

**OFFERING MEMORANDUM DATED JULY 15, 2022**

**NEW ISSUE -- BOOK-ENTRY ONLY**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2022A Bonds (1) is excludable from gross income for federal income tax purposes, and (2) is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2022A Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Code. The interest on the Series 2022B Bonds and the Series 2022C Bonds is included in gross income for federal income tax purposes. See "TAX MATTERS" in this Offering Memorandum.*

<b>\$110,890,000</b>		
<b>TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION</b>		
<b>Revenue Bonds</b>		
<i>consisting of</i>		
<b>\$53,310,000</b>	<b>\$52,580,000</b>	<b>\$5,000,000</b>
<b>Revenue Bonds</b>	<b>Taxable Revenue Bonds</b>	<b>Taxable Entrance Fee Revenue Bonds</b>
<b>(CMW Obligated Group)</b>	<b>(CMW Obligated Group)</b>	<b>(CMW Obligated Group)</b>
<b>Series 2022A</b>	<b>Series 2022B</b>	<b>Series 2022C</b>

**Dated:** Date of issuance

**Due:** July 15, as shown below

The Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds (CMW Obligated Group) Series 2022A, Taxable Revenue Bonds (CMW Obligated Group) Series 2022B and Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (collectively, the "Series 2022 Bonds") are being issued by the Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer"), in order to (i) finance the acquisition, renovation and construction of Wesley Court, a continuing care retirement community located in Abilene, Texas, The Craig, a continuing care retirement community located in Amarillo, Texas and Meadow Lake, a continuing care retirement community located in Tyler, Texas (collectively, the "Project"), (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) pay capitalized interest for the Series 2022A Bonds, (iv) fund working capital for the Project, and (v) pay costs of issuance for the Series 2022 Bonds. See "PLAN OF FINANCING."

The Series 2022 Bonds are issuable only as fully registered bonds initially in denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof except that Series 2022 Bonds may be exchanged after redemption for a Series 2022 Bond in denominations of \$5,000 or integral multiples thereof to the extent necessary to represent the unredeemed portion of such Series 2022 Bond; provided that any Hamlin Investor Bond (as defined in the Bond Indenture) may be issued, purchased, sold or transferred in denominations of \$5,000 or integral multiples thereof. All of the Series 2022 Bonds initially will be maintained under a book-entry system and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. Purchases of the Series 2022 Bonds will be in book-entry form only. So long as the Series 2022 Bonds are maintained under a book-entry system, payments of the principal of and premium, if any, and interest on the Series 2022 Bonds will be made when due by UMB Bank, National Association (the "Bond Trustee") to DTC in accordance with the Bond Trust Indenture by and between the Issuer and the Bond Trustee, as amended and supplemented (as amended and supplemented, the "Bond Indenture"), and the Bond Trustee will have no obligation to make any payments to any beneficial owner of any Series 2022 Bonds. See "THE SERIES 2022 BONDS -- Book-Entry Only System" and Appendix H -- Book-Entry Only System.

Interest will accrue on the Series 2022 Bonds from the date of the delivery of such Series 2022 Bonds. Interest on the Series 2022 Bonds is payable on January 15, 2023 and on each July 15 and January 15 thereafter.

The Series 2022 Bonds constitute limited obligations of the Issuer payable solely from payments made by Wesley Court, LLC, Craig Amarillo, LLC and Meadow Lake, LLC (the "Obligated Group") to the Bond Trustee pursuant to the Loan Agreement and under CMW Obligated Group Master Indenture Notes (the "2022 Notes") issued by the Obligated Group under the terms of the Master Trust Indenture dated as of July 1, 2022 among the Obligated Group and UMB Bank, National Association, as master trustee (the "Master Trustee"), as amended and supplemented (as so amended and supplemented, the "Master Indenture"). The obligation of the Obligated Group to repay the 2022 Notes will be secured by a pledge of the Obligated Group's Gross Revenues under the Master Indenture and by liens and security interests in certain real and personal property of the Obligated Group pursuant to the Deeds of Trust from the Obligated Group in favor of the Master Trustee (the "Mortgages"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS."

**NEITHER THE STATE OF TEXAS, NOR TARRANT COUNTY, TEXAS, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE SERIES 2022 BONDS. THE SERIES 2022 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND RESOURCES OF THE ISSUER PLEDGED TO THEIR PAYMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NONE OF THE SERIES 2022 BONDS SHALL BE CONSTRUED OR CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR AN INDEBTEDNESS OR OBLIGATION (SPECIAL, MORAL OR GENERAL) OF THE STATE OF TEXAS OR TARRANT COUNTY, TEXAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.**

**THE SERIES 2022 BONDS ARE NOT RATED. THE SERIES 2022 BONDS INVOLVE A HIGH DEGREE OF RISK. NO PROSPECTIVE PURCHASER OF THE SERIES 2022 BONDS SHOULD MAKE A DECISION TO PURCHASE ANY SERIES 2022 BONDS WITHOUT FIRST READING AND CONSIDERING IN FULL THE SECTION ENTITLED "CERTAIN BONDHOLDERS' RISKS."**

This cover page is not a summary of the issue. Prospective purchasers of the Series 2022 Bonds should read the entire Offering Memorandum, including the appendices, to make an informed investment decision.

*The Series 2022 Bonds are subject to mandatory and optional redemption prior to maturity as described herein under "THE SERIES 2022 BONDS -- Redemption Provisions."*

The Series 2022A Bonds, the Series 2022B Bonds and the Series 2022C Bonds offered hereby bear interest at the interest rate until maturity, as set forth below:

<b>SERIES 2022A BONDS</b>				
<b>Maturity (July 15)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP</b>
2027	\$53,310,000	5.00%	100%	87638TGS6
<b>SERIES 2022B BONDS</b>				
<b>Maturity (July 15)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP</b>
2027	\$52,580,000	5.50%	100%	87638TGT4
<b>SERIES 2022C BONDS</b>				
<b>Maturity (January 15)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>CUSIP</b>
2027	\$5,000,000	5.50%	100%	87638TGU1

**THE BONDHOLDER REPRESENTATIVE FOR THE INITIAL PURCHASERS OF THE SERIES 2022 BONDS WILL BE REQUIRED TO SIGN AN INVESTOR LETTER IN THE FORM INCLUDED IN APPENDIX F TO THIS OFFERING MEMORANDUM.**

So long as the Bondholder Representative represents the beneficial owners holding more than 50% of the aggregate principal amount of the Outstanding Series 2022 Bonds, such entity has substantial power, including (without limitation) the ability to modify the Bond Indenture, the Loan Agreement, and the Continuing Covenants Agreement and direct remedies following the occurrence of an Event of Default thereunder. Specifically, among other powers, the Bondholder Representative representing only the beneficial owners of a majority in aggregate principal amount of the Outstanding Series 2022 Bonds has the right to approve certain modifications involving the maturity of, the principal amount of, the rate of, or the time of payment of interest on the Series 2022 Bonds. For the avoidance of doubt, all such modifications approved by the Bondholder Representative shall apply equally and ratably to all Series 2022 Bonds of such series then Outstanding regardless of the beneficial owner. See "CERTAIN BONDHOLDER RISKS -- Control of Rights and Remedies," "THE SERIES 2022 BONDS -- Bondholder Representative Deemed Owner of Series 2022 Bonds" and "-- Supplemental Bond Indentures Requiring Consent of Bondowners," and the proposed forms of the Bond Indenture, the Loan Agreement, and the Continuing Covenants Agreement in Appendix C to this Offering Memorandum.

The Series 2022 Bonds are offered, subject to prior sale, when, as and if issued by the Issuer and accepted by Odeon Capital Group LLC, the Underwriter, subject to the approval of their validity by Gilmore & Bell, P.C., Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Obligated Group and the Support Provider by Dorsey & Whitney LLP, for the Issuer by Brown Pruitt Wambsganss Dean Forman & Moore P.C., for the Underwriter by McKennon Shelton & Henn LLP and for the Master Trustee and the Bond Trustee by Bracewell LLP. It is anticipated that the Series 2022 Bonds will be available for delivery through the facilities of DTC on or about July 19, 2022.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any such offer or solicitation, in any jurisdiction in which it is unlawful for such person to make such offer or solicitation. Neither the delivery of this Offering Memorandum nor the sale of any of the Series 2022 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The information contained herein has been obtained from the Issuer, the Obligated Group and other sources believed to be reliable. The Underwriter has provided only the following sentence for inclusion in this Offering Memorandum: The Underwriter has reviewed the information in this Offering Memorandum 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 the Underwriter does not guarantee the accuracy or completeness of such information. The information contained herein is subject to change after the date of this Offering Memorandum, and this Offering Memorandum speaks only as of its date.

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THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER THE MASTER INDENTURE NOR THE BOND INDENTURE HAVE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS UNDER THE LAWS OF ANY STATE OR ANY EXEMPTION FROM REGISTRATION OR QUALIFICATION CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NO STATE OR OTHER GOVERNMENTAL ENTITY HAS PASSED UPON THE MERITS OF THE SERIES 2022 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Offering Memorandum is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Series 2022 Bonds (collectively, the “Bondholders”).

*Certain statements included or incorporated by reference in this Offering Memorandum constitute “forward looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “forecast” or other similar words. Such forward-looking statements include, among others, certain of the information in “CERTAIN BONDHOLDERS’ RISKS” herein and in Appendix A. The achievement of certain results or other expectations in such forward looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. The Obligated Group does not plan to issue any updates or revisions to those forward looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.*

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Offering Memorandum involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale of the Series 2022 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Obligated Group since the date hereof.

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## OFFERING MEMORANDUM

relating to

**\$110,890,000**

**TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE  
CORPORATION REVENUE BONDS  
(CMW OBLIGATED GROUP),  
SERIES 2022**

<b>\$53,310,000</b>	<b>\$52,580,000</b>	<b>\$5,000,000</b>
<b>Revenue Bonds (CMW Obligated Group) Series 2022A</b>	<b>Taxable Revenue Bonds (CMW Obligated Group) Series 2022B</b>	<b>Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C</b>

### INTRODUCTORY STATEMENT

#### General

This Offering Memorandum, the cover page and appendices set forth certain information for use in connection with the issuance by the Tarrant County Cultural Education Facilities Finance Corporation (the “Issuer”), a nonstock nonprofit cultural education facilities finance corporation duly organized and validly existing under and pursuant to the laws of the State of Texas (the “State”), of its Revenue Bonds (CMW Obligated Group), Series 2022A in the aggregate principal amount of \$53,310,000 (the “Series 2022A Bonds”), its Taxable Revenue Bonds (CMW Obligated Group), Series 2022B in the aggregate principal amount of \$52,580,000 (the “Series 2022B Bonds”) and its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C in the aggregate principal amount of \$5,000,000 (the “Series 2022C Bonds” and, collectively with the Series 2022A Bonds and the Series 2022B Bonds, the “Series 2022 Bonds”). The Series 2022 Bonds are issued under and pursuant to the Cultural Education Facilities Finance Corporation Act, Chapter 337 of the Texas Local Government Code, as the same may be amended and supplemented from time to time, and a Bond Trust Indenture dated as of July 1, 2022 (the “Bond Indenture”) between the Issuer and UMB Bank, National Association (the “Bond Trustee”). For the definitions of certain other words and terms used in this Offering Memorandum and not otherwise defined herein, see Appendix C.

The Series 2022 Bonds are being issued at the request of Wesley Court, LLC (“Wesley”), Craig Amarillo, LLC (“Craig”) and Meadow Lake, LLC (“Meadow Lake” and, together with Wesley, Craig and such other persons that are from time to time members of the Obligated Group under the Master Indenture, the “Obligated Group”), each a limited liability company organized and existing under the laws of the State whose sole member is Lifespace Communities, Inc., an Iowa nonprofit corporation (the “Support Provider”). The Obligated Group will apply a portion of the proceeds of the Series 2022 Bonds to, among other things, finance the acquisition, renovation and construction of (i) Wesley Court, a continuing care retirement community located in Abilene, Texas, (ii) The Craig, a continuing care retirement community located in Amarillo, Texas, and (iii) Meadow Lake, a continuing care retirement community located in Tyler, Texas (collectively, the “Communities”). See “PLAN OF FINANCING.”

