an emergency, Mortgagee will take such action only after written notice to Mortgagor of the circumstances and the failure by Mortgagor, within a reasonable period of time following receipt of such notice, to commence or diligently pursue to completion the appropriate corrective action. Mortgagor owes no duty of care to protect Mortgagor or any other Person against, or to inform Mortgagor or any other Person of, any Hazardous Material or other environmental condition affecting the Mortgaged Property.

SECTION 5.22 FINANCIAL REPORTS, ETC. Mortgagor shall, at Mortgagor’s sole cost and expense, provide Mortgagee with any financial statements, financial reports, appraisals or other documentation with respect to Mortgagor or the Mortgaged Property which may be required from time to time by any Governmental Authority having regulatory authority over Mortgagor. Such information shall be provided by Mortgagor within thirty (30) days after written request from Mortgagee.

SECTION 5.23 PERFORMANCE OF OTHER AGREEMENTS. Mortgagor shall duly and punctually perform all covenants, terms and agreements expressed as binding upon it under any Permitted Loan, or any other agreement of any nature whatsoever binding upon it with respect to the Mortgaged Property.

ARTICLE VI
NEGATIVE COVENANTS

Each Mortgagor covenants as follows.

SECTION 6.1 USE VIOLATIONS, ETC. Mortgagor shall not use the Mortgaged Property or allow the same to be used or occupied for any unlawful purpose or in violation of any Governmental Requirement or restrictive covenant covering, affecting or applying to the ownership, use or occupancy thereof, commit or permit or suffer any act to be done or any condition to exist on the Mortgaged Property or any article to be brought thereon that may be dangerous, or that may in any way increase any ordinary fire or other hazard, unless safeguarded as required by law, or that may, in law, constitute a nuisance, public or private.

SECTION 6.2 CARE OF THE MORTGAGED PROPERTY. Mortgagor shall not commit or permit any waste, impairment, or deterioration of the Mortgaged Property, or perform any clearing, grading, filling or excavation of the Mortgaged Property which is not related to the Series 2016 Project (as defined in the Loan Agreement), or make or permit to be made to the Mortgaged Property any alterations or additions that would have the effect of materially diminishing the value thereof (in Mortgagor’s sole opinion) or take or permit any action that will in any way increase any ordinary fire or other hazard arising out of the construction or operation thereof.

SECTION 6.3 OTHER LIENS AND MORTGAGES. Mortgagor shall abide by the provisions of the Master Indenture regarding any mortgage, pledge, construction lien or other lien, conditional sale or other title retention agreement, encumbrance, claim, or charge on (whether prior to or subordinate to the lien of this Mortgage or the Master Indenture) the Mortgaged Property or income therefrom.

SECTION 6.4 TRANSFER OF MORTGAGED PROPERTY. Except as may otherwise expressly permitted in the Master Indenture and otherwise not sold, conveyed, or transferred or permit to be sold, conveyed or transferred any interest in the Mortgaged Property or any part thereof. A contract to deed or agreement for deed, or an assignment, pledge, or encumbrance of a beneficial interest in any land trust, or a lease for or all or substantially all of the Land or Improvements shall constitute a transfer prohibited by the provisions of this Section and shall be null and void.

SECTION 6.5 ENVIRONMENTAL CONTAMINATION / HAZARDOUS MATERIAL. Mortgagor will not cause, commit, permit or allow to continue: (a) any non compliance with any Environmental Requirement by Mortgagor, any tenant or any other Person, by or with respect to the Mortgaged Property or any use or condition of the Mortgaged Property, (b) the generation, storage or use of any Hazardous Material at the Mortgaged Property, except for Hazardous Materials that are commonly legally used, stored or generated (and in such amounts commonly legally used, stored or generated) as a consequence of using the Mortgaged Property for its permitted business purposes, but only so long as the use, storage or generation of such Hazardous Materials is in full compliance with all Environmental Requirements; (c) the treatment, disposal or unauthorized Release of any Hazardous Material at the Mortgaged Property in any manner; (d) the installation of any above ground or below ground storage tanks or other containers containing Hazardous Materials at the Mortgaged Property; (e) any other activity which
ARTICLE VII
EVENTS OF DEFAULT

SECTION 7.1 EVENTS OF DEFAULT. An “Event of Default”, as used in this Mortgage, shall occur at any time or from time to time:

(a) Default Under Master Indenture. If any default or event of default occurs under the Master Indenture which is not cured within the applicable cure period, if any, or if any obligation of Mortgagor under the Master Indenture is not fully performed, provided, however, that so long as Obligation No. 1 and Obligation No. 2 remain Outstanding, it shall not be an Event of Default hereunder for either (i) failure by the Obligated Group to make due and punctual payment of any interest on Obligation No. 3 or (ii) failure by the Obligated Group to make due and punctual payment of the principal of Obligation No. 3 (whether at maturity, upon acceleration, or call for redemption or otherwise); or

(b) Foreclosure of Other Liens. If the holder of any mortgage or other lien on the Mortgaged Property, whether a Permitted Lien or not (without hereby implying Mortgagor’s consent to any such mortgage or other lien) institutes foreclosure or other proceedings for the enforcement of any of its remedies thereunder; or

(c) Default Under Junior Mortgage. If any default or event of default occurs under any permitted Junior Mortgage, whether or not foreclosure or other proceedings have been instituted thereunder.

(d) Proceedings To Recover Sums Due. If any installment or part of any Series 2016 Obligation shall fail to be paid when due, Mortgagor shall be entitled to sue for and to recover judgment against the Mortgagor for the amount so due and unpaid together with all costs and expenses (including, without limitation, reasonable attorneys’ fees and expenses) incurred by Mortgagor in connection with such proceeding, together with interest thereon at the Maximum Rate accruing from the date incurred by Mortgagor. Any such judgment against the Mortgagor shall bear interest at the maximum interest rate permitted by applicable law. All such costs and expenses shall be secured by this Mortgage and shall be due and payable by Mortgagor immediately.

(i) If Mortgagor shall fail to pay upon the Mortgagee’s demand, after acceleration as provided in subsection (a), all of the unpaid Series 2016 Obligations, together with all accrued interest thereon, Mortgagor shall be entitled to use for and to recover judgment against the Mortgagor for the entire amount so due and unpaid together with all costs and expenses (including, without limitation, reasonable attorneys’ fees and expenses) incurred by Mortgagor in connection with such proceeding, together with interest thereon at the maximum interest rate permitted by applicable law, from the date incurred by Mortgagor. Any such judgment against the Mortgagor shall bear interest at the maximum interest rate permitted by applicable law. All such costs and expenses shall be secured by this Mortgage and shall be payable by Mortgagor immediately. Mortgagor’s right under this Section 8.1 may be exercised by Mortgagee either before, after or during the pendency of any proceedings for the enforcement of this Mortgage, including appellate proceedings.

(ii) No recovery of any judgment as provided in this Section 8.1 and no attachment or levy of any execution upon any of the Mortgaged Property or any other property shall in any way affect the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any lien, rights, powers, or remedies of Mortgagor hereunder, but such lien, rights, powers and remedies shall continue unimpaired as before.

(e) Foreclosure. Mortgagee may institute proceedings for the partial or complete foreclosure of this Mortgage and Mortgagor may, pursuant to any final judgment of foreclosure, sell the Mortgaged Property as an entirety or in separate lots, units, or parcels.

(i) In case of a foreclosure sale of all or any part of the Mortgaged Property, the proceeds of sale shall be applied in accordance with Section 8.8 hereof, and the Mortgagee shall be entitled to seek a deficiency judgment against the Mortgagor to enforce payment of any and all Series 2016 Obligations then remaining due and unpaid, together with interest thereon, and to recover a judgment against the Mortgagor therefor, which judgment shall bear interest at the maximum rate permitted by applicable law.

(ii) The Mortgagee is authorized to foreclose this Mortgage subject to the rights of any tenants of the Mortgaged Property, or Mortgagor may elect which tenants Mortgagor desires to name as parties defendant in such foreclosure and failure to make any such tenants parties defendant to any such foreclosure proceedings and to foreclose their Rights will not be, nor be asserted by the Mortgagor to be, a defense to any proceedings instituted by the Mortgagee to collect the unpaid Series 2016 Obligations or to collect any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

(f) Receiver. Mortgagee may apply to any court of competent jurisdiction to have a receiver appointed to enter upon and take possession of the Mortgaged Property, collect the Rents therefrom and apply the same as the court may direct, such receiver to have all of the rights and powers permitted under the laws of the State. The right of the appointment of such receiver or receiver shall be a matter of strict right without regard to the value or the occupancy of the Mortgaged Property or the solvency or insolvency of Mortgagor. The expenses, including receiver’s fees, costs and agents’ commission incurred pursuant to the powers herein contained, together with interest thereon at the maximum interest rate permitted by applicable law, shall be secured hereby and shall be due and payable by Mortgagor immediately without notice or demand. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash or deposits at the time held by, payable to, or deliverable under the terms of this Mortgage to the Mortgagor, and the Mortgagee shall have the right to offset the unpaid Series 2016 Obligations against any such cash or deposits in such order as Mortgagee may elect.

Other. Mortgagee may institute and maintain any suits and proceedings as the Mortgagee may deem advisable (i) to prevent any impairment of the Mortgaged Property by any acts which may be unlawful or in violation of this Mortgage, (ii) to preserve or protect its interest in the Mortgaged Property, and (iii) to restrain the enforcement of or compliance with any Governmental Requirement that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such Governmental Requirement might impair the security hereunder or be prejudicial to the Mortgagee’s interest.

SECTION 8.2 REMEDIES CUMULATIVE AND CONCURRENT. No right, power or remedy of Mortgagee as provided in the Series 2016 Obligations, this Mortgage, or the Master Indenture is intended to be exclusive of any other right, power, or remedy of Mortgagee, but each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power or remedy available to Mortgagee now or hereafter existing at law or in equity and may be pursued separately, successively or together against Mortgagor, or any endorser, co-maker, surety or guarantor of the Series 2016 Obligations, or the Mortgagor or any series thereof, or any one or more of them, at the sole discretion of Mortgagee. The failure of Mortgagee to exercise any such right, power or remedy shall in no event be construed as a waiver or release thereof.
apply to the purchase price, any portion of or all of the unpaid Series 2016 Obligations in such order as Mortgagee may elect.