The Obligated Group will acquire the Communities from its existing owner (the “Seller”) pursuant to and in accordance with an Asset Purchase Agreement dated as of April 15, 2022, as amended pursuant to a Second Amendment dated as of June 23, 2022 (collectively the “Purchase Agreement”).

At the time of issuance of the Series 2022 Bonds, the Obligated Group will consist of only Wesley, Craig and Meadow Lake. The Support Provider is the sole member of each of Wesley, Craig and Meadow Lake and will manage the Communities under management agreements between each of Wesley, Craig and Meadow Lake and the Support Provider. For additional information concerning the Obligated Group, the Communities and the Support Provider, see Appendix A.

The Support Provider owns and operates other communities as described in Appendix A that are not part of the collateral pledged to secure the payment of the principal of and interest on the Series 2022 Bonds and none of the other affiliates of the Obligated Group or the Support Provider have any liability with respect to the Series 2022 Bonds.

### **Financial Projections**

Management of the Obligated Group has prepared certain financial projections (the “Financial Projections”) in connection with the issuance of the Series 2022 Bonds in order to evaluate its ability to meet operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the Series 2022 Bonds, respectively, during the five-year period ending July 2027. The Financial Projections, which appear in Appendix B to this Offering Memorandum, are based on certain assumptions stated therein. *Neither the Financial Projections nor the assumptions on which they are based has been reviewed or evaluated by an independent consultant.* See “CERTAIN BONDHOLDERS’ RISKS - - No Independent Financial Forecast.”

### **Market Information**

Appendix D to this Offering Memorandum includes information on the population, senior population and income of the areas that the Obligated Group considers the primary market areas for the Communities, and competitors in such primary market areas. See “CERTAIN BONDHOLDERS’ RISKS -- Caution Regarding Forward-Looking Statements.”

### **Risk Factors; Forward-Looking Statements; Investor Letter**

***THE CURRENT ASSETS OF THE OBLIGATED GROUP WILL NOT BE SUFFICIENT TO PAY THE REDEMPTION PRICE OF THE SERIES 2022 BONDS ON OR PRIOR TO THEIR MATURITY DATE. ACCORDINGLY, THE OBLIGATED GROUP WILL BE UNABLE TO PAY THE SERIES 2022 BONDS AT MATURITY UNLESS THE OBLIGATED GROUP IS ABLE TO REFINANCE THE SERIES 2022 BONDS OR OTHERWISE BORROW FUNDS WITH WHICH TO PAY THEM. SEE “CERTAIN BONDHOLDERS’ RISKS -- NEED TO REFINANCE SERIES 2022 BONDS.”***

***The Series 2022 Bonds are not rated. The Series 2022 Bonds involve a high degree of risk. No prospective purchaser of the Series 2022 Bonds should make a decision to purchase***

**any Series 2022 Bonds without first reading and considering in full the information under the caption “Certain Bondholders’ Risks” to determine the suitability of investing in the Series 2022 Bonds.**

This Offering Memorandum contains statements relating to future results that constitute “forward-looking statements.” When used in this Offering Memorandum, the words “estimate,” “expect,” “project,” “intend,” “anticipate,” “believe,” “may,” “will,” “continue” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized and unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

*Hamlin Capital Management, LLC (the “Bondholder Representative”) will be required to execute and deliver an investor letter in the form included in Appendix F to this Offering Memorandum in connection with the issuance of the Series 2022 Bonds.*

### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds are as follows:

Sources of funds:

Series 2022A Bonds .....	\$53,310,000	
Series 2022B Bonds .....	52,580,000	
Series 2022C Bonds .....	5,000,000	
Subordinate Bonds.....	11,100,000	
Equity of Obligated Group .....	<u>11,100,000</u>	(1)
Total sources of funds .....	<u>\$133,090,000</u>	

Uses of funds:

Acquisition of the Project.....	\$112,500,000	
Construction of the Expansion Project .....	6,000,000	
Working Capital .....	2,600,000	
Debt Service Reserve Fund .....	4,665,920	
Capitalized Interest.....	3,900,000	(2)
Cost of issuance .....	2,726,276	(3)
Other Uses of Funds .....	<u>697,804</u>	(4)
Total uses of funds .....	<u>\$133,090,000</u>	

\*May not add due to rounding

- (1) Contributed to the Obligated Group from the Support Provider.
- (2) Interest on the Series 2022A Bonds for the period estimated to extend until approximately 18 months.
- (3) Includes the Underwriter’s fee, certain fees and expenses of the limited special purpose financial advisor to the Obligated Group, legal fees, fees of the Issuer, fees of the Bondholder Representative and the Underwriter and certain accounting fees, as well as costs of printing costs, fees and expenses of the Bond Trustee and the Master Trustee and other miscellaneous expenses.
- (4) Includes legal fees associated with the acquisition, title insurance owner’s policy and additional proceeds.

## PLAN OF FINANCING

The proceeds of the Series 2022 Bonds will be used to (i) finance the acquisition, renovation and construction of Wesley Court, a continuing care retirement community located in Abilene, Texas, The Craig, a continuing care retirement community located in Amarillo, Texas and Meadow Lake, a continuing care retirement community located in Tyler, Texas (collectively, the “Project”), (ii) fund a debt service reserve fund for the Series 2022 Bonds, (iii) pay capitalized interest on the Series 2022A Bonds for approximately 18 months, (iv) fund working capital for the Project, and (v) pay costs of issuance for the Series 2022 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Issuer will lend the proceeds of the Series 2022 Bonds to the Obligated Group pursuant to a Loan Agreement (the “Loan Agreement”) between the Issuer and Meadow Lake, as the obligated group representative (the “Obligated Group Representative”). Under the Loan Agreement, the Obligated Group will agree to make payments to the Bond Trustee to provide for the full and prompt payment when due of the principal of, premium, if any, and interest on the Series 2022 Bonds. The Issuer will assign to the Bond Trustee all of its right, title and interest in and to the Loan Agreement, except for certain reserved rights.

The obligation of the Obligated Group to make the payments required under the Loan Agreement with respect to the Series 2022 Bonds will be secured by the CMW Obligated Group Master Indenture Note, Series 2022A, issued by the Obligated Group under the terms of the Master Indenture (defined below) in the principal amount equal to the aggregate principal amount of the Series 2022 Bonds (the “Bond Note”). The obligations of Obligated Group to make the payments required under the Continuing Covenants Agreement will be secured by the CMW Obligated Group Master Indenture Note, Series 2022B, issued by the Obligated Group under the terms of the Master Indenture (the “CCA Note” and together with the Bond Note, the “2022 Notes”). The 2022 Notes will each constitute Master Notes under the Master Trust Indenture dated as of July 1, 2022 among the Obligated Group and UMB Bank, National Association, as master trustee (the “Master Trustee”), as amended and supplemented including by Supplemental Master Indenture No. 1 dated as of July 1, 2022 (as so amended and supplemented, the “Master Indenture”). See “OTHER OBLIGATIONS” herein for a description of the other Obligations under the Master Indenture secured equally and ratably on parity with the Series 2022 Bonds.

To induce the Issuer to issue the Series 2022 Bonds and the owners thereof to purchase the Series 2022 Bonds from time to time, the Obligated Group will enter into a Continuing Covenants Agreement with the Bond Trustee (the “Continuing Covenants Agreement”) pursuant to which the Obligated Group will agree to comply with certain covenants so long as the Series 2022 Bonds are Outstanding. See the proposed form of the Continuing Covenants Agreements in Appendix C. An Event of Default under the Master Indenture or the Loan Agreement will be an Event of Default under the Continuing Covenants Agreement.

Under the Master Indenture, the Obligated Group has pledged and assigned all Gross Revenues to the Master Trustee and certain property pledged under the Master Indenture, as security for all Master Notes issued thereunder, including the 2022 Notes. In addition, to further secure the Master Notes, the Obligated Group has granted a lien upon and a security interest in

the Communities (the “Mortgaged Property”) pursuant to (i) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2022, by Wesley, to the mortgage trustee named therein for the benefit of the Master Trustee, (ii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2022, by Craig, to the mortgage trustee named therein for the benefit of the Master Trustee, and (iii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of July 1, 2022, by Meadow Lake, to the mortgage trustee named therein for the benefit of the Master Trustee (collectively, the “Mortgages”). As further security for the Master Notes, each Member has entered into a Third Party Collateral Account Control Agreement with Bankers Trust Company (the “Bank”) and the Master Trustee under which the Master Trustee’s security interest in certain accounts held by such Member at the Bank will be perfected (collectively, the “DACA”). The liens created by the Master Indenture and the Mortgages will be subject to Permitted Encumbrances and the right of the Obligated Group to transfer certain Gross Revenues free of the liens created by the Master Indenture and the Mortgages in certain circumstances. See Section 5.6 (Negative Covenants – Liens) in the proposed form of the Continuing Covenants Agreement included in Appendix C.

As additional security for the Series 2022 Bonds, the Support Provider will enter into a Liquidity Support Agreement with the Bond Trustee (the “Support Agreement”) pursuant to which the Support Provider will guaranty on a limited basis from its unrestricted cash and marketable securities the payment of 7% of the aggregate principal amount of the Series 2022A Bonds and Series 2022B Bonds, which will be reduced and ultimately terminated upon the achievement by the Obligated Group of certain financial performance targets as provided therein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS -- Support Agreement.” For a further description of the Support Agreement, see “THE SUPPORT PROVIDER – Summary of the Support Agreement” in Appendix A and “CERTAIN BONDHOLDERS RISKS -- Creditworthiness of the Support Provider.” *The Support Agreement is limited to the guarantee of payment of 7% of the aggregate principal amount of the Series 2022A Bonds and Series 2022B Bonds, subject to reduction, and is not a guaranty of the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds in excess of such limitation.*

## THE ISSUER

The Issuer is a Texas nonstock, nonprofit cultural education facilities finance corporation established for the purposes set forth in the Cultural Education Facilities Finance Corporation Act, Chapter 337 of the Texas Local Government Code, as amended (the “Act”). The Issuer was incorporated pursuant to the Act in March, 2003. The Act grants to the Issuer the same powers, authority and rights with respect to health facilities that a health facilities development corporation has with respect to health facilities described in the Health Facilities Development Act, Chapter 221, Texas Health and Safety Code (the “Health Act”). The Issuer is authorized to provide, expand and improve health facilities (as defined in the Health Act) determined by the Issuer to be needed for the purpose of improving the adequacy, cost and accessibility of health care, research and education within the State of Texas.

The Issuer is governed by a board of directors, consisting of six members appointed by the Commissioners Court of Tarrant County, Texas (the “County”). The Issuer adopted a bond resolution on June 2, 2022, authorizing the issuance of the Series 2022 Bonds.

The Issuer, under the terms of the Act and the Health Act, has, among other powers, the power to make contracts and incur liabilities; to borrow money at such rates of interest as it may determine; to issue its bonds in accordance with the provisions of the Act and the Health Act; and to secure any of its bonds or obligations by mortgage or pledge of all or any of its property, franchises and income for the purpose of financing or refinancing all or a portion of the cost of any health facility (as defined in the Health Act).

The responsibility for the operation and use of the Communities, including any additions or improvements thereto, rests entirely with the Obligated Group and not with the directors of the Issuer. The directors of the Issuer are not personally liable in any way for any act or omission committed or suffered in the performance of the functions of the Issuer.

Neither the Issuer nor the County has undertaken to review this Offering Memorandum or has assumed any responsibility for the matters contained herein except solely as to matters relating to the Issuer. All findings and determinations by the Issuer and the County, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the Articles of Incorporation and Bylaws of the Issuer. Notwithstanding its approval of the Series 2022 Bonds for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the County does not endorse or in any manner, directly or indirectly, guarantee or promise to pay the Series 2022 Bonds from any source of funds of the County or guarantee, warrant or endorse the creditworthiness or credit standing of the Obligated Group, or in any manner guarantee, warrant or endorse the investment quality or value of the Series 2022 Bonds. The Series 2022 Bonds are payable solely as described in this Offering Memorandum and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Issuer. By its issuance of the Series 2022 Bonds, the Issuer does not in any manner, directly or indirectly, guarantee, warrant or endorse the creditworthiness of or the investment quality or value of the Series 2022 Bonds. The Issuer has no taxing power.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**

### **Special Limited Obligations**

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER. See “CERTAIN BONDHOLDERS RISKS – Limited Obligations” below.