SECTION 8.5 SALE. Any sale or sales made under or by virtue of this Article shall operate to divest all the estate, right, title, interest, and demand whatsoever at law or in equity, of the Mortgagor and all Persons, except tenants pursuant to Leases, claiming by, through or under Mortgagee in and to the properties and rights so sold, whether sold to Mortgagee or to others.

SECTION 8.6 PROOFS OF CLAIM. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition, seizure of the Mortgaged Property by any Governmental Authority, or other judicial proceedings affecting the Mortgagor, any endorser, co-maker, surety, or guarantor of the Series 2016 Obligations, or any of their respective properties, the Mortgagee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as necessary or advisable in order to have its claim allowed in such proceedings for the entire unpaid Series 2016 Obligations at the date of the institution of such proceedings, and for any additional amounts which may become due and payable after such date.

SECTION 8.7 WAIVER OF REDEMPTION, NOTICE, MARSHALLING, ETC. Mortgagor hereby waives and releases, for itself and anyone claiming through, by, or under it, to the maximum extent permitted by the laws of the State of Florida:

(a) all benefit that might accrue to Mortgagor, by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any appraisement, valuation, stay of execution, redemption or extension of time for payment, and

(b) any right to have the Mortgaged Property marshaled.

SECTION 8.8 APPLICATION OF PROCEEDS. The proceeds of any sale of all or any portion of the Mortgaged Property first, to the payment of any claims of the receiver or any person who may be appointed by a court to undertake frozen, by or under the receiver’s fees and expenses, if any, and to the payment of all fees of, and costs and expenses (including, without limitation, reasonable attorney’s fees and expenses) incurred by Mortgagee (which shall include any fees, costs or expenses of Mortgagee if it is also acting as Related Bond Trustee under a Related Bond Indenture), together with interest thereon at the Maximum Rate accruing from the date so incurred, in connection with any action, entry or proceeding under this Article and, second, as provided in the Master Indenture, including any provision regarding priority of payment of the Series 2016 Obligations. Mortgagee shall be and remain liable to Mortgagor for any difference between the net proceeds of sale and the amount of the Series 2016 Obligations until all of the Series 2016 Obligations have been paid in full. In the event of a conveyance of Unimproved Land (as defined in the Master Indenture), (i) all proceeds received from such conveyance shall be used for the extraordinary mandatory redemption of Series 2016C and Series 2016A Bonds in the manner prescribed by Section 3.9(v) of the Master Indenture; and (ii) Mortgagee shall cause a partial release to be executed and recorded in the Official Records of Flagler County to release the conveyed Unimproved Land from this Mortgage.

SECTION 9.0 MISCELLANEOUS

SECTION 9.1 MAXIMUM RATE OF INTEREST. Nothing contained herein, in the Series 2016 Obligations, or in the Master Indenture, or any instrument or transaction related thereto, shall be construed or operate as to require the Mortgagee or any person liable for the payment of any Series 2016 Obligations, to pay, interest on, any charge in the nature of interest, in an amount or at a rate which exceeds the maximum rate of interest allowed by applicable law, as amended from time to time. Should any interest or other charges in the nature of interest received by Mortgagee or paid by the Mortgagor or any parties liable for the payment of the Series 2016 Obligations, exceed the maximum rate of interest allowed by applicable law, as amended from time to time, then such excess charge shall be credited against the principal balance of the Series 2016 Obligations or the balance of the other obligations, as applicable, unless the Mortgagor or such other parties liable for such payments, as applicable, shall notify the Mortgagee, in writing, that the Mortgagor or such other party elects to have such excess sum returned to it forthwith, it being the intent of the parties hereto that under no circumstances shall the Mortgagor or any parties liable for any of the aforesaid payments be required to pay interest in excess of the maximum rate of interest allowed by applicable law, as amended from time to time. The Mortgagee may, in determining the maximum rate of interest allowed under applicable law, as amended from time to time, take advantage of any state or federal law, rule or regulation in effect from time to time which may govern the maximum rate of interest which may be reserved, charged or taken.

SECTION 9.2 CONTINUING AGREEMENT. This Mortgage and all of the Mortgagor’s representations, warranties and covenants herein, Mortgagee’s security interest in the Mortgaged Property and all of the rights, powers and remedies of Mortgagee hereunder shall continue in full force and effect until all of the Series 2016 Obligations have been paid and performed in full.

SECTION 9.3 SURVIVAL OF WARRANTIES AND COVENANTS. The warranties, representations, covenants and agreements set forth in this Mortgage shall continue in full force and effect until all of the Series 2016 Obligations shall have been paid and performed in full.

SECTION 9.4 NO REPRESENTATION BY MORTGAGEE. By accepting or approving anything required to be observed, performed or fulfilled, or to be given to Mortgagee, pursuant to this Mortgage, or the Master Indenture, Mortgagee shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, of any term, provision or condition thereof, and such acceptance or approval thereof shall not be construed as any warranty or representation with respect thereto by Mortgagee.

SECTION 9.5 NOTICE. All notices, demands, requests and other communications required under this Mortgage may be given by telex, telegram, or telecopy, or in writing delivered by hand or mail and shall be conclusively deemed to have been received if delivered or attempted to be delivered by United States first class mail, return receipt requested, postage prepaid, addressed to the party for whom it is intended at its notice address as set forth in Section 11.8 of the Master Indenture.

SECTION 9.6 MORTGAGEE’S RIGHT TO PAY AND PERFORM. If Mortgagee shall fail to duly pay or perform any of the obligations required by this Mortgage, then at any time thereafter without notice to or demand upon Mortgagee, and without waiving or releasing any right, remedy, or power of Mortgagee, and without releasing any of the obligations or any Default, Mortgagee may pay or perform such obligation for the account of and at the expense of Mortgagor, and shall, to the extent permitted by law, have the right to enter and to authorize others to enter upon the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All reasonable payments made and all costs and expenses (including, without limitation, reasonable attorney’s fees and expenses) incurred by Mortgagee, together with interest thereon at the maximum interest rate permitted by applicable law from the date incurred by Mortgagee shall be due and payable by Mortgagee immediately, whether or not there be notice, demand, an attempt to collect same, or suit pending.

SECTION 9.7 COVENANTS RUNNING WITH THE LAND. All covenants contained in this Mortgage shall be binding on the Mortgagor and shall run with the Land.

SECTION 9.8 SUCCESSORS AND ASSIGNS. All of the terms of this Mortgage shall apply to and be binding upon, and inure to the benefit of, the heirs, devisees, personal representatives, successors and assigns of Mortgagor and Mortgagee, respectively, and all persons claiming under or through them.

SECTION 9.9 INVALIDITY. If any one or more of the provisions contained in this Mortgage is declared or found by a court of competent jurisdiction to be invalid, illegal, or unenforceable, such provision or portion thereof shall be deemed stricken and severed and the remaining provisions hereof shall continue in full force and effect.

SECTION 9.10 MODIFICATION. No agreement unless in writing and signed by an authorized officer of Mortgagee and no course of dealing between the parties hereto shall be effective to change, waive, terminate, modify, discharge, or release in whole or in part any provision of this Mortgage. No waiver of any rights or powers of Mortgagee or consent by it shall be valid unless in writing signed by an authorized officer of Mortgagee and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.11 APPLICABLE LAW. This Mortgage shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Florida (excluding the principles thereof governing conflicts of law), and federal law, in the event federal law permits a higher rate of interest than State law.

SECTION 9.12 STRICT PERFORMANCE. It is specifically agreed that time is the essence as to all matters provided for in this Mortgage and that no waiver of any obligation hereunder or secured hereby shall at any time thereafter be held to be a waiver of the Series 2016 Obligations.

SECTION 9.13 WAIVER OF TRIAL BY JURY. MORTGAGE AND MORTGAGEE EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT OR THE RELATIONSHIP BETWEEN THE PARTIES AS MORTGAGOR AND MORTGAGEE THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY
SECTION 9.14 FUTURE ADVANCES. This Mortgage is given to secure not only the existing Series 2016 Obligations, but also such future advances, whether such advances are obligatory or are to be made at the option of Mortgagee, or otherwise, as are made within twenty years from the date hereof, to the same extent as if such Future Advances were made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease or increase from time to time, but the total unpaid principal balance so secured at one time shall not exceed five (5) times the face amount of the Series 2016 Obligations, plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on the Mortgaged Property, or other monies expended to protect the security of Mortgagee, with interest on such disbursements. Nothing contained herein shall in any way be construed to obligate Mortgagee to make any future advances.

SECTION 9.15 MASTER INDENTURE TO CONTROL. In the event of any conflict between the provisions hereof and of the Master Indenture, the provisions of the Master Indenture shall control.
LAND USE RESTRICTION AGREEMENT

By and Among

CAPITAL TRUST AGENCY

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC

as Issuer

U.S. BANK NATIONAL ASSOCIATION

as Owner

DATED AS OF DECEMBER 1, 2016

Effective [December __, 2016]

RECAPITULATIONS

WHEREAS, the Owner will be the record owner of the parcel of land (and the operator of the buildings to be constructed thereon) located on the Southwest Corner of Colbert Lane and Blare Drive in Palm Coast, Flagler County, Florida, known as Tuscan Gardens of Palm Coast, and as described in Exhibit A (the land together with the buildings to be constructed thereon referred to hereinafter as the “Real Estate”); and

WHEREAS, the Owner is intended to be or shall be treated as the owner of the Real Estate for federal tax purposes; and

WHEREAS, the Owner intends to operate the Real Estate as a multifamily residential rental housing project that will comprise approximately 130 units which includes 86 assisted living

as “exempt facility bonds” under Section 142(a)(7) of the Code is in large part within the control of the Owner;

WHEREAS, the Issuer is unwilling to issue the Bonds unless the Owner shall, by agreeing to this Agreement, consent to be regulated by the Issuer and Bond Trustee to preserve the exclusion of interest on the Bonds from the gross income of their owners under Section 103(a) of the Code; and

WHEREAS, the Compliance Agent’s compliance monitoring shall be required throughout the entire term of the Qualified Project Period to preserve the exclusion of interest on the Bonds from the gross income of their owners under Section 103(a) of the Code.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other good and valuable consideration, the Issuer, the Owner and the Bond Trustee agree as follows:

SECTION 1. Definitions.