### **Master Indenture**

The 2022 Notes will constitute Master Notes under the Master Indenture, secured equally and ratably with any other Master Notes outstanding from time to time under the Master Indenture. The Master Indenture requires the Obligated Group to make payments sufficient to pay the outstanding 2022 Notes and other Master Notes when due.

### ***Security Interest in Gross Revenues***

Under the Master Indenture, as security for the 2022 Notes, the Obligated Group grant to the Master Trustee a security interest in the Gross Revenues and certain personal property. The “Gross Revenues” includes for any period, the aggregate, calculated in accordance with GAAP,



of all operating and non-operating revenues of any Member, including (without limitation), (a) rents (including, without limitation, the Entrance Fees, monthly service fees and other fees payable by or on behalf of residents of the Communities), (b) resident service revenues, (c) other operating revenues, (d) contributions (other than donor restricted), (e) unrestricted investment income, (f) unrestricted donor income and (g) net proceeds from business interruption insurance, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, investment property or other rights, and the proceeds of such rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, provided, that any calculation of the Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with GAAP (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business).

### ***Lien on Real Property and Security Interest in Personal Property***

Under the Mortgages, the Obligated Group has granted, for the benefit of the Master Trustee a lien on certain real property and a security interest in all of their respective personal property. The Mortgages secure payment of all amounts due under the 2022 Notes, and any future Master Notes by granting a first mortgage lien on the Mortgaged Property, subject to Permitted Encumbrances as described in the Continuing Covenants Agreement.

### ***Outstanding Obligations under Master Indenture***

Immediately following the issuance of the Series 2022 Bonds, only the 2022 Notes will be outstanding under the Master Indenture. See “OTHER OBLIGATIONS.” The 2022 Notes, and any future Master Notes under the Master Indenture will be secured equally and ratably by the Master Indenture, the Mortgages, and the Gross Revenues. Any default under any 2022 Note or any related documents that is not waived or cured within any applicable cure period will cause an Event of Default under the Loan Agreement and the Continuing Covenants Agreement.

### **Loan Agreement**

The Loan Agreement is a general obligation of the Obligated Group and will remain in full force and effect until all of the principal of the Series 2022 Bonds and the interest thereon have been paid or provision for the payment thereof has been made in accordance with the Bond Indenture and all other obligations thereunder have been satisfied. Under the Loan Agreement, the Obligated Group agrees to make payments to the Bond Trustee to provide for the full and prompt payment when due of the principal of, premium, if any, and interest on the Series 2022 Bonds. The Issuer will assign to the Bond Trustee all of its right, title and interest in and to the Loan Agreement, except for certain reserved rights.

### **Continuing Covenants Agreement**

So long as the Series 2022 Bonds are outstanding, the agreements made by the Obligated Group in the Continuing Covenants Agreement will remain in force and effect. Certain of the provisions contained in the Continuing Covenants Agreement are more restrictive than those included in the Master Indenture, and so long as the Series 2022 Bonds are outstanding, the

provisions of the Continuing Covenants Agreement shall control without limiting in any way the obligations of the Obligated Group Members under the Master Indenture, the 2022 Notes, the Loan Agreement, the DACA or the Mortgages. See “Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference” in the proposed form of the Continuing Covenants Agreement included in Appendix C.

### ***Obligated Group***

At the time of issuance of the Series 2022 Bonds, the Obligated Group will consist of Wesley, Craig and Meadow Lake. The Continuing Covenants Agreement provides that no entity may be admitted to, and no Member may withdraw from the Obligated Group without the prior written consent of the Bond Trustee and the Bondholder Representative. See “Negative Covenants -- Admissions to and Withdrawals from Obligated Group” in the proposed form of Continuing Covenants Agreement included in Appendix C. In connection with any such admission of an entity to the Obligated Group, such entity shall execute and deliver to the Bond Trustee a supplement to the Continuing Covenants Agreement and such other documents as required by the Bond Trustee and the Bondholder Representative to evidence the agreement of such entity to become obligated to perform and to comply with all of the provisions of the Related Documents. See “Negative Covenants -- Admissions to and Withdrawals from Obligated Group” in the proposed form of Continuing Covenants Agreement included in Appendix C.

The current Members and any future Members will be jointly and severally liable for the payment of the principal of, and premium, if any, and interest on the 2022 Notes and any other Master Notes outstanding under the Master Indenture and the performance of any and all other agreements and obligations of the Members under the Master Indenture. The Obligated Group has no present intention of adding any other entity to the Obligated Group.

### ***Rate Covenant***

The Continuing Covenants Agreement requires the Obligated Group to collect such rents, fees and other charges with respect to the Communities and restrict expenses relating to the Communities as shall be necessary to achieve as of each fiscal quarter commencing December 31, 2024 (each, a “Testing Period”), a Debt Service Coverage Ratio of at least 1.15 to 1.00 calculated on a trailing 12-month basis.

If the Obligated Group fails to achieve the required Debt Service Coverage Ratio for any Testing Period, then the Obligated Group, at its expense, shall employ, as soon as practicable thereafter, a management consultant (a “Consultant”) selected by the Bondholder Representative to submit a written report and recommendations with respect to the rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges relating to the Communities and with respect to improvements or changes in the operation and management of the Communities unless such requirement for a Consultant is waived in writing by the Bondholder Representative, in which case the Bondholder Representative may require a written report from management of the Obligated Group. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after the last day of such Testing Period.

The Obligated Group shall revise or cause to be revised such rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges in conformity with any recommendations of such Consultant and shall otherwise follow the recommendations of such Consultant unless the governing body of a Member of the Obligated Group determines by resolution, a copy of which shall be provided to the Bond Trustee and the Bondholder Representative, that compliance with such recommendations would jeopardize the disregarded entity status of such Member of the Obligated Group or the tax-exempt status of the Support Provider. If the Obligated Group complies with the foregoing, failure to generate the required Debt Service Coverage Ratio shall not constitute an Event of Default.

Notwithstanding the foregoing, each of the following shall constitute an Event of Default under the Continuing Covenants Agreement unless waived in writing by the Bondholder Representative: (i) the failure of the Obligated Group to maintain a Debt Service Coverage Ratio of at least 1.00 to 1.00 for any Testing Period, (ii) the failure of the Obligated Group to maintain a Debt Service Coverage Ratio of at least 1.15 to 1.00 for any three consecutive Testing Periods or (iii) the failure of the Obligated Group to comply with the recommendations of the above described Consultant. An Event of Default under the Continuing Covenants Agreement is an Event of Default under the Loan Agreement.

### ***Liquidity Covenant***

The Continuing Covenants Agreement requires the Obligated Group to maintain, as of June 30 and December 31 of each year commencing December 31, 2022 (each, a “*Liquidity Testing Date*”), (i) prior to the termination of the Support Agreement, at least 60 Days’ Cash on Hand, and (ii) after termination of the Support Agreement, at least 80 Days’ Cash on Hand (the “*Liquidity Requirement*”).

If the Obligated Group fails to comply with the Liquidity Requirement on any Liquidity Testing Date, then the Obligated Group, at its expense, shall employ, as soon as practicable thereafter, a Consultant selected by the Bondholder Representative to submit a written report and recommendations with respect to the rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges relating to the Communities and with respect to improvements or changes in the operation and management of the Communities unless such requirement for a Consultant is waived in writing by the Bondholder Representative, in which case the Bondholder Representative may require a written report from management of the Obligated Group. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after such Liquidity Testing Date.

The Obligated Group shall revise or cause to be revised such rents, fees and other charges in conformity with any recommendations of such Consultant and shall otherwise follow the recommendations of such Consultant unless the governing body of a Member of the Obligated Group determines by resolution, a copy of which shall be provided to the Bond Trustee and the Bondholder Representative, that compliance with such recommendations would jeopardize the disregarded entity status of such Member of the Obligated Group or the tax-exempt status of the Support Provider. If the Obligated Group complies with the foregoing, failure to generate the required Days’ Cash on Hand shall not constitute an Event of Default.

Notwithstanding the foregoing, each of the following shall constitute an Event of Default under the Continuing Covenants Agreement unless waived in writing by the Bondholder Representative: (i) failure of the Obligated Group to follow the recommendations of the above described consultant or (ii) failure of the Obligated Group to maintain (A) at least 50 Days' Cash on Hand on any Liquidity Testing Date prior to the termination of the Support Agreement; or (B) at least 75 Days' Cash on Hand on any Liquidity Testing Date after termination of the Support Agreement; or (C) at least 60 Days' Cash on Hand on any three consecutive Liquidity Testing Dates prior to the termination of the Support Agreement; or (D) at least 80 Days' Cash on Hand on any three consecutive Liquidity Testing Dates after termination of the Support Agreement. An Event of Default under the Continuing Covenants Agreement is an Event of Default under the Loan Agreement.

### ***Occupancy Covenant***

The Continuing Covenants Agreement requires that the Obligated Group maintain an average number of Occupied Units (as defined in the Continuing Covenants Agreement), expressed as a percentage of the total number of Units (as defined in the Continuing Covenants Agreement) in the Communities, of at least 80% for the three-month period ending on the last day of each fiscal quarter (the "Occupancy Requirement").

If the Obligated Group fails to meet the Occupancy Requirement as of any fiscal quarter, then the Obligated Group shall employ, at its expense, a Consultant selected by the Bondholder Representative to submit a written report and recommendations with respect to the marketing of the Communities, unless such requirement to hire a Consultant is waived in writing by the Bondholder Representative. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after the last day of such fiscal quarter. Promptly following receipt of such report, the Obligated Group shall adjust its marketing efforts in accordance with the recommendations of the Consultant. The Obligated Group shall make such changes as are recommended by such Consultant and shall otherwise follow the recommendations of such Consultant, in each case to the extent agreed to by the Bondholder Representative.

Failure by the Obligated Group (i) to meet the Occupancy Requirement as of three consecutive fiscal quarters, (ii) to maintain an average number of Occupied Units in the Communities for any Occupancy Testing Date, expressed as a percentage of the total number of such Units in the Communities, of at least 70%, or (iii) to substantially comply with and implement the recommendations of the Consultant that have been approved by the Bondholder Representative, in its sole discretion, shall constitute an Event of Default under the Continuing Covenants Agreement. An Event of Default under the Continuing Covenants Agreement is an Event of Default under the Loan Agreement.

### **Support Agreement**

Pursuant to the Support Agreement, the Support Provider (i) is obligated to fund the Obligated Group on a limited basis in the event that the Obligated Group breaches certain financial covenants contained in its agreements with lenders, including the Loan Agreement and the Continuing Covenants Agreement and (ii) guarantees on a limited basis the full and prompt

payment of the principal of and premium, if any, and interest on the Series 2022 Bonds as the same shall become due and payable; *provided*, however, that the Support Provider's total obligation pursuant to the Support Agreement is limited to a maximum aggregate amount of \$7,412,300 and shall be payable only from the Support Provider's Unrestricted Cash and Marketable Securities. The Support Provider's obligations under the Support Agreement will be reduced and ultimately terminated upon the achievement by the Obligated Group of certain financial performance targets as provided therein. See the proposed form of the Support Agreement included in Appendix C.

As of March 31, 2022, the market value of the unrestricted cash and investments of the Support Provider was approximately \$196,198,000. The ability of the Support Provider to meet its obligations under the Support Agreement upon any default by the Obligated Group will depend on the creditworthiness of the Support Provider. See "CERTAIN BONDHOLDERS RISKS -- Creditworthiness of the Support Provider."

### **Debt Service Reserve Fund**

The Bond Indenture establishes a Debt Service Reserve Fund for the Series 2022 Bonds. Upon the delivery of the Series 2022 Bonds, there will be deposited in the Debt Service Reserve Fund an amount equal to \$4,665,920. The Reserve Fund Requirement is defined to mean, as of any date of calculation, an amount equal to 80% of the Maximum Annual Interest on all outstanding Series 2022 Bonds.

### **Account Control Agreement**

Each Member has entered into a respective DACA with the Bank and the Master Trustee to perfect the Master Trustee's security interest in and to provide for control by the Master Trustee of certain of the Obligated Group's accounts and all funds, checks, cash, items, instruments, and other things of value at any time paid, deposited, payable or credited to any such accounts and all proceeds of the foregoing and to exercise certain remedies in connection therewith upon the occurrence of an Event of Default under the Master Indenture.

### **Management of the Communities**

For a period of approximately six months following the acquisition of the Communities, each Community will be managed by ER Senior Management, LLC ("Evergreen") pursuant to a separate property management agreement. Evergreen is the current operator of the Communities and will provide management, administrative and support services to each Community for a transition period until such management is transferred over to the Support Provider. Thereafter, the Communities will at all times be managed by the Support Provider. The Obligated Group shall not replace the Support Provider as manager except with consent of the Bondholder Representative. If an Event of Default due to a default in payment of the Series 2022 Bonds occurs, as provided under the Continuing Covenants Agreement, the Bondholder Representative may replace the Support Provider with a management company selected by the Bondholder Representative.

## THE SERIES 2022 BONDS

### General

The Series 2022 Bonds are issued only as fully registered bonds in denominations of \$250,000 or any integral multiple of \$5,000 in excess thereof except that Series 2022 Bonds may be exchanged after redemption for a Series 2022 Bond in denominations of \$5,000 or integral multiples thereof to the extent necessary to represent the unredeemed portion of such Series 2022 Bond; provided that any Hamlin Investor Bond (as defined in the Bond Indenture) may be issued, purchased, sold or transferred in denominations of \$5,000 or integral multiples thereof. The Series 2022 Bonds initially shall be maintained under a book-entry system. The Record Date for the Series 2022 Bonds is defined under the Bond Indenture to be the last day (whether or not a Business Day) of the calendar month next preceding the date on which an interest payment on any Bond is to be made.

Beneficial owners shall have no right to receive physical possession of the Series 2022 Bonds and payments of the principal of, premium, if any, and interest on the Series 2022 Bonds will be made as described below under “Book-Entry Only System” and in Appendix H – Book-Entry Only System.

The Series 2022 Bonds will be dated the date of, and bear interest from the date of, their delivery.

The Series 2022 Bonds will bear interest at the annual rates set forth on the cover of this Offering Memorandum and, subject to the optional and mandatory redemption provisions set forth below, mature on July 15, 2027 with respect to the Series 2022A Bond and Series 2022B Bonds and on January 15, 2027 with respect to the Series 2022C Bonds. Interest on the Series 2022 Bonds is payable on January 15, 2023 and on each July 15 and January 15 (each, an “Interest Payment Date”).

The Series 2022 Bonds will accrue interest on the principal amount Outstanding at the rate set forth on the cover of this Offering Memorandum (computed on the basis of a year of twelve 30 day months).

### Amount Owed at Maturity

At maturity, an additional 1% of the principal amount of the Series 2022A Bonds and the Series 2022B Bonds then Outstanding shall be due and payable as premium on the Series 2022A Bonds and the Series 2022B Bonds.

### Redemption Provisions

#### *Optional Redemption*

The Series 2022 Bonds will be subject to redemption prior to maturity at the option of the Obligated Group in whole or in part on any date upon 20 days’ notice from the Obligated Group to the Bond Trustee and the Bondholder Representative (or such shorter time period as agreed to by the Bondholder Representative and the Bond Trustee).

The Series 2022 Bonds shall be subject to redemption at the option of the Obligated Group on or after July 15, 2025 at a redemption price of the principal amount of Series 2022 Bonds being redeemed plus a premium as set forth below, if any, plus the full amount of unpaid interest that has accrued on such Series 2022 Bonds until the date of their redemption.

<u>Percentage of Principal Amount</u>	<u>Redemption Date</u>
101.5%	From July 15, 2025 to July 15, 2026
101.0%	From July 15, 2026 and thereafter

In the event of a partial redemption, the principal amount of the Series 2022 Bonds of a series redeemed shall be credited against the sinking fund payments, in inverse order of their due dates in Authorized Denominations unless otherwise approved in writing by the Bondholder Representative.

***Mandatory Redemption of Series 2022C Bonds from Entrance Fee Fund***

The Series 2022C Bonds are subject to mandatory redemption, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium, on the 45<sup>th</sup> day of each quarter, in whole or in part, to the extent of moneys deposited in the Debt Service Fund from the Entrance Fee Fund at the end of the preceding quarter. See Section 302(b) of the proposed form of Bond Indenture included in Appendix C.

***Mandatory Redemption of Series 2022 Bonds upon Determination of Taxability***

The Series 2022 Bonds are subject to mandatory redemption in whole at a redemption price equal to 103% of the principal amount of the Series 2022 Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within 180 days after the occurrence of a Determination of Taxability; provided, however, that the Continuing Covenants Agreement provides that if mandatory redemption on account of a Determination of Taxability of less than all of the Series 2022 Bonds would result in the Opinion of Bond Counsel delivered to the Bond Trustee and the Bondholder Representative, in the interest on the Series 2022A Bonds (the “Tax-Exempt Bonds”) Outstanding following such mandatory redemption not being includable in the gross income of the Holders of such Tax-Exempt Bonds Outstanding, then the Series 2022 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination. Notwithstanding the foregoing, with the prior written consent of the Bondholder Representative, the mandatory prepayment requirement shall be deemed waived and the Tax-Exempt Bonds that would otherwise be subject to mandatory prepayment shall remain Outstanding at an interest rate equal to the interest rate then borne by such Tax-Exempt Bond times 1.4 (the “Taxable Rate”), such Taxable Rate taking effect 120 days after the Determination of Taxability. In the event of a partial redemption, the principal amount of Series 2022 Bonds redeemed shall be credited against the sinking fund payments, in inverse order of their due dates in Authorized Denominations unless otherwise approved by the Bondholder Representative.

### ***Mandatory Sinking Fund Redemption***

The Series 2022A Bonds are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption and premium of 1% of the outstanding principal amount with respect to the final maturity on July 15 of the following years and in the following amounts:

#### Series 2022A Bonds

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2024	\$470,000	2026	\$515,000
2025	490,000	2027*	51,835,000

*\*Final Maturity; does not include additional 1% of premium due at maturity*

The Series 2022B Bonds are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption and premium of 1% of the outstanding principal amount with respect to the final maturity on July 15 of the following years and in the following amounts:

#### Series 2022B Bonds

<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2024	\$410,000	2026	\$455,000
2025	430,000	2027*	51,285,000

*\*Final Maturity; does not include additional 1% of premium due at maturity*



### ***Extraordinary Optional Redemption***

The Series 2022 Bonds are subject to redemption, in whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to, but not including, the redemption date, without premium, on the earliest date for which notice of redemption can be given at the direction of the Obligated Group, to the extent provided in Section 302(d) of the Bond Indenture or to the extent the Obligated Group makes a prepayment in accordance with Section 4.17 of the Continuing Covenants Agreement. In the event of a partial extraordinary redemption, the principal amount of the Series 2022 Bonds so redeemed shall be applied to the sinking fund or maturity payments in inverse order of their due dates and pro-rata from among each series in Authorized Denominations unless otherwise approved in writing by the Bondholder Representative.

### ***Notice of Redemption***

So long as the Series 2022 Bonds are maintained under a book-entry system, notice of the call for any redemption of the Series 2022 Bonds shall be given as described in Appendix H. The Bond Trustee shall mail notice of the call for any redemption not less than 20 days nor more than 60 days prior to the redemption date to the registered owners of each Series 2022 Bond to be redeemed at their addresses as they appear on the registration books maintained by the Bond Trustee, but failure to mail any such notice to any of such registered owners or the defect in any notice shall not affect the validity of the proceedings for the redemption of any Series 2022 Bond.

With respect to any optional redemption of the Series 2022 Bonds for which the Bond Trustee is to issue a notice of redemption as described above, the Bond Trustee is authorized under the Bond Indenture to issue a conditional notice of redemption, making the redemption of any Series 2022 Bonds conditional on the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to revocation.

### ***Purchase in Lieu of Redemption***

In lieu of redeeming any Series 2022 Bonds called for redemption, the Obligated Group will have the option to cause such Series 2022 Bonds to be purchased. Such option may be exercised by delivery to the Bond Trustee at least three Business Days prior to the first date by which notice of redemption may be given for a particular redemption date of a written notice of the Obligated Group, with the written consent of the Bondholder Representative, specifying that the Series 2022 Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to the Bond Indenture. Upon delivery of such notice, the Series 2022 Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price (as defined below) on the date that would have otherwise been the redemption date. Unless otherwise approved in writing by the Bondholder Representative, any payment for a Bond purchased in lieu of redemption shall be credited against principal payments in inverse order of maturity or sinking fund installment, as applicable. As used in this paragraph, the term "Purchase Price" means the price negotiated with the Bondholder Representative or the Bondholder if not represented by a Bondholder Representative in connection with delivery of the Bondholder Representative's consent.

The purchase of the Series 2022 Bonds shall extinguish the indebtedness of the Issuer evidenced thereby unless the Obligated Group receives the consent of the Bondholder Representative to allow such Series 2022 Bonds to remain Outstanding.

### **Payment of Principal and Interest**

The principal of and premium, if any, and interest on the Series 2022 Bonds shall be payable in lawful money of the United States of America, upon presentation and surrender of such Series 2022 Bonds as they become due at the designated trust operations office of the Bond Trustee. Interest on Series 2022 Bonds shall be payable to the registered owners by check or draft mailed to such owners at their addresses as they appear on registration books kept by the Bond Trustee as Bond registrar as of the Record Date. Notwithstanding the foregoing, while DTC's nominee is the Holder of any Series 2022 Bonds, payments of the principal of and premium, if any, and interest on such Series 2022 Bonds shall be made in accordance with existing arrangements between the Bond Trustee and DTC. If any principal of or premium, if any, or interest on any Series 2022 Bond is not paid when due (whether at maturity, upon acceleration or call for redemption or otherwise), then the overdue installments of principal and, to the extent permitted by law, interest shall bear interest until paid at the rate from time to time borne by such Series 2022 Bond.

### **Notices to and Effect of Actions by Bondholder Representative**

Notwithstanding any provision to the contrary contained in the Bond Indenture, any notice, request, consent, direction, waiver, approval, agreement, or other action of the Bondholder Representative will constitute and have the same effect as a notice, request, consent, direction, waiver, approval, agreement, or other action of the beneficial owners of the Series 2022 Bonds, for which the Bondholder Representative acts as investment advisor, and, so long as there is a Bondholder Representative with respect to a Series 2022 Bond, notices shall be given to such Bondholder Representative and not to the Registered Owners (except that the Bond Trustee may send routine balancing and payment processing notices to DTC at such time as DTC is the Registered Owner of the Series 2022 Bonds) or to the beneficial owners represented by such Bondholder Representative.

### **Book-Entry Only System**

All of the Series 2022 Bonds initially will be maintained under a book-entry system under which The Depository Trust Company ("DTC" and, together with any successor securities depository for the Series 2022 Bonds, the "Securities Depository"), will act as securities depository. The Series 2022 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee. Purchases of beneficial interests in the Series 2022 Bonds will be in book-entry form only and purchasers of beneficial ownership interests will not receive certificates representing their interests in the Series 2022 Bonds purchased. So long as the Series 2022 Bonds are in book-entry only form, the principal of and interest on the Series 2022 Bonds will be payable, and redemption and other notices with respect to the Series 2022 Bonds will be given, only to DTC, as the registered owner of the Series 2022 Bonds, and not to the beneficial owners of such Series 2022 Bonds, and neither the Issuer nor the Bond Trustee will have any responsibility or obligation with respect to payments or notices to beneficial owners.

Beneficial owners may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as ascertaining whether the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners or providing their names and addresses to the Bond Trustee and requesting that copies of the notices be provided directly to them. For a further description of the book-entry only system, see Appendix H to this Offering Memorandum.

### **Registration and Exchange of Series 2022 Bonds**

So long as the Series 2022 Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2022 Bonds will be made as described above under “Book-Entry Only System” and in Appendix H. If the book-entry only system is discontinued, any Series 2022 Bond may be exchanged for other Series 2022 Bonds of any Authorized Denominations and of the same series and aggregate principal amount as the Series 2022 Bonds to be exchanged, and the transfer of any Series 2022 Bond may be registered, upon surrender of such Series 2022 Bond at the designated office of the Bond Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative. The Obligated Group may require the person requesting any such exchange or transfer to pay any tax or other governmental charge payable in connection therewith.

### **Acceleration**

Upon the occurrence of certain events, the due date for the payment of the principal amount of the Series 2022 Bonds may be accelerated. See Section 702 (Acceleration of Maturity in Event of Default) in the proposed form of the Bond Indenture included in Appendix C to this Offering Memorandum.