In addition to words and terms defined elsewhere in this Agreement, the following words and terms used in this Agreement shall have the following meanings, unless some other meaning is plainly intended, and any terms not defined in this Agreement shall have the same meaning as such terms are defined in the Bond Indenture, the Loan Agreement or in Section 142(d) of the Code and the applicable Regulations:

“Area Median Gross Income” means the median income in the geographic area (as determined for purposes of Section 142(d) of the Code) in which the Residential Rental Property is located, as determined annually by the Secretary of the Treasury in a manner consistent with determinations of lower income families and area median gross income under Section 8 (or, if such program under Section 8 is terminated, under such program in effect immediately before such termination). Any determination of Area Median Gross Income shall be made in accordance with and subject to the requirements of Sections 142(d)(2)(B) and 142(d)(2)(E) of the Code.

“Award Agreement” means an agreement or undertaking by any transferee, pursuant to a Transfer, to assume the obligations and duties of the Owner described in this Agreement and the Financing Agreements.

“Available Units” means Residential Rental Units that are actually occupied or that are unoccupied and have been leased at least once after first becoming available for occupancy, provided that (a) in the case of an acquisition of an existing facility for the purpose of establishing or continuing a qualified residential rental project under Section 142(d) of the Code, a Residential Rental Unit that is unoccupied on the later of (i) the date such facility is acquired or (ii) the date of the first issue date of a bond financing the acquisition of such facility is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a Residential Rental Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such renovations are completed.
"Bond Counsel" means any nationally recognized bond counsel experienced in municipal finance and, particularly, in the issuance of debt the interest on which is excludable from gross income for federal income tax purposes.

"Certification of Income" means a certification, including all necessary information and documentation, to substantiate the amount of income of all residents of a Residential Rental Unit, given by a prospective or current Qualified Tenant.

"Compliance Agent" means Trinity Partners, Inc., and its successors and assigns.

"Financing Agreements" include the Bond Indenture, the Loan Agreement and the Tax Regulatory Agreement.

"Issuer Representative" means the authorized representative of the Issuer.

"Low and Moderate Income" means income that does not exceed 50% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, as determined in a manner consistent with the determinations of lower income families and area median gross income under Section 8 or, if such program under Section 8 is terminated, under such program in effect immediately before such termination), all as made in accordance with and subject to the requirements of Section 142(d)(2)(B) of the Code. For these purposes, income shall be treated as not exceeding 50% of the Area Median Gross Income, with appropriate adjustments to income level made for family size, if the relevant individual’s or family’s adjusted income (computed in the manner described in Regulation § 1.167T-5(b)(3)) prior to its repeal by T.D. 4474, 1995-1 C.B. 242) does not exceed 50% of the applicable Area Median Gross Income.

"Occupancy Standards" means the requirement that at least 20% of the Available Units must be actually occupied by (or treated as occupied by, as provided herein) Qualified Tenants. An Available Unit shall be treated as "occupied" by a Qualified Tenant during the applicable tenancy for purposes of the Occupancy Standards if the tenant of such Unit was a Qualified Tenant at the commencement of his or her actual occupancy of the Available Unit, even though such tenant ceased to be a Qualified Tenant prior to his or her cessation of having Low and Moderate Income; provided that the second sentence of paragraph (o) of Section 7 below does not apply to such tenant. Moreover, if an Available Unit vacated by a Qualified Tenant was actually occupied by a Qualified Tenant at the commencement of such Qualified Tenant’s occupancy of such Unit, such Available Unit shall be treated as occupied by a Qualified Tenant until reoccupied, excluding any reoccupation for a temporary period of not more than thirty-one (31) days. The character of any Available Unit described in the immediately preceding sentence shall be redetermined upon expiration of the thirty-one (31)-day period. In calculating the foregoing 20% requirement, if the resulting number of Available Units contains a fraction, it shall be rounded up to the next highest whole number.

"Purpose Investment" means an investment acquired to carry out the governmental purpose of the Bonds, as described in Regulation § 1.148-1(b).

"Qualified 142(d) Bonds" means obligations that satisfy the requirements of Sections 103 and 142(d) of the Code.

SECTION 3. Heads.

The titles and headings of the sections of this Agreement have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms of this Agreement or provisions hereof, or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent shall arise.

SECTION 4. Construction.

It is intended that this Agreement set forth the terms, conditions, limitations and restrictions applicable to the Project and that the Project be a "qualified residential rental project" under Sections 142(a)(7) and 142(d) of the Code. All provisions herein shall be construed in accordance with such intent.

SECTION 5. Benefit.

The Issuer and the Owner each acknowledges that a primary purpose for requiring compliance by the Owner with this Agreement is to preserve the excludability from gross income for federal income tax purposes of interest on the Bonds, and that the Bond Trustee and holders of the Bonds shall be entitled, for any breach of the provisions hereof, to all remedies, both at law and in equity, in the event of any default hereunder.

SECTION 6. Covenant with Respect to Tax Status of the Bonds.

The Issuer and the Owner each covenants that it will not knowingly take, or permit to be taken, any action which would adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds throughout the Qualified Project Period and the Bond Trustee covenants that, so long as no Event of Default has occurred and is continuing, it will not invest or use any of the proceeds of the Bonds except as otherwise directed by the Owner in writing.

SECTION 7. Qualified Residential Rental Project Requirements.

The Owner represents, warrants and covenants that the Project shall, throughout the Qualified Project Period, unless this Agreement is earlier terminated pursuant to Section 17 of this Agreement, satisfy the following terms and conditions, limitations and restrictions:

(a) Satisfaction of Applicable Legal Requirements. The Project is being acquired, constructed, equipped and installed for the purpose of providing multifamily Residential Rental Units, and the Project shall be owned, managed and operated as multifamily Residential Rental Units, in all accordance with the qualified residential rental project requirements of Section 142(d) of the Code and the applicable residential rental project provisions of Regulation § 1.103-4(b) and the administrative guidance issued hereunder.

(b) Similarly Constructed Residential Rental Units. All of the Residential Rental Units in the Project shall be similarly constructed.

"Qualified Project Period" means the period commencing on the later of the first day on which at least 10% of the Residential Rental Units in the Residential Rental Property are occupied or the issue date of the Qualified 142(d) Bonds issued to acquire such facility and ending on the latest of the following: (A) the date that is fifteen years after the date on which at least 60% of the Residential Rental Units in the facility are first occupied; (B) the first day on which no tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to the facility is outstanding; or (C) the date on which any assistance provided with respect to the facility under Section 8 terminates.

"Qualified Tenant" means any individual or family with Low and Moderate Income meeting the requirements of HUD with respect to financing under Section 202 of the National Housing Act, as amended. However, if all the occupants of a Residential Rental Unit are Students, such individuals may not be treated as Qualified Tenants. Subject to the preceding two sentences, "Qualified Tenant" may include any individual who is (i) a student and receiving assistance under Title IV of the Social Security Act, (ii) a student who was previously under the care and placement responsibility of the Florida agency responsible for administering a plan under part B or part E of Title IV of the Social Security Act or (iii) enrolled in a job training program receiving assistance under the Job Training Partnership Act or under other similar Federal, state or local laws.

"Related Person" means an individual or entity who, concerning the referenced party, is described in Section 147(a)(2) of the Code.

"Residential Rental Property" means the Real Estate or any other building or structure containing one or more similarly constructed Residential Rental Units used for the Project, including facilities functionally related and subordinate thereto, as provided in Regulation § 1.103-4(b).

"Residential Rental Unit" means a housing unit containing separate and complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Such housing unit shall contain a kitchen or food preparation area, toilet, and a bathroom. A housing unit, however, shall not fail to be treated as a "Residential Rental Unit" merely because it is a single-room occupancy unit (within the meaning of Section 42 of the Code).

"Residential Rental Property" means Section 8 of the United States Housing Act of 1937, as amended.

"Student" means any full-time student (within the meaning of Section 42(i)(3)(D) of the Code) and shall be deemed to mean a student who is not a "Residential Rental Tenant" as defined in Section 42(i)(3)(D)(ii) of the Code.

"Transfer" means any conveyance, transfer, whether by sale, exchange, gift or assignment or other disposition of a facility.

SECTION 2. Number and Gender.

Unless the context clearly requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.
(h) Condominium Ownership. During the term of this Agreement, the Owner will not enter into an agreement to convey the Project to a condominium, timeshare, fractional ownership, or any similar interest.

(i) Owner Rentals. During the term of this Agreement, no Residential Rental Unit in the Project shall be occupied by the Owner or a Related Person at any time unless the Owner (or a Related Person) resides in a Residential Rental Unit in a building or structure that contains at least five Residential Rental Units and the resident of such Residential Rental Unit is a resident manager or other necessary employee (e.g., maintenance and security personnel).

(j) Certificate of Project Commencement. The Qualified Project Period with respect to the Bonds and the Project begins on the date on which 10 percent of the Residential Rental Units in the Project are occupied.

(k) No Discrimination. During the term of this Agreement, the Owner shall not discriminate on the basis of age, race, color, creed, national origin, religion, sex or marital status in the lease, use or occupancy of the Project except as otherwise permitted by federal, state or local law or in connection with the employment or application for employment of persons for the operation and management of the Project, and the Owner specifically agrees that the Owner will not refuse to lease units or deny occupancy in the Project to persons whose family includes minor dependents who will occupy such unit, unless such refusal is based upon factors not related to the presence of such minors in the family.

(l) Payment of Expenses. During the term of this Agreement, the Owner shall make timely payment of the fees and expenses, if any, of the Bond Trustee in accordance with the provisions of this Agreement, the Bond Indenture and the Loan Agreement, including any expenses incurred by the Bond Trustee in the performance of its duties and obligations under this Agreement.