### **Bondholder Representative Deemed Owner of Series 2022 Bonds**

Under the Bond Indenture, the Bondholder Representative will be deemed to be the owner of the Series 2022 Bonds for those beneficial owners for which it serves as investment advisor. Accordingly, the Bondholder Representative may direct the pursuit of remedies under the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Support Agreement, the Master Indenture, the DACA and the Mortgages and the giving or withholding of consent to amendments to the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Support Agreement, the Master Indenture, the DACA and the Mortgages in situations in which the Bondholder Representative is not the investment advisor to certain Bondholders. For a complete description of the Bondholder Representative’s rights, investors should read the proposed forms of the Bond Indenture, the Master Indenture, the Support Agreement, the Loan Agreement, the Mortgages and the Continuing Covenants Agreement included in Appendix C to this Offering Memorandum.

In addition to other amendments permitted under the Bond Indenture, with the consent of the Bondholder Representative or the Holders of at least a majority in aggregate principal amount of the Outstanding Series 2022 Bonds and subject to certain other conditions (a) the maturity of the Series 2022 Bonds, the date for mandatory redemption of any Series 2022 Bonds and the time of payment of interest on any Series 2022 Bonds may be extended, (b) the principal amount of any Series 2022 Bonds and the rate of interest on any Series 2022 Bonds may be reduced, and (c)

the time and the amount of any required sinking fund redemption may be extended or reduced, provided that the written consent of 100% of the Holders of the aggregate principal amount of the Series 2022 Bonds then Outstanding or the Bondholder Representative shall be required to permit (i) a privilege or priority of any Series 2022 Bond or Series 2022 Bonds over any other Series 2022 Bond or Series 2022 Bonds, or (ii) the aggregate principal amount of Series 2022 Bonds required for consent to any such supplemental indenture to be reduced. For the avoidance of doubt, all such amendments or modifications approved by the Bondholder Representative shall apply equally and ratably to all Series 2022 Bonds of the same series then Outstanding regardless of the beneficial owner. See Section 902 (Supplemental Indentures Requiring Consent of Bondowners) in the proposed form of the Bond Indenture included in Appendix C to this Offering Memorandum.

### ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each 12-month period ending July 15: (i) the principal due on the Series 2022 Bonds (whether at maturity or by mandatory sinking fund redemption); (ii) the interest due on the Series 2022 Bonds; (iii) the total debt service requirements during such period of the Series 2022 Bonds; (iv) the total debt service requirements of the Obligated Group’s other outstanding Indebtedness; and (v) the total debt service requirements of the Obligated Group.

<u>Year</u>	<u>Series 2022 Bonds</u>		<u>Total Debt Service on Series</u>	<u>Total Debt Service on Other Outstanding</u>	<u>Estimated Total Debt</u>
	<u>Principal</u> <sup>(1)</sup>	<u>Interest</u>	<u>2022 Bonds</u>	<u>Indebtedness</u>	<u>Service</u> <sup>(1)</sup>
2023	-	\$5,767,596	\$ 5,767,596	\$ 621,600	6,389,196
2024	\$ 880,000	5,832,400	6,712,400	1,165,500	7,877,900
2025	920,000	5,786,350	6,706,350	1,165,500	7,871,850
2026	970,000	5,738,200	6,708,200	1,165,500	7,873,700
2027	108,120,000	5,549,925	113,669,925	1,165,500	114,835,425

(1) Includes Sinking Fund Installments and amounts due at maturity. Does not include an additional 1% of the principal amount of the Series 2022A Bonds and the Series 2022B Bonds. See “THE SERIES 2022 Bonds – Amount Due at Maturity.”

### TEXAS REGULATORY MATTERS

Each Community has made those applications to the Texas Health and Human Services Commission required for the transfer of nursing facility and assisted living facility licensure.

#### **Nursing Home Act and Assisted Living Act**

Nursing facilities in Texas are regulated and inspected by the Texas Health and Human Services Commission (“THHSC”) in accordance with the terms of the Convalescent and Nursing Homes and Related Institutions Act, Chapter 242 of the Texas Health and Safety Code (the “Nursing Home Act”) and the regulations promulgated thereunder. Assisted living facilities in Texas are regulated and inspected by THHSC in accordance with the terms of the Assisted

Living Facility Licensing Act, Chapter 247 of the Texas Health and Safety Code (the “Assisted Living Act”) and the regulations promulgated thereunder. The stated purposes of the Nursing Home Act and the Assisted Living Act are to ensure that institutions in the state deliver the highest possible quality of care. Licensed assisted living facilities are authorized to provide personal care services and medication assistance or administration. Texas law limits the extent to which assisted living facilities may directly furnish skilled nursing care. Due to the higher intensity of nursing and other healthcare provided in licensed nursing facilities, regulations adopted under the Nursing Home Act are broad in scope and establish prescriptive standards for nursing, dietary, pharmacy, rehabilitative and other healthcare services. Both regulatory schemes establish standards for resident rights, prevention and reporting of abuse or neglect, sanitation and infection control, medication, nutrition, record-keeping, use of restraints, staffing, staff education and training, facility construction and fire safety. Licensees are subject to periodic inspections, both announced and unannounced, by THHSC.

Texas assisted living facilities and nursing facilities that care for people with Alzheimer’s disease and related disorders may be certified by THHSC. Facilities applying for certification must comply with standards relating to the specialized care and treatment of persons with Alzheimer’s and related disorders. While an institution is not required to be certified in order to provide such care and treatment, an institution that is not so certified may not advertise or otherwise communicate that the institution is certified by THHSC to provide specialized care.

In order to maintain its licensure, the Communities’ assisted living units will be surveyed by THHSC at least bi-annually and more often if there are adverse occurrences at the Communities that impact the health and/or safety of the residents. Centers for Medicare and Medicaid Services (“CMS”) has contracted with THHSC to conduct surveys and inspections of Medicare and Medicaid certified nursing facilities. THHSC also conducts surveys of nursing facilities, independent of its role as a CMS contract, to ensure compliance with State licensing laws. If THHSC finds deficiencies at a Community’s assisted living or nursing facility units it may impose certain licensure penalties, including administrative (money) penalties and suspension or termination of the Community’s license. In egregious cases THHSC has the authority, through civil court, to install a trustee to conduct nursing facility operations until such operations either come back into compliance or are closed per court order. CMS and THHSC have the authority to impose penalties upon nursing facilities for survey deficiencies, including civil money penalties, denial of Medicare and Medicaid payment, directed in-service training and, in egregious cases, termination of Medicare and Medicaid certification. The imposition of significant money penalties, placement of the Community’s nursing facility operations under a trustee, the loss of licensure or Medicare and Medicaid certification, or the imposition of criminal or substantial civil money penalties or exclusion from the Medicare and Medicaid program may negatively impact revenues of the Obligated Group and could even limit its ability to continue operations.

While the Obligated Group will use best efforts operate its assisted living and nursing facility units in compliance with Texas licensure requirements and the Medicare conditions of participation, there can be no assurance that CMS and THHSC will not seek to impose substantial penalties as a result of the surveys and inspections of the Obligated Group’s assisted living and nursing facility units.

## **CCRC Act**

The Texas Continuing Care Facility Disclosure and Rehabilitation Act, Chapter 246 of the Texas Health and Safety Code (the “CCRC Act”) governs the provision of continuing care, defined by the CCRC Act as the furnishing of a living unit, together with personal care services, nursing services, medical services or other health-related services, under contract that requires the payment of an Entrance Fee by or on behalf of a resident in exchange for the furnishing of continuing care that is effective either for the life of the individual or for more than one year.

Continuing care facilities are required to obtain a certificate of authority in order to operate such facilities and enter into continuing care contracts. In addition, continuing care facilities are subject to certain regulatory requirements, including maintenance of books and records, limitations on advertising, and maintenance of adequate funding.

On the advice of its counsel, the Seller has operated the Communities throughout their period of ownership without obtaining a license or certificate of authority as a Continuing Care Provider in the State of Texas. Notwithstanding the Seller’s past conduct, the Obligated Group will seek certificates of authority for each Community as a Continuing Care Provider within thirty (30) days following the acquisition of the Communities. Pursuant to Texas law, the Texas Commissioner of Insurance shall issue an order approving or disapproving an application not later than the 180th day after the date on which the application is filed.

If the Texas Department of Insurance finds the Obligated Group is not in compliance with the CCRC Act, it could have a material adverse effect on the financial position of the Obligated Group.

## **Texas Patient Solicitation Act**

The Texas Patient Solicitation Act (Tex. Occ. Code §102.001 et seq.) (“TPSA”) makes it a criminal offense for a person to knowingly offer to pay or agree to accept, directly or indirectly, overtly or covertly any remuneration in cash or in kind to or from another for securing or soliciting a patient or patronage for or from a person licensed, certified, or registered by a state health care regulatory agency. TPSA incorporates the safe harbors to the federal anti-kickback law, but differently from the federal anti-kickback law TPSA includes offers of remuneration or acceptance of remuneration related to any payer of health care services, not just federal health care programs. TPSA also provides for civil penalties for violations of the act of not more than \$10,000 for each day of violation and each act of violation.

Because of the breadth of TPSA and the narrowness of the safe harbor regulations, there can be no assurance that the Obligated Group will not be found to have violated TPSA. While the Members expects to continue to monitor their contracts and business arrangements, they cannot be certain that all of their agreements with physicians and other covered activities qualify under current regulations.

## CERTAIN BONDHOLDERS' RISKS

The Series 2022 Bonds are payable solely from the payments to be made by the Obligated Group pursuant to the Loan Agreement and any amounts paid by the Support Provider under the Support Agreement. Future revenues and expenses of the Obligated Group are subject to conditions which may change in the future to an extent that cannot be determined at this time.

The paragraphs below discuss certain Bondholders' risks but are not intended to be a complete enumeration of all risks associated with the Obligated Group or the purchase or holding of the Series 2022 Bonds. The order in which such risks are presented does not necessarily reflect the relative importance of such risks or the likelihood that any of the events or circumstances described below will occur or exist. *No assurance can be given as to the nature of such factors or the potential effects thereof on the Obligated Group. Additionally, all or any of the risks described below could be exacerbated by the COVID-19 pandemic described below.*

### **Caution Regarding Forward-Looking Statements**

When used in this Offering Memorandum and in any continuing disclosure by the Obligated Group, in an Obligated Group Member's press release or in oral statements made with the approval of an authorized officer of an Obligated Group Member, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward looking statements." Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The Obligated Group cautions readers not to place undue reliance on any such forward-looking statements. The Obligated Group advises readers that certain factors could affect the financial performance of the Obligated Group and could cause the actual results of the Obligated Group for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

### **Need to Refinance Series 2022 Bonds**

The annual debt service payments on the Series 2022 Bonds will require a significant amount sufficient to pay the principal of, interest, and premium, if any, on the date of maturity of the Series 2022 Bonds. The Series 2022 Bonds are payable solely from the payments to be made by the Obligated Group under the Loan Agreement. The amounts necessary to pay the aggregate principal amount, interest, and premium, if any, of the Series 2022 Bonds at maturity are not expected to be available from revenues of the Obligated Group. **THE CURRENT ASSETS OF THE OBLIGATED GROUP ARE NOT SUFFICIENT TO PAY THE REDEMPTION PRICE OF THE SERIES 2022 BONDS ON THEIR MATURITY DATE. ACCORDINGLY, THE OBLIGATED GROUP WILL BE UNABLE TO PAY THE PRINCIPAL AND INTEREST OF THE SERIES 2022 BONDS AT MATURITY UNLESS THE OBLIGATED GROUP IS ABLE TO REFINANCE THE SERIES 2022 BONDS OR OTHERWISE BORROWS FUNDS WITH WHICH TO PAY THEM.** The Obligated Group anticipates the need to refund the Series 2022 Bonds prior to, or at, maturity. There can be no assurance the Obligated Group will be able to restructure, refund or otherwise make a payment in full with respect to the Series 2022 Bonds before or at maturity, if at all, and if the Obligated Group does not have sufficient funds to pay in full the principal of, interest, and premium, if any, on the Series 2022 Bonds at maturity, an

Event of Default will occur at maturity. See “THE SERIES 2022 BONDS – Redemption Provisions” and “ANNUAL DEBT SERVICE REQUIREMENTS.”

### **General**

No representation can be made or assurance given that revenues will be realized by the Obligated Group in amounts sufficient to make the payments necessary to meet the obligations of the Obligated Group, including the obligations of the Obligated Group under the Loan Agreement and the Master Indenture. Future revenues and expenses of the Obligated Group are subject to, among other things, the capabilities of the management of the Obligated Group and future economic conditions and other conditions which are unpredictable, and which may affect revenues and the ability of the Obligated Group to make payments of principal of and interest sufficient to pay the Series 2022 Bonds and other obligations of the Obligated Group, including (without limitation) its obligations under the Master Indenture. Such conditions may include an inability to generate net revenues or fees payable by residents of the Communities (the “Monthly Fees”), or to control personal care costs, in a period of inflation or rising health care costs and difficulties in increasing Monthly Fees and third-party payments while maintaining the amount and quality of services offered by the Obligated Group at the Communities or difficulties properly managing and controlling expenses at the Communities, including utility costs, changes in government licensing procedures, regulation and competition and changes in the rules and guidelines governing reimbursement for health care by third party payors.

### **Limited Obligations**

NEITHER THE STATE OF TEXAS, NOR TARRANT COUNTY, TEXAS, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE SERIES 2022 BONDS. THE SERIES 2022 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND RESOURCES OF THE ISSUER PLEDGED TO THEIR PAYMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NONE OF THE SERIES 2022 BONDS SHALL BE CONSTRUED OR CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR AN INDEBTEDNESS OR OBLIGATION (SPECIAL, MORAL OR GENERAL) OF THE STATE OF TEXAS OR TARRANT COUNTY, TEXAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE ISSUER HAS NO TAXING POWER.

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## **COVID-19 Pandemic; Turmoil in U.S. Economy**

**General.** The COVID-19 pandemic has had numerous and varied medical, economic, and social impacts, any and all of which may adversely affect the Obligated Group's operations and financial condition. National, state, and local governments have taken, and are likely to continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. Many of these actions have caused substantial changes to the way health care is provided and how society in general functions. It is not clear how long such measures will remain in place or what any new measures will require.

**Operational Disruption.** The effects of COVID-19 may affect the Obligated Group's ability to conduct normal business operations and, as a result, the operations, financial condition and financial performance of the Obligated Group may be materially adversely affected. Various states and local governments imposed restrictions and additional requirements on certain senior living facilities in an effort to slow the spread of COVID-19. While such actions helped reduce the rate of increase in COVID-19 cases, they may have to be sustained for prolonged periods of time to be effective in controlling and reducing the transmission of COVID-19.

**Economic and Market Disruption.** The COVID 19 pandemic has affected, and is expected to continue to affect, travel, commerce, economic growth and financial markets negatively. The COVID 19 pandemic has resulted in volatility in the United States and global financial markets. Financial results, generally, and liquidity, in particular, may be materially diminished. The future impact of COVID 19 on the Obligated Group's operations and financial results cannot be predicted at this time due to the dynamic nature of this virus, including uncertainties relating to its duration and severity, as well as what actions may still be taken by governmental authorities and other institutions to contain or mitigate its impact. The continued spread of COVID 19 and containment and mitigation efforts could have a material adverse effect on the future operations of the Obligated Group and on state, national, and global economies.

### **Delays in Completion of the Project**

The Project is subject to the risk of delays due to a variety of factors including, among others, site difficulties, labor disputes, supply chain issues (including, but not limited to, delays in delivery and shortage of materials, weather conditions, fire and other casualties) and default by the Obligated Group, the contractor or subcontractors. If completion of the Project is delayed beyond the estimated construction period, receipt of revenues projected from the operation of the Communities will be delayed and may have a material adverse impact on the ability of the Obligated Group to pay debt service on the Series 2022 Bonds.

### **Construction Cost Overruns**

The Obligated Group believes that the proceeds of the Series 2022 Bonds, together with other funds of the Obligated Group, will be sufficient to finance the costs of the Project. The cost of the Project may be increased if actual costs exceed the Obligated Group's estimates or if there are change orders. Further, the cost of construction of the Project may be affected by other factors beyond the control of the Obligated Group or the contractors constructing any portion of

the Project, including, but not limited to, delays or denials of the necessary permits, licenses and other governmental approvals, labor disputes, delays in delivery and shortage of materials, site difficulties, adverse weather conditions, subcontractor defaults, fire and casualty and unknown contingencies. See “THE OBLIGATED GROUP -- Project” in Appendix A.

## **Security for the Series 2022 Bonds**

### ***Security Interest in Gross Revenues and Other Assets***

The Master Trustee’s security interest in the Gross Revenues and the other assets of the Obligated Group is subject to Permitted Encumbrances as set forth in the proposed form of the Continuing Covenants Agreement included in Appendix C to this Offering Memorandum, including, among others, the following:

(i) liens for *ad valorem* taxes, special assessments, levies, fees, water and sewer rents or charges not then delinquent;

(ii) liens arising by reason of any good faith deposit made to secure any public or statutory obligation or the payment of taxes or assessments or other similar charges, and any deposit given as a condition to the transaction of any business or the exercise of any privilege or license or in connection with workers’ compensation, unemployment insurance, any pension or profit sharing plan or other social security;

(iii) any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or the amount or validity of which is being contested and execution thereon stayed;

(iv) any lien arising under Law or by contract with respect to initial deposits made under life care or continuing care contracts;

(v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Communities that do not in the aggregate, in the opinion of a Consultant, materially impair the use of property affected thereby for the purposes for which it was acquired or is held by the Obligated Group, or the value of such property;

(vi) liens securing indebtedness permitted by the Continuing Covenants Agreement;

(vii) encumbrances identified in the mortgagee’s title insurance policy delivered in connection with the issuance of the Series 2022 Bonds; and

(viii) other liens and encumbrances as shall be approved in writing by the Bondholder Representative.

The Gross Revenues will not include any revenues generated from the use and operation of the Obligated Group’s property after any person other than the Obligated Group obtains possession of such property, whether by voluntary transfer, foreclosure under a mortgage or other

security agreement or enforcement of a statutory or judicially created lien. Such liens and encumbrances and any liens created in violation of the Continuing Covenants Agreement may give the holders of the obligations secured thereby priority in payment over the Series 2022 Bonds, from the property so encumbered in the event of the enforcement thereof. In addition, the Continuing Covenants Agreement permits the Obligated Group to dispose of assets subject to certain limitations stated therein. See the proposed form of the Continuing Covenants Agreement included in Appendix C to this Offering Memorandum.

### ***Recovery Value of Mortgaged Property***

The Communities are specifically designed and constructed as healthcare and retirement facilities and as such, may not be practically suited to alternative uses. The number of entities that could be expected to purchase or lease the Communities in the event of a default under the Master Indenture is therefore limited and, as a result, the remedies available to the Master Trustee may be limited. The realization of revenues from the sale or leasing of the Communities following foreclosure of the Mortgages might thus be materially and adversely affected. If any Event of Default were to occur under the Master Indenture, it is unlikely that the amount received upon any foreclosure and sale of the Mortgaged Property would be sufficient to pay the principal of and interest on the outstanding Master Notes.

While governmental taxes, assessments and charges are common claims against property, there are other, less common claims that may affect the value and marketability of property. One of the most serious is a claim related to the release, presence or handling of hazardous substances on property. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition on property, whether or not the owner (or operator) had or has anything to do with the creation or handling of the hazardous substance. If any part of the Mortgaged Property is affected by a hazardous substance, the marketability and value of the property may be reduced by the cost of remedying the condition. The value of the Communities also may be limited by (i) any failure of the Obligated Group to maintain any of its licensing requirements and (ii) actual or alleged rights of residents. See “Federal and State Regulations” and “Environmental Risks” below.

### ***Priority of the Liens***

The liens created under the Mortgages are subject to Permitted Encumbrances and are subordinate to liens for general property taxes, special taxes and assessments. Additional special taxes or assessments taking priority over the liens created by the Mortgages may be imposed on the Mortgaged Property in the future.

The Members covenant in the Continuing Covenants Agreement not to create or permit to exist any mortgage or other lien on their property, except Permitted Encumbrances. The existence of any such liens or encumbrances could have an adverse effect on the treatment of holders of the Series 2022 Bonds in any bankruptcy proceeding involving any Member of the Obligated Group. See “Bankruptcy” below.

### ***Foreclosure Rights under Texas Law***

In the State, foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale under a specific provision in the deed of trust that authorizes the trustee to sell the mortgaged property to a third party upon default by the borrower under the terms of the note or bond secured by the deed of trust or under the terms of the deed of trust.

In the State, a sale of real property under a power of sale conferred by a deed of trust or other contract lien must be a public sale at auction held on the first Tuesday of a month at the county courthouse in the county in which the land is located. Notice of the sale must be given at least 21 days before the date of the sale. The borrower, any successor in interest to the borrower, or any beneficiary under a junior deed of trust or any other person having a subordinate lien or encumbrance, may pay, prior to the proposed sale, the entire principal due as a result of the acceleration of the indebtedness secured by the prior lien, with interest and the costs and expenses actually incurred in enforcing the obligation. In both a judicial and non-judicial foreclosure of a deed of trust, the beneficiary of the deed of trust under foreclosure need not bid cash at the sale, but may instead make a "credit bid" to the extent of the amount due under the deed of trust, including legally cognizable costs and expenses incurred in enforcing the deed of trust.

A sale of real property by a trustee conducted in accordance with the terms of the power of sale contained in a deed of trust confers legal title to the real property to the purchaser, but the purchaser takes the foreclosed property "as is" without any expressed or implied warranties, except as to warranties of title, and at purchaser's own risk. The foreclosure, though, would eliminate all junior mortgages or deeds of trust and all other liens and claims subordinate to the deed of trust under which the sale is made (with the exception of certain governmental liens).

Because of the difficulty a potential buyer at the sale would have in undertaking any due diligence regarding the Mortgaged Property (*e.g.*, determining any liens or other encumbrances that may run with the property after foreclosure, assessing the physical condition of the property, etc.), a third party may not be likely to purchase the Mortgaged Property at a foreclosure sale, whether that sale is a judicial sale or a trustee's sale. If a third-party does purchase the Mortgaged Property at a foreclosure sale, it may be for a purchase price less than the unpaid principal balance of the indebtedness, in which case the borrower would remain liable for any deficiency remaining after the application of the proceeds of foreclosure to the outstanding debt; provided, however, recovery of any such deficiency is governed by §51.003 of the Texas Property Code, as amended. Perhaps more common is for the lender (or its designee) to purchase the Mortgaged Property from the trustee for an amount which may be as high as the unpaid principal balance of the note, plus accrued and unpaid interest and the costs and expenses of foreclosure. Thereafter, the lender will assume the burdens of ownership, including servicing any senior deed of trust, obtaining hazard insurance and making such repairs (at its own expense) as are necessary to render the Mortgaged Property suitable for sale.

### **Bankruptcy**

The Series 2022 Bonds, the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Support Agreement, the Master Indenture, the 2022 Notes and the

Mortgages are subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity. A claim for payment of the principal of or interest on the Series 2022 Bonds could be made subject to any statutes that may be constitutionally enacted by the United States Congress ("Congress") or the Texas Legislature affecting the time and manner of payment or imposing other constraints upon enforcement. The obligations of the Obligated Group to make payments of debt service on the Series 2022 Bonds may not be enforceable under applicable state insolvency, fraudulent conveyance, bankruptcy, trust and other laws affecting the Obligated Group.

If an Obligated Group Member were to file a petition for relief under the United States Bankruptcy Code (as amended and supplemented, the "Bankruptcy Code"), the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligated Group and their respective property. If the bankruptcy court so ordered, the Obligated Group, including its accounts receivable and proceeds thereof, could be used for the benefit of the Obligated Group despite the claims of its creditors.

In a case under the Bankruptcy Code, an Obligated Group Member could file a plan of reorganization. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the debtor, and could result in the modification of rights of creditors generally, or the rights of any class of creditors, secured or unsecured. Under certain circumstances, 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 less than all the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and the dissenting claims and interests bound thereby.