(m) Certification of Income. As a condition of occupancy, each Qualified Tenant shall be required to sign and deliver to the Owner a Certificate of Income, in form and substance to be established by the Issuer and the Bond Trustee, to the effect that the Owner or an opinion of nationally recognized municipal bond counsel to the effect that the income of and Certificate of Income of Qualified Tenants residing in the Project will not convert the Project to condominium ownership; such Certificate of Income shall also be required to provide whatever other information, documents or certifications are deemed necessary by the Owner to substantiate the Certification. All Certifications of Income with respect to each Qualified Tenant who resides in a Residential Rental Unit in the Project shall be delivered to the Bond Trustee at the Project site until the later of (i) the date that the Bonds (and any tax-exempt income therefrom) to which such Certification of Income relates become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering any such Adverse Development, and the Owner shall (i) maintain complete and accurate records pertaining to the Residential Rental Units occupied or to be occupied by Qualified Tenants, and (ii) permit any duly authorized representative of the Issuer and the Bond Trustee and shall contain such other information and be in the form required by the Issuer and/or the Compliance Agent, as applicable;

(n) Occupancy Standards. The Project shall satisfy the Occupancy Standards; and

(o) Subsequent Changes to Income. If a tenant is a Qualified Tenant upon commencement of occupancy of a Residential Rental Unit, the income of such tenant shall be treated as Low or Moderate Income. The preceding sentence shall cease to apply to any tenant whose income as of the most recent annual determination under paragraph (n) of this Section exceeds 140% of Low and Moderate Income if, after such determination, but before the next annual determination, any Residential Rental Unit of comparable or smaller size in (i) the same building (within the meaning of Section 42 of the Code), provided that the Project is eligible for low-income housing tax credits under Section 42 of the Code or (ii) the Project, if the Project is not eligible for low-income housing tax credits under Section 42 of the Code, is occupied by a new tenant who does not qualify as a Qualified Tenant;

(p) Form of Lease. Any lease used in renting any Residential Rental Unit in the Project to a Qualified Tenant shall provide for termination of the lease and consent by such tenant to immediate eviction, subject to applicable provisions of Florida law, for failure to qualify as a Qualified Tenant as a result of any material misrepresentation made by such person with respect to the income of Income. Each Qualified Tenant occupying a Residential Rental Unit shall be required to execute a written lease that shall be effective for a term of at least six (6) months;

(q) Owner’s Certification. On the first day of each month after any Residential Unit in the Project is available for occupancy, the Owner shall prepare a record of the percentage of Residential Rental Units of the Project occupied (and treated as occupied) by Qualified Tenants during the preceding month. Such record shall be maintained on file at the main business office of the Project. The Owner shall be available for inspection by the Issuer, the Compliance Agent and the Bond Trustee and shall contain such other information and be in the form required by the Issuer and/or the Compliance Agent, as applicable;

SECTION 9. Certification to Secretary.

The Owner represents, warrants and covenants that, if the Secretary of the Treasury so requires, the Owner shall annually submit to the Secretary of the Treasury (at such time and in such manner as the Secretary shall prescribe) a certification attesting that the Project continues to meet the requirements of Section 142(d) of the Code and shall simultaneously send copies of such certification to the Compliance Agent, including, but not limited to, IRS Form 8703. The Owner further represents and warrants that, prior to or during a calendar month in which the Project is eligible for low-income housing tax credits under Section 42 of the Code, the Owner shall annually submit to the Secretary of the Treasury when required would subject the Owner to penalty, as provided in Section 6652(j) of the Code.

SECTION 10. Enforcement.

The Owner further represents, warrants and covenants that:

(a) Examination of Records. The Owner shall permit, after two (2) business days prior written notice, any duly authorized representative of the Issuer and/or the Compliance Agent to inspect any books and records of the Owner regarding the Project, particularly with respect to the incomes of Qualifying Tenants that pertain to compliance with the provisions of this Agreement and Section 142(d) of the Code. Any certification, records or other documents deemed necessary by the Issuer or the Compliance Agent to show the Project’s compliance with Section 142(d) of the Code shall be maintained on file at the Project site until the later of (i) the date that the Bonds (and any tax-exempt obligations used to refund any of the Bonds) remain outstanding and for four (4) years thereafter or (ii) the end of the Qualified Project Period;

(b) Other Information. The Owner shall provide such other information, documents or certifications requested by the Issuer or the Compliance Agent that the Issuer, Compliance Agent or the Bond Trustee, as applicable, deems reasonably necessary, to substantiate the Owner’s continuing compliance with the provisions of this Agreement and Section 142(d) of the Code; and

(c) Reliance on Owner or Tenant Certification. In the enforcement of the Agreement, the Issuer or the Compliance Agent may rely on any certificate delivered by or on behalf of the Owner or any tenant concerning the Project.

SECTION 11. Violations.

(a) Notice. The Owner further represents, warrants and covenants that it will inform the Issuer, the Compliance Agent and the Bond Trustee by written notice of any violation of the Owner's obligations under this Agreement or the occurrence or existence of any situation or event that would cause the Project or any of the Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering any such Adverse Development, and the Issuer and the Compliance Agent will agree to inform the Owner by written notice of any Adverse Development that would cause the interest on the Bonds to become includable in the gross income of their holders for federal income tax purposes within five (5) days after discovering such Adverse Development.
(b) **Time to Correct.** The Owner covenants and agrees to correct or rectify any Adverse Development no later than thirty (30) days after such Adverse Development is first discovered or should have been discovered by the Owner’s exercise of reasonable diligence. The Issuer and the Bond Trustee covenant and agree to provide the Owner a period of time, which shall be at least thirty (30) days after the date such Adverse Development is first discovered or should have been discovered by the Owner’s exercise of reasonable diligence, or if later, within such further time which may be approved in an opinion of Bond Counsel, in which to correct any Adverse Development. The Owner represents, warrants and covenants that if any such Adverse Development is not corrected to the satisfaction of the Issuer and the Compliance Agent within the period of time specified by the Issuer and the Compliance Agent, without further notice, the Issuer or the Bond Trustee, as applicable, may declare a default under this Agreement, effective on the date of such declaration of default, and upon such default, the Owner shall pay to the Issuer an amount equal to any rents or other amounts received by the Owner for any Residential Rental Units in the Project that were occupied in violation of this Agreement during the period such violation continued;

(c) **Specific Performance.** The Owner acknowledges that the Issuer and/or the Bond Trustee and/or, to the extent permitted in the Financing Agreements, any owner of any of the Bonds, may also apply, individually or collectively, to any court, state or federal, for specific performance of this Agreement, or for an injunction against any violation of this Agreement, or for any other remedies at law or in equity or for any such other actions as shall be necessary or desirable so as to correct non-compliance with this Agreement.

**SECTION 12. Agent of the Issuer and the Bond Trustee; No Duty of Issuer to Monitor Compliance.**

The Owner further represents, warrants and covenants that the Issuer and the Bond Trustee shall each have the right to appoint an agent to carry out any of its duties and obligations under this Agreement, and the Issuer and the Bond Trustee shall inform the Owner and the other party of any such agency appointment by written notice.

The Issuer hereby appoints the Compliance Agent as its agent to administer this Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof for the entire term of the Qualified Project Period. The Compliance Agent shall have no duty to enforce any of the obligations of the Owner under this Agreement but shall be obligated to notify the Issuer of the failure of the Owner to comply with such obligations. The Owner hereby agrees to pay all reasonable costs and expenses of the Compliance Agent in undertaking the administration and monitoring services under this Agreement. The Issuer hereby directs the Owner to deliver all reports, notices, requests or other documents required to be delivered for the benefit of the Issuer hereunder to the Compliance Agent only, unless the Owner is otherwise directed in writing by the Issuer Representative. The Owner hereby agrees, upon reasonable written notice from the Compliance Agent, to make the Project and the books and records relating to tenant income compliance required hereunder available for inspection during regular business hours by the Compliance Agent as an agent of the Issuer. Notwithstanding the foregoing or any other provision herein to the contrary, the Owner acknowledges and agrees that the Issuer and the Bond Trustee shall have no duty to monitor compliance with the terms and conditions of this Agreement. Neither the Issuer nor the Bond Trustee shall have any liability for the performance by the Compliance Agent of its obligations or actions taken hereunder.

**SECTION 13. Amendment.**

This Agreement may be amended to reflect changes in Section 142(d) of the Code; the application of any new laws or regulations; any change in the governing documents to effectuate compliance with the Code; and any change in any of the applicable regulations, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or any official of the Internal Revenue Service to the time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project. No amendment of this Agreement shall be made without the prior written approval of the Issuer, the Bond Trustee and the Owner and an approving opinion of Bond Counsel that such amendment will not adversely affect the tax-exempt status of the Bonds.

**SECTION 14. Severability.**

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

**SECTION 15. Notices.**

The Issuer, the Owner and the Bond Trustee each agree that all notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing:

<table>
<thead>
<tr>
<th>The Issuer:</th>
<th>189 South Orange Avenue</th>
<th>Attention: Laurence J. Pino</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Owner:</td>
<td>315 Fairpoint Drive</td>
<td>Gulf Breeze, Florida 32561</td>
</tr>
<tr>
<td>The Bond Trustee:</td>
<td>U.S. Bank National Association</td>
<td>225 E. Robinson Street, Suite 250</td>
</tr>
</tbody>
</table>

**SECTION 16. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Florida and, where applicable, the laws of the United States of America.

**SECTION 17. Termination.**

The Issuer, the Owner and the Bond Trustee each agrees that this Agreement shall terminate:

(a) **Completion.** Upon the completion of the Qualified Project Period;

(b) **Involuntary Non-Compliance.** In the event of an involuntary non-compliance caused by unforeseen events, such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the date of issuance of the Bonds that prevents the Issuer or the Bond Trustee from enforcing the provisions of this Agreement or condemnation or similar event, provided that:

(i) the Bonds are retired at their first applicable available call date; or

(ii) any insurance proceeds or condemnation award or other amounts received as a result of such loss or destruction are used to provide a project that meets the requirements of Section 142(d) of the Code and Regulation § 1.103-(b)(8) as amended, or any successor law or regulation;

(c) **Certain Transfers.** In the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event, following which and within a reasonable period of time the Bonds are redeemed or the amounts received as a consequence of such event are used to provide a qualified residential rental project meeting the applicable requirements of the Code and the Regulations, unless, at any time subsequent to such event and during the Qualified Project Period, the Owner or any direct successor in interest, or any transferee from the Owner or its successor subject to an Assumption Agreement, or any Related Person to such persons, or any other person who was, prior to the event of foreclosure or other such event, an obligor on any Purposes Investment in connection with any financing for the Project, obtains an ownership interest in the Project for tax purposes; or

(d) **Opinion of Bond Counsel.** Upon the delivery of an opinion of Bond Counsel acceptable to the Issuer and the Bond Trustee that continued compliance with the requirements of Section 7 hereof is not required in order for interest on the Bonds to be and continue to be excludable from gross income of the holders of the Bonds for federal income tax purposes.

(e) **Termination of the Bond Trustee.** At the time that the Bonds are no longer Outstanding, then the Bond Trustee shall have no further obligations hereunder and such termination shall be effective immediately with no further action needed to implement the termination. Effective at that time, any reference herein to the Bond Trustee shall be deemed deleted.

**SECTION 18. Post-Defeasance.**

The Owner represents, warrants and covenants that in the event that the Bonds are defeased, but this Agreement remains in full force and effect, it shall contract, at Owner’s expense, with a compliance monitoring agent reasonably satisfactory to the Issuer, to review compliance by the Owner with the requirements hereof.

**SECTION 19. Indemnification.**

Provided that this indemnity shall not include the payment of principal and interest under the Financing Agreements, (i) being intended that the repayment of the Loan(s) is an obligation of the Owner, as provided in the applicable Financing Agreements, the Owner hereby covenants and agrees that it shall indemnify and hold harmless the Issuer, the Bond Trustee and their officers, directors, officials, employees and agents from and against (a) any and all claims of or on behalf of any person arising from any cause whatsoever in connection with the Real Estate of the Project, (b) any and all claims arising from any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Bonds, the Financing Agreements and the Project, (c) all costs, reasonable counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon. In the event that any action or proceeding is brought against the Issuer, the Bond Trustee, or any of their officers, directors, officials, employees or agents with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to participate in the investigation and defense thereof and in the event the indemnified party reasonably determines that a conflict of interest exists between such party and the Owner in connection therewith, or if all parties commonly represented do not agree as to the action (or inaction) of counsel, the indemnified party may employ separate counsel without the consent or approval of the Owner, and
in such event the Owner shall pay the reasonable fees and expenses of such separate counsel. The obligations of the Owner hereunder are full recourse obligations. Notwithstanding the foregoing, no party shall be indemnified pursuant to this Section 19 against its own gross negligence or willful misconduct. The indemnification obligations hereunder shall be cumulative with all other indemnification obligations owed from the Owner to the Issuer or the Bond Trustee and their related indemnified parties.

SECTION 20. Recordation.

The Issuer, the Bond Trustee and the Owner each agree that the Owner shall cause this Agreement (and all amendments and supplements hereeto) to be recorded and filed in the conveyance and real property records of Flagler County, Florida and in such other places as the Issuer or the Bond Trustee may reasonably request. This Agreement (and all amendments and supplements hereto) shall be recorded in the grantor-grantee index to the name of the Owner as grantor and to the name of the Bond Trustee as the grantee. The Owner should pay all fees and charges incurred in connection with any such recording(s). Upon delivery by the Owner to the Issuer and the Bond Trustee of an opinion of independent counsel acceptable to the Issuer and the Bond Trustee that the conditions to termination of this Agreement have been made, the Bond Trustee and the Issuer shall, upon request by the Owner, and at the Owner’s expense, file any documentation necessary to remove this Agreement from the real estate records of Flagler County, Florida.

SECTION 21. Covenants to Run with the Land; Successors Bound.

The Owner hereby subjects the Real Estate to the covenants, reservations and restrictions set forth in this Agreement. The Issuer, the Bond Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Owner’s successors in title to the Real Estate throughout the term of this Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying the Real Estate or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage or other instrument.

SECTION 22. No Conflict with Other Documents.

The Owner warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

[Signatures to follow]
EXHIBIT A
DESCRIPTION OF PROJECT SITE

[address]
Legal Description:
[legal]
APPENDIX D

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and DTC’s book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but neither the Issuer nor the Obligated Group takes any responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

This section describes how ownership of the Series 2016 Bonds is to be transferred and how the principal of and interest on the Series 2016 Bonds are to be paid to and credited by DTC while the Series 2016 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Obligated Group and the HJS believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Obligated Group cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2016 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2016 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the Issuer, the Obligated Group, the Bond Trustee or HJS has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2016 Bonds under the Bond Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the Bond Indenture with respect to the Series 2016 Bonds, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2016 Bonds or (5) any other related matter.

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Series 2016 Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

General

DTC, the world’s largest depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments, (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust
companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated AA+ by Standard & Poor’s. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2016 Bonds (“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. Beneficial Owners are, however, 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 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2016 Bonds representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC’s records show only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Obligated Group 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 Series 2016 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Obligated Group or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. 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 nor its nominee, the Bond Trustee, or the Obligated Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption and interest to Cede & Co. (or such other nominee as may be requested by an authorized

D-2
representative of DTC) is the responsibility of the Obligated Group or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Obligated Group or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

Limitation

For so long as the Series 2016 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer, the Obligated Group and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2016 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2016 Bonds, references herein to the Holders or registered owners of the Series 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2016 Bonds.

Because DTC is treated as the owner of the Series 2016 Bonds for substantially all purposes under the Bond Indenture, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Issuer, the Obligated Group, the Bond Trustee or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2016 Bonds that may be transmitted by or through DTC.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee shall satisfy the Issuer’s obligations under the Bond Indenture and the Obligated Group’s obligations under the Loan Agreement to the extent of the payments so made.

None of the Issuer, the Obligated Group or the Bond Trustee shall have any responsibility or obligation with respect to:

(v) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2016 Bonds;

(vi) the delivery to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any notice with respect to any Series 2016 Bond including, without limitation, any notice of redemption with respect to any Series 2016 Bond;

(vii) the payment to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any amount with respect to the principal or redemption price of, or interest on, any Series 2016 Bond; or

(viii) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system hereinafore described, the Issuer, the Obligated Group and the Bond Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute Holder of the Series 2016 Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal or redemption price of and interest on and the Series 2016 Bonds;
(ii) giving notices of redemption and other matters with respect to the Series 2016 Bonds;

(iii) registering transfers with respect to the Series 2016 Bonds; and

(iv) the selection of Series 2016 Bonds for redemption.

The Issuer and the Bond Trustee cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2016 Bonds, paid to DTC or its nominee, as the registered owner of the Series 2016 Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee of DTC, references in this Official Statement to the Holders of the Series 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of Series 2016 Bonds for all purposes under the Bond Indenture.

The Issuer may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository relating to the book-entry system to be maintained with respect to the Series 2016 Bonds without the consent of Beneficial Owners or Bondholders.

**Removal From the Book-Entry System**

DTC may discontinue providing its services as securities depository with respect to the Series 2016 Bonds at any time by giving written notice to the Issuer, the Bond Trustee and the Obligated Group. The Issuer or the Obligated Group, with the consent of the other, may terminate the services of DTC (or a successor securities depository). Upon the discontinuance or termination of the services of DTC, unless a substitute securities depository is appointed, Bond certificates will be printed and delivered to the Beneficial Owners of the Series 2016 Bonds.

In the event the Series 2016 Bonds are removed from the Book-Entry System, the principal of and the interest on the Series 2016 Bonds shall be payable to the persons in whose names the Series 2016 Bonds are registered on the Bond Register on the applicable Record Date. Payments of interest on the Series 2016 Bonds shall be made to the registered owner of the Series 2016 Bonds (as determined at the close of business on the Record Date next preceding the applicable Interest Payment Date) by check mailed on the Interest Payment Date and the principal amount of any Series 2016 Bond and premium, if any, together with interest payable other than a regularly scheduled Interest Payment Date, shall be made by check only upon presentation and surrender of the Series 2016 Bond on or after its maturity date or date fixed for redemption or other payment at the office of the Bond Trustee; provided, however, that payment of principal of, premium, if applicable, and interest on any Series 2016 Bond may be made by wire transfer as described above under the heading “THE SERIES 2016 BONDS.”
APPENDIX E
FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

* * *
This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of December 1, 2016, is executed and delivered by Tuscan Gardens of Palm Coast Properties, LLC (the “Owner” and the “Obligated Group Agent” acting on behalf of itself and Tuscan Gardens of Palm Coast Management Company, LLC (the “Operator”) and collectively with the Owner, the “Obligated Group”), Capital Trust Agency (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Series 2016 Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Series 2016 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer or the Obligated Group through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer, the Obligated Group or anyone on the Issuer or the Obligated Group’s behalf regarding the “issuance of municipal securities” or any “municipal financial product,” each as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Group for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Group and include the full name of the Series 2016 Bonds and the 9-digit CUSIP numbers for all Series 2016 Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Group pursuant to Section 9 hereof.
“Disclosure Representative” means any authorized representative of the Obligated Group or his or her designee, or such other person as the Obligated Group shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Group’s failure to file (i) an Annual Report on or before the Annual Filing Date, (ii) failure to file a Quarterly Report on or before the Quarterly Filing Date or (iii) failure to file the Monthly Report on or before the Monthly Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2016 Bonds (including persons holding Series 2016 Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2016 Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Indentures” means (i) the Bond Trust Indenture dated as of December 1, 2016, between the Issuer and U.S. Bank National Association, as trustee and (ii) the Master Trust Indenture dated as of December 1, 2016, between the Obligated Group and U.S. Bank National Association, as master trustee, as amended and restated from the time to time.

“Issuer” means Capital Trust Agency, as issuer of the Series 2016 Bonds.

“Monthly Filing Date” means, during the period of the construction of the Project (terminating upon achieving average occupancy of the units in the Project equal to or greater than eighty-five percent (85%) for three consecutive months), the 45th day after the end of each month (or the next Business Day if that day is not a Business Day), commencing the 45th day following the first full month after the month of the issuance of the Series 2016 Bonds and until the Project has achieved three (3) consecutive months of 85% occupancy (as certified in an Officer’s Certificate).

“Monthly Report” means any Monthly Report provided by the Obligated Group pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Obligated Group, who is either generally or through an enterprise, fund, or account of such person committed by contract or other
arrangement to support payment of all, or part of the obligations on the Series 2016 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Group in connection with the Series 2016 Bonds, as listed on Appendix A.

“Quarterly Filing Date” means the 45th day following the end of each quarter of each Fiscal Year (or the next preceding Business Day if that day is not a Business Day), which shall be February 15, May 15, August 15 and November 15 of each calendar year.

“Quarterly Report” shall mean any Quarterly Report provided by the Obligated Group pursuant to, and as described in, Sections 2 and 3 of this Disclosure Agreement.

“Series 2016 Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Trustee” means the institution, if any, identified as such in the document under which the Series 2016 Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Obligated Group shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 120 days after the end of each fiscal year of the Obligated Group, commencing with the fiscal year ending December 31, 2018. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail), with a copy to the Issuer, to remind the Obligated Group of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Issuer, that the Obligated Group will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially
the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer and the Obligated Group irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Group are prepared but not available prior to the Annual Filing Date, the Obligated Group shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Obligated Group pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;"
9. "Defeasances;"
10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”

12. “Tender offers;”

13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”

14. “Merger, consolidation, or acquisition of the obligated person, if material;”

15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

16. “Notice of any violations of financial and operating covenants in the Indentures, Loan Agreement or Mortgage that could, if uncured, result in an Event of Default;”

17. “Receipt of any Consultant’s report as described in the Indentures;” and

18. “Receipt of any amendments to the Indentures, Loan Agreement or any other agreement relating to the Bonds.”