The Bankruptcy Code permits a bankruptcy court to modify the rights of a secured creditor. In the event of a bankruptcy proceeding involving an Obligated Group Member, the Master Trustee or the Bond Trustee, as applicable, could be treated under the Bankruptcy Code as one holding a secured claim, to the extent provided in the Continuing Covenants Agreement, the Master Indenture, the 2022 Notes, the Loan Agreement, the Support Agreement and the Mortgages. The potential effects of the bankruptcy of an Obligated Group Member could be to delay substantially the enforcement of remedies otherwise available to the Master Trustee or the Bond Trustee, as applicable, and to allow the bankruptcy court, under certain circumstances (i) to substitute other assets of the Obligated Group for collateral under the Continuing Covenants Agreement, the Loan Agreement, the Master Indenture, the 2022 Notes, the DACA, the Support Agreement, and the Mortgages, (ii) to sell all or part of the collateral under the Continuing Covenants Agreement, the Loan Agreement, the Master Indenture, the 2022 Notes, the DACA, the Support Agreement or the Mortgages without application of the proceeds to the payment of the Series 2022 Bonds, (iii) to subordinate the Continuing Covenants Agreement, the Loan Agreement, the Master Indenture, the 2022 Notes, the DACA, the Support Agreement and the Mortgages to liens securing borrowings approved by the bankruptcy court, (iv) to permit the Obligated Group to cure defaults and reinstate the Continuing Covenants Agreement, the Support Agreement, the Loan Agreement, the Master Indenture, the 2022 Notes, the DACA or the Mortgages, (v) to compel the termination of the Continuing Covenants Agreement, the Loan Agreement, the Master Indenture, the 2022 Notes, the DACA, the Support Agreement or the Mortgages by payment of an amount determined by the bankruptcy court to be the value of the

collateral pledged by the Obligated Group thereunder (even though less than the total amount of the Series 2022 Bonds Outstanding), or (vi) to modify the terms of or payments due under the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, the DACA, the Support Agreement or the Mortgages (as the case may be). For additional detail, see the Bankruptcy Code, 11 U.S.C. §101 *et seq.*

The state of insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of obligations issued by one corporation in favor of the creditors of another, including the obligation of the Obligated Group Members and any future Obligated Group Members to make payments on indebtedness issued on behalf of any other Obligated Group Member, is unsettled and the ability to enforce such obligations under the Master Indenture against the Obligated Group Members and any future Obligated Group Members which would be rendered insolvent thereby or would thereby become undercapitalized could be subject to challenge. In particular, such obligations may be voidable under the Bankruptcy Code or applicable state fraudulent conveyance statutes if (i) the obligation is incurred without “fair” and “fairly equivalent” consideration to the Obligated Group Member, (ii) the incurrence of the obligation thereby renders the Obligated Group Members and any future Obligated Group Members insolvent, or (iii) such Obligated Group Member is undercapitalized or intended to incur or believed or reasonably should have believed that it would incur debts beyond its ability to pay such debts as they become due. The standards for determining the fairness of consideration and the manner of determining insolvency are not clear and may vary under the Bankruptcy Code and state fraudulent conveyance statutes and judicial opinions with respect to them.

In determining whether various covenants and tests contained in the Continuing Covenants Agreement or the Master Indenture are met, the Obligated Group Members and any future Obligated Group Members will be combined, notwithstanding uncertainties as to the enforceability of certain obligations of the Obligated Group Members and any future Obligated Group Members contained in the Master Indenture which bear on the availability of the revenues of the Obligated Group Members and any future Obligated Group Members for payment of debt service on the Master Notes, including the 2022 Notes securing the Series 2022 Bonds.

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## **Rights of Residents**

Before a resident may occupy a unit at a Community, they will be required to enter into a residency agreement and, for independent living units, an entrance deposit agreement (collectively, the “Residency Contracts”). Although under the Residency Contracts, residents of the Communities are not expected to have a lien on or claim against any property of the Obligated Group, there can be no certainty that residents of the Communities could not successfully claim or otherwise restrict the use of the Obligated Group’s property in bankruptcy proceedings or other disputes. In the event that the Bond Trustee seeks to enforce any of the remedies provided by the Continuing Covenants Agreement or the Loan Agreement or the Master Trustee seeks to enforce any of the remedies provided by the Master Indenture and the Mortgages upon the occurrence of a default thereunder, it is impossible to predict any judicial resolution of competing claims between the Master Trustee or the Bond Trustee and the residents of the Communities who have fully complied with all the terms and conditions of their Residency Contracts. The ability of the Master Trustee to foreclose its lien on the Mortgaged Property may be adversely affected by litigation on behalf of residents of the Communities with respect to the Mortgages.

## **Additional Limitations on Enforceability**

In addition to the limitations described above under “Bankruptcy,” the obligation of the Obligated Group Members and any future Obligated Group Members to make payments of debt service with respect to any Master Note, the proceeds of which were not loaned or otherwise made available to such Obligated Group Member, is subject to the application of charitable trust principles which may vary from jurisdiction to jurisdiction and may not be enforceable to the extent that such payments (i) will be made on Master Notes issued for a purpose that is not consistent with the charitable purposes of the entity from which such payment is requested, (ii) will be made from any property that is donor restricted or that is subject to a direct or express trust that does not permit the use of such property for such payments, (iii) would result in the cessation or discontinuation of any material portion of the services previously provided by the entity from which such payment is requested, or (iv) will be made pursuant to any loan violating applicable usury laws. Due to the absence of clear legal precedent in this area, the extent to which the property of the Obligated Group Members and any future Obligated Group Members may be described above cannot be determined and could be substantial.

There exists, in addition to the foregoing, common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such a corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses. A court could restrict the ability of the Master Trustee to compel the liquidation of an Obligated Group Member or any future Obligated Group Member and its property to pay a judgment against it for payment of the Master Notes because it is a nonprofit corporation carrying out charitable purposes.

As described above under “Bankruptcy,” in determining whether various covenants and tests contained in the Continuing Covenants Agreement or the Master Indenture are met, the Obligated Group Members and any future Obligated Group Members will be combined, notwithstanding uncertainties as to the enforceability of certain obligations of the Obligated Group Members and any future Obligated Group Members contained in the Continuing Covenants Agreement or the Master Indenture.

In addition to the limitations on enforceability described above, the realization of any rights under the Master Indenture, the 2022 Notes, the Continuing Covenants Agreement, the Bond Indenture, the Loan Agreement, the DACA, the Support Agreement and the Mortgages upon a default by the Obligated Group depends upon the exercise of various remedies specified in the Master Indenture, the 2022 Notes, the Continuing Covenants Agreement, the Bond Indenture, the Loan Agreement, the DACA, the Support Agreement and the Mortgages, respectively. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Master Indenture, the 2022 Notes, the Continuing Covenants Agreement, the Bond Indenture, the Loan Agreement, the DACA, the Support Agreement and the Mortgages may not be readily available or may be limited. For example, a court may decide not to order the specific performance of certain covenants contained in the Master Indenture, the 2022 Notes, the Continuing Covenants Agreement, the Bond Indenture, the Loan Agreement, the DACA, the Support Agreement and the Mortgages, respectively. Accordingly, the ability of the Master Trustee or the Bond Trustee (as the case may be) to exercise remedies under the Master Indenture, the 2022 Notes, the Continuing Covenants Agreement, the Bond Indenture, the Loan Agreement, the DACA, the Support Agreement or the Mortgages upon an Event of Default could be impaired by the need for judicial or regulatory approval.

### **Creditworthiness of the Support Provider**

Initially, payment of up to 7% of the maximum aggregate principal amount of the Series 2022A Bonds and Series 2022B Bonds (\$7,412,300) (the “Support Amount”) will be supported under the Support Agreement until certain financial performance targets are achieved by the Obligated Group. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS -- Support Agreement.” The ability of the Support Provider to meet its obligations to fund the Support Amount under the Support Agreement upon any default by the Obligated Group will depend on the creditworthiness of the Support Provider at the time such obligation may be required to be funded.

In addition to the Support Agreement, the Support Provider has issued outstanding indebtedness, may incur additional indebtedness arising from matters related to the operations of the Support Provider, has entered into support agreements supporting the payment of indebtedness issued on behalf of certain of its other affiliates, has incurred certain liabilities, and may incur liabilities arising from matters related to the operations of the Support Provider. See “THE SUPPORT PROVIDER” in Appendix A.

No assurance can be given that the Support Provider will be in a financial position to fund its current indebtedness, additional indebtedness, other liabilities and support agreements, and that the Support Provider will not incur future liabilities in the course of the normal operations of the Support Provider that will impair its ability to fund the Support Agreement timely, if at all.



Any demand made of the Support Provider with respect to current indebtedness, additional indebtedness, other liabilities and support agreements or the incurrence of future indebtedness and liabilities could materially adversely affect the ability of the Support Provider to honor any demand for payment under the Support Agreement. The Support Agreement does not restrict the Support Provider from incurring any additional indebtedness or liabilities. As a result, there can be no assurance that the Support Provider will maintain its cash and investments or general financial condition and be able to make future payment under the Support Agreement. For a further description of the Support Provider see “THE SUPPORT PROVIDER” in Appendix A, and for the proposed form of the Support Agreement, see Appendix C.

Furthermore, the Support Agreement is limited to the payment of 7% of the maximum aggregate principal amount of the Series 2022A Bonds and the Series 2022B Bonds (\$7,412,300) and is not a guaranty of the payment of the entire outstanding amount of the principal of, premium, if any, and interest on the Series 2022 Bonds in excess of such limitation. As a result, investors should not solely rely upon the creditworthiness of the Support Provider as the basis for payment of the principal of, interest on and premium, if any, on the Series 2022 Bonds.

There is also no assurance that cash and investments currently under the control of the Support Provider will be available in the future such that the Support Provider will be able to meet its obligations under the Support Agreement. There is no assurance that existing or future contractual and regulatory provisions will permit the Support Provider to meet, or meet timely, its obligations with respect to the Support Agreement. Only the Support Provider (and not its affiliates) is obligated to perform under the Support Agreement.

### **Requirements of Credit Facility Providers**

Other credit or other agreements entered into from time to time by an Obligated Group Member in the future may contain, terms that are more restrictive than those included in the Continuing Covenants Agreement for the benefit of the holders of the Series 2022 Bonds. Any default under the terms of any such existing or future agreement that is not remedied within any applicable cure period or waived by the other party to such agreement could cause an Event of Default under the Master Indenture or the Continuing Covenants Agreement, which could result in a decline in the market value of the Series 2022 Bonds and acceleration of the Series 2022 Bonds.

### **Discretion of Board and Management**

The Obligated Group Members may enter into transactions that could materially affect their businesses, organizational structure and control, subject to certain limitations contained in the Continuing Covenants Agreement. Such transactions could include, among others, divestitures of affiliates, substantial new joint ventures and mergers, consolidations or other forms of affiliations in which control of the Obligated Group could be materially changed. The ability of the Obligated Group to generate revenues sufficient to pay debt service on the Series 2022 Bonds and its other obligations is dependent in large measure on the decisions of each Obligated Group Member’s Board of Directors and management team with respect to such transactions.

## **Control of Rights and Remedies**

Under the Bond Indenture, the Bondholder Representative will be deemed to be the owner of the Series 2022 Bonds for those Bondholders that it represents as investment advisor. Accordingly, the Bondholder Representative may direct the pursuit of remedies under the Bond Indenture and the giving or withholding of consent to amendments to the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, the DACA, the Support Agreement and the Mortgages, *including changes in the principal and the rate of interest payable on the Series 2022 Bonds and the due dates for such payments, in situations in which a Bondholder is not represented by the Bondholder Representative*. For a complete description of the Bondholder Representative's rights, investors should read the proposed forms of the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Support Agreement and the Mortgages, the proposed forms of which are included in Appendix C to this Offering Memorandum.

In addition to other amendments permitted under the Bond Indenture and subject to certain conditions, the written consent of the holders of at least a majority in aggregate principal amount of Outstanding Series 2022 Bonds or the Bondholder Representative shall be required to (a) extend the maturity date, the date for mandatory redemption or the time of payment of interest, in each case of the Series 2022 Bonds, (b) reduce the principal amount of or the rate of interest on the Series 2022 Bonds, and (c) extend or reduce the time and the amount of any required sinking fund redemption; provided, that the written consent of the holders of 100% of the aggregate principal amount of Outstanding Series 2022 Bonds or the Bondholder Representative shall be required to permit (i) a privilege or priority of any Series 2022 Bond over any other Series 2022 Bond or (ii) a reduction in the aggregate principal amount of the Series 2022 Bonds required for consent to any such supplemental indenture. For the avoidance of doubt, all such amendments or modifications approved by the Bondholder Representative shall apply equally and ratably to all Series 2022 Bonds of the same series then Outstanding regardless of the beneficial owner. See "Supplemental Indentures Requiring Consent of Bondowners" in the proposed form of the Bond Indenture included in Appendix C to this Offering Memorandum.