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Group pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person;”

3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;”

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Group pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “monthly/quarterly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “investment/debt/financial policy;”
6. “information provided to rating agency, credit/liquidity provider or other third party;” and
7. “other financial/operating data.”

(viii) provide the Obligated Group and the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Group may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Issuer, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

(h) Quarterly Reports. The Obligated Group, commencing with the first full quarter after the completion of the construction of the Project, shall, or shall cause the Disclosure Dissemination Agent to, not later than the Quarterly Filing Date of each year (or in the event of a change in the Obligated Group’s Fiscal Year, within 45 days after the end of such quarter of the fiscal year), file with the MSRB a Quarterly Report which is consistent with the requirements of this Agreement. On or prior to said date such Quarterly Report shall be provided by the Obligated Group to the Disclosure Dissemination Agent together with either (i) a letter authorizing the Disclosure Dissemination Agent to file the Quarterly Report with the MSRB, or (ii) a certificate stating that the Obligated Group has filed the Quarterly Report with the MSRB and confirming the date on which such Quarterly Report was filed.
(A) If by fifteen (15) days prior to the Quarterly Filing Date for that quarter of the Fiscal Year for filing the Quarterly Report to the MSRB, the Disclosure Dissemination Agent has not received a copy of the Quarterly Report, the Disclosure Dissemination Agent shall provide a notice to the Obligated Group to request a report regarding compliance with the provisions governing the Quarterly Report, by facsimile transmission (or other means similarly prompt) not later than its close of business on the next Business Day.

(B) If the Obligated Group has failed to provide a written certification that the Annual Report has been filed with the MSRB by the third Business Day before a Quarterly Filing Date for that quarter of a Fiscal Year, the Disclosure Dissemination Agent shall send a reminder notice to the Obligated Group and the Issuer by facsimile transmission (or other means similarly prompt) not later than its close of business on the second succeeding Business Day. The Obligated Group shall be entitled to provide written evidence of its independent submission of the Quarterly Report in accordance with subsection 2(h), including a certificate of a representative of the Obligated Group as to the relevant facts, and, if applicable, a written statement regarding any failure to comply with subsection 2(h). The Disclosure Dissemination Agent shall be entitled to rely conclusively upon any written evidence provided by the Obligated Group regarding the filing of that information to the MSRB. If, in any instance, the Obligated Group fails to provide evidence to the Disclosure Dissemination Agent, by the quarter of the Quarterly Filing Date for that quarter of the Fiscal Year, of its timely filing with the MSRB, the Disclosure Dissemination Agent shall file or cause to be filed promptly after receipt of any such evidence or statement from the Obligated Group, but in any event not later than its close of business on the second (2nd) Business Day following the Quarterly Filing Date for that quarter of the Fiscal Year to the MSRB.

The Disclosure Dissemination Agent shall:

(A) determine each year at least thirty (30) days prior to the Quarterly Filing Date for that quarter of the Fiscal Year for providing the Quarterly Report the web address of the designated web portal of the MSRB’s Dataport and report such information to the Obligated Group;

(B) if it receives the Quarterly Report from the Obligated Group with a request that the Disclosure Dissemination Agent file the Quarterly Report, file or cause to be filed the Quarterly Report with the MSRB not later than the later of its close of business on the second succeeding Business Day or the Quarterly Filing Date; and

(C) file a report with the Issuer and the Trustee certifying that the Obligated Group has filed a report (directly or through the Disclosure Dissemination Agent) purporting to be a Quarterly Report pursuant to this Disclosure Agreement, and stating the date it was filed.

(i) Monthly Reports. On or prior to the Monthly Filing Date, the Obligated Group will file, or cause the Disclosure Dissemination Agent to file, with the MSRB a Monthly Report. The Monthly Report will include the items set forth in Section 3(d) herein.

If the Obligated Group has failed to provide a written certificate that the Annual Report has been filed with the MSRB by the third Business Day before the Monthly Filing Date for that month of the Fiscal Year, the Disclosure Dissemination Agent shall send a reminder notice to the Obligated Group by facsimile transmission (or other means similarly prompt) not later than its close of business on the second succeeding Business Day. The Obligated Group shall be entitled to provide written evidence of its independent submission of the Monthly Report, including a certificate of the Obligated Group as to the relevant facts, and, if applicable, a written statement regarding any failure to comply. The Disclosure Dissemination Agent shall be entitled to rely conclusively upon any written evidence provided by the
Obligated Group regarding the filing of that information to the MSRB. If, in any instance, the Obligated Group failed to provide evidence to the Disclosure Dissemination Agent, by 3:00 p.m., Orlando, Florida time, on the second (2nd) Business Day following the Monthly Filing Date for that Fiscal Year, of its timely filing with the MSRB, the Disclosure Dissemination Agent shall file or cause to be filed promptly after receipt of any such evidence or statement from the Obligated Group, but in any event not later than its close of business on the Monthly Filing Date for that month of the Fiscal Year, a notice to the MSRB.

SECTION 3. Content of Annual Reports, Quarterly Reports and Monthly Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Obligated Group. Annual Financial Information shall include:

(i) An annual audited financial report of the Obligated Group prepared by a firm of certified public accountants, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the accountants preparing such report (or another firm of certified public accountants) containing calculations of the Obligated Group’s Long-Term Debt Service Coverage Ratio and Days’ Cash on Hand of the Obligated Group at the end of such Fiscal Year and a statement that such accountants have no knowledge of any default under the Master Indenture insofar as it relates to accounting matters or to the Obligated Group’s financial covenants, or if such accountants have obtained knowledge of any such default or defaults, they are required to disclose in such statement the default or defaults and the nature thereof;

(ii) Information about the occupancy at the Obligated Group Facilities, sources of revenue for such units, turnover statistics and any changes in services offered at the Obligated Group Facilities;

(iii) The Annual Budget;

(iii) To the extent not set forth in the Audited Financial Statements, additional historical financial information and operating data of the type with respect to the Obligated Group and the Project (as defined in the Official Statement) contained in the Official Statement under the captions in Appendix A to the Official Statement titled “TUSCAN GARDENS OF PALM COAST – The Project – Fee Schedule, Licensing”;

(iv) A narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Obligated Group and the financial and operating condition of the Obligated Group.

(b) Intentionally omitted.

(c) Content of Quarterly Reports. The Obligated Group’s Quarterly Report shall include quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than forty-five (45) days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, and a calculation of Days’ Cash on Hand, of Long-Term Debt Service Coverage Ratio and of occupancy, each for such fiscal quarter and all prepared in reasonable detail and certified by an officer of the Obligated Group. Such financing statements and calculations will be accompanied by a
comparison to the Annual Budget and management’s discussion and analysis of results for the applicable Fiscal Year.

The Obligated Group shall also provide an Officer’s Certificate of the Obligated Group (i) stating that the Obligated Group is in compliance with all of the financial terms, provisions and conditions of the Indentures and the Loan Agreement or, if not, specifying all such financial defaults and the nature thereof, (ii) calculating and certifying the Long-Term Debt Service Coverage Ratio and Days’ Cash on Hand and occupancy level as of the end of such month, quarter or Fiscal Year, as appropriate, and (iii) attaching a summary of the Obligated Group’s annual operating and capital budget for the coming Fiscal Year, sources of revenue for such units, turnover statistics and any changes in services offered at the Obligated Group Facilities.

(d) **Content of Monthly Reports.** The Obligated Group’s Monthly Report shall include a monthly statement of the Obligated Group including (i) prior to the issuance of a certificate of occupancy for the first building, (A) a summary statement as to the status of construction including the report of any Construction Monitor; (B) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis; and (C) statements of the balances for each fund and account required to be established pursuant to the Indentures as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group, and (ii) after the issuance of a certificate of occupancy for the first building, (A) occupancy levels of the Project as of the end of such month; (B) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (C) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (D) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month compared to the approved budget for that month and an unaudited balance sheet of the Obligated Group as of the end of such month; and (E) statements of the balances for each fund and account required to be established under the Indentures as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group.

If the Long-Term Debt Service Coverage Ratio of the Obligated Group for the last two (2) consecutive fiscal quarters is less than 1:10:1 or 1.20:1 as the case may be and Days’ Cash on Hand of the Obligated Group is less than the Days’ Cash on Hand Requirement for any Liquidity Testing Date, the Obligated Group will deliver the financial information and the calculations described in the above paragraph (c) on a monthly basis within forty-five (45) days of the end of each month until either the Long-Term Debt Service Coverage Ratio of the Obligated Group is at least 1.10:1 or 1.20:1 as the case may be or Days’ Cash on Hand of the Obligated Group is at least equal to the applicable Days’ Cash on Hand Requirement.

These requirements will cease upon the achieving in which the average occupancy of the units in the Project for three consecutive months is equal to or greater than eighty-five percent (85%), as evidenced by a certificate executed by the Obligated Group and delivered to the Dissemination Agent.

(e) **Conference Calls.** The Obligated Group shall make available one or more representatives for a telephone conference call every other fiscal quarter unless the Obligated Group shall provide an Officer’s Certificate demonstrating such call is not required pursuant to the Indentures. The Obligated Group Representative shall post or cause the Dissemination Agent to post notice of such calls to EMMA at least two (2) weeks prior to the scheduled date of each call.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Group is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a
final official statement, it must be available from the MSRB. The Obligated Group will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Series 2016 Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. 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 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2016 Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization,
arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;

15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

16. Notice of any violations of financial and operating covenants in the Master Indenture, Loan Agreement or Mortgage that could, if uncured, result in an Event of Default;

17. Receipt of any Consultant’s report with respect to the Indentures; and

18. Any amendments to the Indentures or other agreement relating to the Bonds.

The Obligated Group shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer, the Obligated Group or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Group determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Obligated Group as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.
SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Obligated Group shall indicate the full name of the Series 2016 Bonds and the 9-digit CUSIP numbers for the Series 2016 Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Obligated Group acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Obligated Group, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Group acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Obligated Group may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Group as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Group may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Obligated Group desires to make, contain the written authorization of the Obligated Group for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Group desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Group as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(f) The parties hereto acknowledge that the Obligated Group is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(g) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Group from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement.
If the Obligated Group chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Obligated Group shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Obligated Group and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Series 2016 Bonds upon the legal defeasance, prior redemption or payment in full of all of the Series 2016 Bonds, when the Obligated Group is no longer an obligated person with respect to the Series 2016 Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer and the Obligated Group have appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Group may, with the written consent of the Issuer and upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC’s services as Disclosure Dissemination Agent, whether by notice of the Obligated Group or DAC, the Obligated Group agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Series 2016 Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Group shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days’ prior written notice to the Issuer and the Obligated Group.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Obligated Group or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders’ rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties’ obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Series 2016 Bonds or under any other document relating to the Series 2016 Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent’s obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Group has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Obligated Group and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Group, the Holders of the Series 2016 Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Group’s failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Obligated Group has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Obligated Group at all times.
The obligations of the Obligated Group under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Series 2016 Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Group.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer Responsibility. The Obligated Group and the Disclosure Dissemination Agent acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement, and shall have no liability to any person, including any Holder of the Series 2016 Bonds, with respect to any such reports, notices or disclosures.

SECTION 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Obligated Group and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Obligated Group and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Series 2016 Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer, the Obligated Group or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer and the Obligated Group. No such amendment shall become effective if either the Issuer and the Obligated Group shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Group, the Issuer, the Trustee of the Series 2016 Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Series 2016 Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
The Disclosure Dissemination Agent, the Issuer and the Obligated Group have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent**

By: 
Name: Diana O’Brien
Title: Vice President
Accepted as of the date
first above written:

CAPITAL TRUST AGENCY

By: ____________________________________
Name: Ed Gray, III
Title: Executive Director

[SEAL]
Accepted as of the date first above written:

TUSCAN GARDENS OF PALM COAST PROPERTIES, LLC

By: _________________________________
Name: Janet Horvath-Pino
Title: Authorized Representative
EXHIBIT A

NAME AND CUSIP NUMBERS OF SERIES 2016 BONDS

<table>
<thead>
<tr>
<th>Name of Issuer</th>
<th>Capital Trust Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligated Person(s)</td>
<td>Tuscan Gardens of Palm Coast Properties, LLC</td>
</tr>
<tr>
<td>Name of Bond Issue:</td>
<td>Revenue Bonds (Tuscan Gardens of Palm Coast Project) Series 2016</td>
</tr>
<tr>
<td>Date of Issuance:</td>
<td>____ , 2016</td>
</tr>
<tr>
<td>Date of Official Statement</td>
<td>____ , 2016</td>
</tr>
</tbody>
</table>

DESCRIPTION OF THE SERIES 2016A BONDS

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Principal Amount</th>
<th>Rate</th>
<th>Yield</th>
<th>CUSIP</th>
</tr>
</thead>
</table>

DESCRIPTION OF THE TAXABLE SERIES 2016B BONDS

<table>
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<tr>
<th>Maturity</th>
<th>Principal Amount</th>
<th>Rate</th>
<th>Yield</th>
<th>CUSIP</th>
</tr>
</thead>
</table>

DESCRIPTION OF THE SUBORDINATE SERIES 2016C BONDS

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Principal Amount</th>
<th>Rate</th>
<th>Yield</th>
<th>CUSIP</th>
</tr>
</thead>
</table>
EXHIBIT B
NOTICE TO MSRB OF FAILURE TO FILE MONTHLY/QUARTERLY/
ANNUAL REPORT

Name of Issuer   Capital Trust Agency
Obligated Person(s)   Tuscan Gardens of Palm Coast Properties, LLC
Name of Bond Issue:  Revenue Bonds (Tuscan Gardens of Palm Coast Project) Series 2016
Date of Issuance:  ___, 2016
Date of Official Statement  ___, 2016

CUSIP Number:
CUSIP Number:
CUSIP Number:
CUSIP Number:
CUSIP Number:

NOTICE IS HEREBY GIVEN that the Obligated Group has not provided a Monthly/Quarterly/Annual Report with respect to the above-named Series 2016 Bonds as required by the Disclosure Agreement between the Issuer, the Obligated Group and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Group has notified the Disclosure Dissemination Agent that it anticipates that the Monthly/Quarterly/Annual Report will be filed by ____________.

Dated: _____________________________

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Obligated Group

________________________________________

cc:  Capital Trust Agency
EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying “event notice” will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer’s and/or Other Obligated Person’s Name:
___________________________________________________________________________________

Issuer’s Six-Digit CUSIP Number:
___________________________________________________________________________________
or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:
___________________________________________________________________________________

Number of pages attached: _____

___ Description of Notice Events (Check One):

1. “Principal and interest payment delinquencies;”
2. “Non-Payment related defaults, if material;”
3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
5. “Substitution of credit or liquidity providers, or their failure to perform;”
6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
7. “Modifications to rights of securities holders, if material;”
8. “Bond calls, if material;”
9. “Defeasances;”
10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
11. “Rating changes;”
12. “Tender offers;”
13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
14. “Merger, consolidation, or acquisition of the obligated person, if material;”
15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
16. “Notice of any violations of financial and operating covenants in the Master Indenture, Loan Agreement or Mortgage that could, if uncured, result in an Event of Default;”
17. “Receipt of any Consultant’s report as described in the Master Indenture;” and
18. “Any amendments to the Master Indenture, Bond Indenture, Loan Agreement or other agreement relating to the Bonds;”

___ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the Obligated Group or its agent to distribute this information publicly:

Signature: _____________________________
Name: _________________________________ Title: _________________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue

E-20
EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December 1, 2016, between the Issuer, the Obligated Group and DAC.

Issuer’s and/or Other Obligated Person’s Name:

___________________________________________________________________________________

Issuer’s Six-Digit CUSIP Number:

___________________________________________________________________________________

___________________________________________________________________________________

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

___________________________________________________________________________________

Number of pages attached: _____

_____ Description of Voluntary Event Disclosure (Describe):

___________________________________________________________________________________

___________________________________________________________________________________

___________________________________________________________________________________

___________________________________________________________________________________

I hereby represent that I am authorized by the Obligated Group or its agent to distribute this information publicly:

Signature:________________________________

Name: ________________________________ Title: ________________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:
This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of December 1, 2016, between the Issuer, the Obligated Group and DAC.

Issuer’s and/or Other Obligated Person’s Name:
___________________________________________________________________________________

Issuer’s Six-Digit CUSIP Number:
___________________________________________________________________________________

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:
___________________________________________________________________________________

Number of pages attached: _____

_____ Description of Voluntary Financial Disclosure (Describe):
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________
___________________________________________________________________________________

I hereby represent that I am authorized by the Obligated Group or its agent to distribute this information publicly:

Signature:___________________________
Name: ____________________________________ Title: __________________________________

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:
30269081v6
APPENDIX F
FORM OF OPINION OF BOND COUNSEL

* * *

* * *
December [__], 2016

Capital Trust Agency
Gulf Breeze, Florida

RE: $36,600,000 Capital Trust Agency First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016A (the “Series 2016A Bonds”)

$4,215,000 Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016B (the “Series 2016B Bonds”)

$2,725,000 Capital Trust Agency Subordinate Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project), Series 2016C (the “Series 2016C Bonds”)

Ladies and Gentlemen:

We have served in the capacity of Bond Counsel in connection with the issuance of the above-referenced Series 2016A Bonds, Series 2016B Bonds and Series 2016C Bonds (collectively, the “Series 2016 Bonds”). In such capacity, we have examined such law, certified proceedings, and other documents as we have deemed necessary to render this opinion.

The Series 2016 Bonds are issued under and pursuant to the laws of the State of Florida, particularly Chapter 159, Part II, Chapter 163, Part I, Chapter 166, Part II, and Chapter 617, Florida Statutes, as amended; Ordinance 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 No. 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, and particularly as amended and supplemented by Amendment No. 69 to the Interlocal Agreement dated July 18, 2016 (“Amendment No. 69”), Resolution No. 16-16, duly adopted by the City Council on July 18, 2016, approving Amendment No. 69, Resolution No. 12-16, duly adopted by the Town Council on July 11, 2016, approving Amendment No. 69, and other applicable provisions of law (collectively, the “Act”), and pursuant to Resolution Nos. 07-16 and 12-16, duly adopted by the Issuer on May 3, 2016, and September 13, 2016, respectively (the collectively, the “Bond Resolution”), and that certain Bond Trust Indenture, dated as of December 1, 2016 (the “Bond Indenture”) between the
Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”). The Issuer and Tuscan Gardens of Palm Coast Properties, LLC, a Florida limited liability company (the “Obligated Group Agent”) have entered into a Loan Agreement, dated as of December 1, 2016 (the “Loan Agreement”), pursuant to which the Obligated Group Agent, on behalf of itself and Tuscan Gardens of Palm Coast Management Company, LLC, a Florida limited liability company (collectively, the “Obligated Group”), has agreed to pay to the Issuer such loan payments as will always be sufficient to pay the principal of, premium, if any, and interest on the Series 2016 Bonds as the same become due. Under the Bond Indenture, the rights of the Issuer under the Loan Agreement (except for the Issuer’s rights of reimbursement for expenses and indemnification) are pledged and assigned by the Issuer as security for the Series 2016 Bonds. The Series 2016 Bonds are payable solely from the payments to be made by the Obligated Group Agent under the Loan Agreement (the “Revenues”) from the Trust Estate, as defined in the Bond Indenture, and from certain additional security provided by the Obligated Group.

As to questions of fact material to our opinion, we have relied upon (a) representations of the Issuer and the Obligated Group Agent, (b) certified proceedings and other certifications of public officials furnished to us, (c) certifications furnished to us by or on behalf of the Obligated Group Agent, and (d) the opinion of Michael J. Stebbins, P.L., Gulf Breeze, Florida, counsel to the Issuer, dated the date hereof, with respect to (i) the creation, activation and existence of the Issuer and (ii) the due authorization, execution and delivery by the Issuer of the Series 2016 Bonds, the Bond Indenture and the Loan Agreement. We have also relied upon the representations and warranties of the Issuer and the Obligated Group Agent in that certain Tax Regulatory Agreement and No Arbitrage Certificate dated as of the date hereof and that certain Land Use Restriction Agreement relating to the Series 2016 Bonds dated as of December 1, 2016 and effective as of the date hereof, each relating to the Series 2016A Bonds and Series 2016C Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to express and we do not express any opinion (other than as may be expressly set forth herein) with respect to (a) the legal existence or the due authorization, execution, or delivery by or enforcement against the Obligated Group Agent of any instrument or agreement in connection with the project financed with the proceeds of the Series 2016 Bonds (the “Project”) or the Series 2016 Bonds, (b) title to the Project or compliance with zoning, land use, and related laws, (c) the status of any lien or matter of record or security interest purported to be created in connection with the foregoing, or (d) the accuracy, completeness, or sufficiency of the official statement relating to the Series 2016 Bonds (the “Official Statement”) (except to the extent stated in our supplemental opinion addressed to Herbert J. Sims & Co., Inc. dated the date hereof) or any other offering material relating to the Series 2016 Bonds.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing statutes, regulations, rulings, and court decisions, that:
1. The Issuer is a legal entity created and public agency existing under the laws of the State of Florida with the power and authority to (a) adopt the Bond Resolution and perform the agreements on its part contained therein, (b) issue, sell, and deliver the Series 2016 Bonds and use the proceeds thereof upon the terms and conditions and for the purposes set forth in the Loan Agreement and in the Bond Indenture, (c) enter into and perform its obligations under the Loan Agreement and the Bond Indenture, and (d) create the assignment, pledge, and security interest under the Bond Indenture in favor of the owners of the Series 2016 Bonds.

2. The Bond Resolution has been duly adopted by the Issuer, and the Loan Agreement and the Bond Indenture have been duly authorized, executed, and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Loan Agreement.

3. The Series 2016 Bonds (a) have been duly authorized, executed, and issued by the Issuer and delivered to the Bond Trustee for authentication, (b) have been authenticated by the Bond Trustee and delivered to the purchasers thereof, and (c) are valid and binding special or limited obligations of the Issuer payable solely from the Revenues and the Trust Estate.

4. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2016A Bonds and the Series 2016C Bonds (but not the Series 2016B Bonds) is excluded from gross income for federal income tax purposes, except that such exclusion shall not apply to interest on any Series 2016A Bond or Series 2016C Bond for any period during which such bond is held by a person who is a “substantial user” of the property financed with the proceeds of the Series 2016A Bonds or the Series 2016C Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer the Obligated Group Agent comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2016A Bonds and the Series 2016C Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2016A Bonds and the Series 2016C Bonds to be so included in gross income retroactive to the date of issuance of the Series 2016A Bonds and the Series 2016C Bonds. The Issuer and the Obligated Group Agent have covenanted to comply with all such requirements.

5. Ownership of the Series 2016 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such collateral federal tax consequences arising with respect to the Series 2016 Bonds.
6. Interest on the Series 2016B Bonds is not excluded from gross income for federal income tax purposes and so will be fully subject to federal income taxation. This opinion is not intended or provided by Bond Counsel to be used and cannot be used by an Owner of the Series 2016B Bonds for the purpose of avoiding penalties that may be imposed on the Owner of such Series 2016B Bonds. Each Owner of the Series 2016B Bonds should seek advice based on its particular circumstances from an independent tax adviser.

7. The Series 2016 Bonds and interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

The opinions expressed in paragraphs 2 and 3 are hereby qualified to the extent that the enforceability of the Series 2016 Bonds, the Bond Indenture, and the Loan Agreement, respectively, may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or transfer or other similar laws affecting creditors’ rights generally, or by the exercise of judicial discretion in accordance with the general principles of equity or public policy, regardless of whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Burr & Forman LLP
APPENDIX G

FORM OF INVESTMENT LETTER

CAPITAL TRUST AGENCY
REVENUE BONDS
(TUSCAN GARDENS OF PALM COAST PROJECT)

consisting of:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Series</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36,600,000</td>
<td>SERIES 2016A</td>
</tr>
<tr>
<td>$4,215,000</td>
<td>TAXABLE SERIES 2016B</td>
</tr>
<tr>
<td>$2,725,000</td>
<td>SUBORDINATE SERIES 2016C</td>
</tr>
</tbody>
</table>

December __, 2016

Tuscan Gardens of Palm Coast Properties, LLC
Tuscan Gardens of Palm Coast Management Company, LLC
Orlando, Florida

U.S. Bank National Association, as Bond Trustee and Master Trustee
Orlando, Florida

Herbert J. Sims & Co., Inc., as underwriter and placement agent
Fairfield, Connecticut

Re: Purchase of Capital Trust Agency Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project) Series 2016B (the “Taxable Series 2016B Bonds”)

Amount of Bonds Purchased: $__________________

Ladies and Gentlemen:

The undersigned hereby agrees to purchase through Herbert J. Sims & Co., Inc. (“HJS”), as underwriter for Capital Trust Agency (the “Issuer”) and Tuscan Gardens of Palm Coast Properties, LLC and Tuscan Gardens of Palm Coast Management Company, LLC (collectively, the “Obligated Group”), the principal amount set forth above of the Issuer’s Taxable First Mortgage Revenue Bonds (Tuscan Gardens of Palm Coast Project) Series 2016B (the “Taxable Series 2016B Bonds” for settlement on or about December __, 2016.

The undersigned understands and acknowledges that the Taxable Series 2016B Bonds are being offered and sold with certain restrictions imposed by the Issuer and the Taxable Series 2016B Bonds are being offered and sold 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), each of which have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment and are able to bear the economic risks of the investment.

In connection with the purchase of the Taxable Series 2016B Bonds, the undersigned represents, warrants, covenants and consents that:

1. The undersigned has received and reviewed a copy of the Official Statement (with appendices) dated ____________, 2016 relating to the Taxable Series 2016B Bonds (the “Official Statement”).

2. The undersigned has had the opportunity to ask questions of and receive answers from HJS and from the Obligated Group concerning the terms and conditions of the offering and to obtain any additional information necessary to supplement or clarify information in the Official Statement.
3. The undersigned recognizes that the undersigned must bear the economic risk of its investment in the Taxable Series 2016B Bonds for an indefinite period of time, since the Taxable Series 2016B Bonds may only be sold to another Qualified Institutional Buyer or Accredited Investor as stated in the Official Statement.

4. The undersigned is purchasing the Taxable Series 2016B Bonds for its own account for investment and with no present intention of distributing or reselling the Taxable Series 2016B Bonds, subject, however, to the understanding that the disposition of its property shall at all times be within its control and without prejudice to its right at all times to sell or otherwise dispose of all or any part of the Taxable Series 2016B Bonds under a registration statement under the Securities Act or under an exemption from registration available under the Securities Act.

5. The undersigned will not offer, sell or otherwise dispose of the Taxable Series 2016B Bonds without registration under the Securities Act or exemption therefrom and without delivery to the Master Trustee and Bond Trustee of representations in the form of this investment letter signed by the undersigned’s transferee.

6. The undersigned consents that the Bond Trustee shall be issued instructions not to register the transfer of ownership of the Taxable Series 2016B Bonds unless such Taxable Series 2016B Bonds are registered under the Securities Act and any applicable state securities laws or such transfer is made pursuant to an exemption from registration provided by the Securities Act and any applicable state securities laws and that the Taxable Series 2016B Bonds may bear a legend to such effect.

7. The undersigned is a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act or an Accredited Investor within the meaning of Regulation D under the Securities Act. The specific category(s) of Accredited Investor applicable to the undersigned is initialed below (AT LEAST ONE MUST BE INITIALED).

**QUALIFIED INSTITUTIONAL BUYERS:**

(i) One of the following entities, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

- [ ] a. an insurance company as defined in Section 2(13) of the Securities Act;
- [ ] b. an investment company registered under the Investment Company Act of 1940 (the “Investment Company Act”), or any business development company as defined in Section 2(a)(48) of the Investment Company Act;
- [ ] c. a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;
- [ ] d. a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;
- [ ] e. an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974;
- [ ] f. a trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph d or e above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans;
- [ ] g. a business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;
- [ ] h. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Act or a savings and loan association or other institution
referenced in section 3(a)(5)(A) of the Act or a foreign bank or savings and loan association or equivalent institution, partnership, or Massachusetts or similar business trust; or

i. an investment advisor registered under the Investment Advisors Act.

One of the following:

j. a dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 (the “Exchange Act”) acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer an insurance company as defined in Section 2(13) of the Securities Act;

k. a dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer;

l. an investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies;

m. an entity all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; or

n. a Any bank as defined in section 3(a)(2) of the Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements.

ACCREDITED INVESTORS:

a. a natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase, exceeds $1,000,000, exclusive of primary residence;

b. a natural person who had an individual income in excess of $200,000 or joint income with the individual’s spouse of $300,000 in 2015 and who reasonably expects to reach the same income level in 2016. For purposes of this offering, individual income shall equal adjusted gross income, as reported in the investor’s federal income tax return, less any income attributable to a spouse or to property owned by the spouse, and as may be further adjusted in accordance with the rules, regulations and releases of the Securities and Exchange Commission (“SEC”);

c. a bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 (the “1940 Act”) or a business development company as defined in Section 2(a)(48) of the 1940 Act; a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000; or an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“ERISA”), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
d. A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

e. An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

f. A director, executive officer, or general partner of the issuer of the securities being offered or sold, or a director, executive officer, or general partner of a general partner of the issuer;

g. A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by an individual, partnership corporation or other entity who either (i) is an accredited investor or (ii) has such knowledge or experience in financial and business matters, either alone or with a purchaser representative, that such entity is capable of evaluating the merits and risks of the prospective investment; and

h. A trust or an entity in which the grantor of the trust or all of the equity owners are accredited investors.

Account Number: ________________________________

Investor 
Signature: ________________________________
Print Name: ________________________________
Title: ________________________________
Date: ________________________________

Co-Investor 
Signature: ________________________________
Print Name: ________________________________
Title: ________________________________
Date: ________________________________
INVESTMENT LETTER

EXHIBIT A

APPLIES ONLY TO: ACCREDITED PARTNERSHIPS, LIMITED LIABILITY COMPANIES, TRUSTS, CORPORATIONS OR OTHER ENTITIES CHECKING ITEM 7(h) MUST PROVIDE THE FOLLOWING INFORMATION:

I hereby certify that set forth below is a complete list of all equity owners in [NAME OF ENTITY], a [TYPE OF ENTITY] formed pursuant to the laws of the State of [STATE], I also certify that EACH SUCH OWNER HAS INITIALED THE SPACE OPPOSITE THEIR NAME and that each such owner understands that by initialing that space they are representing that they are an “accredited investor” as the term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, and satisfy one of the tests for “accredited investors” indicated under Section 7 of the Investor Representation Letter.

Signature of authorized corporate officer, managing member/manager, general partner or trustee

<table>
<thead>
<tr>
<th>Owner Initial</th>
<th>Name of Equity Owner</th>
<th>Type of Accredited Investor</th>
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<tbody>
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Tuscan Gardens®
OF PALM COAST