## **Failure to Achieve and Maintain Occupancy**

The economic viability of the Communities depends on, among other things, achieving and maintaining a certain level of occupancy and income from fees paid with respect to the Communities. No assurance can be given that marketing of new and vacated units will take place as quickly as assumed by the Obligated Group. Various factors may adversely affect the marketing of units, including, without limitation, any difficulty arising from general conditions affecting the sale of residential real estate or otherwise, including conditions that prospective residents may encounter selling their homes in order to raise amounts necessary to pay their entrance fee. In addition, no assurance can be given that remarketing of vacated units will take place as quickly as assumed by management of the Obligated Group.

If a substantial number of residents live beyond the life expectancies anticipated by management of the Obligated Group, new residents will be admitted at a slower rate and the receipt of additional entrance fees will be curtailed with a consequent impairment of the Obligated Group's cash flow. In addition, even if the anticipated attrition levels are realized and

maintained, no assurance can be given that remarketing of vacated units will take place as quickly as assumed by management of the Obligated Group.

Occupancy of the Communities, and accordingly the Obligated Group's revenues, could be adversely affected by a decline in the economic conditions of the market area of the Communities. Adverse economic conditions in the market area of the Communities could also decrease the number of individuals who are able to pay the entrance fee and Monthly Fees charged residents of the Communities. Any of these or other similar events may have a material adverse impact on the ability of the Obligated Group to pay debt service on the Series 2022 Bonds.

### **Competition**

The Communities face competition from similar facilities in or near its market area, from other residential facilities for older adults and from existing facilities offering independent living, personal care and assisted living care. See Appendix D to this Offering Memorandum. The Communities may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing continuing care facilities and personal care and assisted living facilities in the geographic areas served by the Communities. Further, the Communities face competition from other forms of retirement living, including condominiums, apartment buildings and facilities not specifically designed for the elderly and home health services, some of which may be designed to offer similar facilities, but not necessarily similar services, at lower prices. There are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for residential living facilities. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted.

### **Impact of Market Turmoil**

Economic turmoil has historically, from time to time, led to a scarcity of credit, lack of confidence in the financial sector, volatility in the real estate and financial markets, fluctuations in interest rates, reduced economic activity, increased business failures and increased consumer and business bankruptcies.

Any economic instability and any decline in general economic conditions or conditions in the market areas of the Obligated Group could (i) adversely affect the ability of prospective residents to sell their homes and (ii) cause a decline in the net worth and future investment earnings of prospective residents. These factors could render prospective residents unable or unwilling to pay the entrance fee or the Monthly Fees required for residency in the Communities. See "The Nature of the Income of the Elderly" and "Sale of Homes" below.

In addition, economic instability and any decline in general economic conditions could adversely affect future investment earnings on the Obligated Group's available funds. See "Fluctuation of Investment Earnings" below.

When investor confidence wanes, investments previously recognized as stable, such as tax-exempt money market funds (which are among the largest purchasers of tax-exempt bonds), have at times experienced significant withdrawals.

### **Fluctuation of Investment Earnings**

A portion of the Obligated Group's nonoperating revenues is expected to come from investment earnings on the investment of available funds. Investment income may also be a source of payment of entrance fees and Monthly Fees of residents of the Communities. The amount of such investment earnings fluctuates with changes in prevailing market conditions.

As described below under "The Nature of the Income of the Elderly," investment income of the residents may be adversely affected by declines in market interest rates and other investment earnings, also resulting in payment difficulties.

### **The Nature of the Income of the Elderly**

A large percentage of the monthly income of some of the residents of the Communities is expected to be fixed income derived from pensions and Social Security. In addition, some residents of the Communities may liquidate assets in order to pay the entrance fees and Monthly Fees and other charges for occupancy at the Communities. If, due to inflation or otherwise, substantial increases in Monthly Fees and other charges are required to cover increases in operating costs, wages, benefits and other expenses, without a corresponding costs of living increase in retirement pay, pensions and social security, some residents may have difficulty paying or may be unable to pay such increased Monthly Fees and other charges. Furthermore, investment income of the residents may be adversely affected by declines in market interest rates, also resulting in payment difficulties.

### **Sale of Homes**

It is anticipated that many prospective residents of the Communities will need to sell their current homes prior to occupancy in order to pay the entrance fee and meet the other financial obligations for residence at the Communities. If prospective residents encounter difficulties in selling their homes due to any local and national economic conditions affecting the sale of residential real estate or otherwise, they may not have sufficient funds to pay fees or other obligations under their Residency Contracts, thereby causing a delay in marketing the units at the Communities. Any such delay could have an adverse impact on the revenues of the Obligated Group and the ability of the Obligated Group to pay debt service on its obligations, including the Series 2022 Bonds.

### **Federal and State Regulations**

The Obligated Group may be subject to regulatory actions by a number of federal, state and local agencies. See "TEXAS REGULATORY MATTERS." Failure by the Obligated Group to meet applicable standards could result in the loss of licensure, the delay in or loss of reimbursement or an inability to deliver services.

The Communities currently participate, directly or indirectly, in the federal Medicare program. The Craig participates indirectly in both Medicaid and Medicare through a relationship with Hemphill County Hospital District (“Hemphill”) that allows The Craig and Hemphill to draw on additional federal funds available under the Texas Department of Health and Human Services’ Nursing Facility Upper Payment Limit Supplemental Payment Program. Participation in the Medicare reimbursement program subjects the Obligated Group Members to oversight by a number of agencies that administer the Medicare program and subjects them to (i) audits and retroactive audit adjustments with respect to reimbursement claimed under those programs, (ii) reporting requirements and penalties for inaccurate reports, and (iii) regulations, penalties and investigations under the False Claims Acts (the “FCA”), the Fraud Enforcement and Recovery Act of 2009, the Protecting Access to Medicare Act of 2014, the Medical Post-Acute Care Transformation Act of 2014, the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, the Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, the Federal Nursing Home Reform Act and other federal or state statutes.

The Communities and the Obligated Group could also become subject to regulatory actions by a number of federal, state and local agencies that regulate other aspects of senior living communities. Failure by the Obligated Group to meet applicable standards could result in the loss of licensure, the delay in or loss of reimbursement, a prohibition of new admissions, civil and criminal penalties and/or an inability to deliver services.

Further, future regulatory provisions, including provisions that fund the Nursing Facility Upper Payment Limit Supplemental Payment Program, may be promulgated from time to time, and it is not possible to predict the effect of any such future promulgations on the Obligated Group. No assurance can be given that any future legislation that is enacted will not materially adversely affect the Obligated Group.

### ***Commercial Third-Party Payor Audits and Withholdings***

Contracts between health care providers and third-party payors often have contractual audit, setoff and withhold provisions that may cause substantial, retroactive adjustments. Such contractual adjustments also could have a material adverse effect on the financial condition and results of operations of the Obligated Group. No assurance can be given that, in the future, third-party payor payments or other payments will not be withheld or setoff, which could materially and adversely affect the financial condition or results of operations of the Obligated Group.

### ***Health Insurance Portability and Accountability Act of 1996***

The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) addresses the confidentiality of individuals’ health information and requires the establishment of privacy and security protections for individually identifiable health information.

HIPAA also included administrative simplification provisions intended to facilitate the processing of health care payments by encouraging the electronic exchange of information and the use of standardized formats for health care information. Congress recognized, however, that standardization of information formats and greater use of electronic technology present

additional privacy and security risks due to the increased likelihood that databases of personally identifiable health care information will be created and the ease with which vast amounts of such data can be transmitted. Therefore, HIPAA requires the establishment of distinct privacy and security protections for individually identifiable health information.

Regulations of the U.S. Department of Health & Human Services (“HHS”) designed to protect patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses provide specific federal penalties if a patient’s right to privacy is violated. For non-criminal violations of the privacy standards by such persons, subject to the standards, including disclosures made in error, there are civil monetary penalties. In addition, criminal penalties are provided in HIPAA for certain types of violations of the statute that are committed knowingly. The Obligated Group may incur additional expense to ensure that their operations and information systems comply with the HIPAA privacy regulations.

The HHS - Office of Inspector General (“HHS-OIG”) received substantial enforcement funding through HIPAA. In addition, U.S. Attorneys are actively prosecuting a number of cases, including criminal FCA cases, against health care providers, some of which are exempt organizations. A substantial failure of the Obligated Group to meet its responsibilities under the law could materially adversely affect the financial condition of the Obligated Group.

### ***HITECH Act***

The federal Health Information Technology for Economic and Clinical Health Act (“HITECH Act”), enacted in 2009, included an approximately \$20 billion appropriation for the development and implementation of national health information technology standards and the adoption of electronic health care records. The HITECH Act also significantly expanded the HIPAA privacy and security provisions applicable to covered entities such as the Obligated Group. Changes to the privacy provisions include modifications to the minimum necessary requirement, the fundraising and marketing rules, the rules governing accounting for disclosures of protected health information and the right of individuals to restrict disclosure of protected health information in certain circumstances. HHS is charged with developing guidance and implementing regulations for these requirements.

The HITECH Act provides that a substantial part of the HIPAA administrative, physical and technical safeguards, as well as security policies, procedures and documentation requirements will now extend beyond “covered entities” and apply directly to all of their business associates. In addition, the HITECH Act makes certain privacy provisions directly applicable to business associates. As a result of these changes, business associates will be directly regulated by HHS for those requirements, and as a result, will be subject to penalties imposed by HHS or the State Attorney General.

The HITECH Act also added new requirements for notification of individuals and the Secretary of HHS when there has been a breach of unsecured protected health information. There are strict timing and notice content requirements under the HITECH Act and its implementing regulations. Further, the HITECH Act requires HHS to perform periodic audits to

ensure that covered entities and business associates are complying with HITECH's new privacy and security provisions.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. The HITECH Act revises the civil monetary penalties associated with violations of HIPAA, as well as provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases, through a damages assessment or an injunction against the violator. The revised civil monetary penalty provisions establish a tiered system. Violations of HIPAA can result in civil monetary penalties ranging from \$100 to \$50,000 per violation, with caps of \$25,000 to \$1.5 million for all violations of a single requirement in a calendar year, depending on the severity of the violation and the level of culpability involved. Further, the HITECH Act requires HHS to promulgate a regulation to distribute a portion of civil monetary penalty proceeds directly to harmed individuals, which may serve as an incentive for individuals to file complaints.

The costs of continuing compliance with HIPAA and the administrative simplification regulations may be substantial.

Upon the purchase of the Communities, the Obligated Group anticipates that it will be in compliance with HIPAA and HITECH regulations. However, no guarantee can be made that the Obligated Group will be compliant in the future.

#### ***Breaches and Unauthorized Uses and Disclosures of Protected Health Information***

In addition to penalties that may be assessed under regulations promulgated under the HITECH Act as described above, the unauthorized use and disclosure of protected health information and the public nature of breaches of unsecured protected health information exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider's reputation and materially adversely affect business operations.

#### ***Health Care Reform***

Enactment of the Patient Protection and Affordable Care Act (the "ACA") in 2010 has led to substantial and continuing changes in the U.S. health care system. The ACA addresses almost all aspects of hospital and provider operations and health care delivery, and has changed and continues to change how health care services are covered, delivered and reimbursed. The ACA was designed to make available, or subsidize the premium costs of, health care insurance for some of the millions of uninsured (or underinsured) who fall below certain income levels. The primary provisions of the ACA intended to accomplish such objectives include: (a) the creation of health insurance exchanges through which individuals and small employers can purchase health care insurance (health insurance providers participating in the health insurance exchanges are subject to regulation of benefit packages and review of premiums), (b) providing subsidies for premium costs to individuals and families based upon their income relative to

federal poverty levels, (c) expansion of private commercial insurance coverage generally through such reforms as prohibitions on denials of coverage for pre-existing conditions and elimination of lifetime or annual cost caps, and (d) expansion of existing public programs, including Medicaid, for individuals and families. The ACA also provides for new methods and increased resources to combat waste, fraud and abuse, as well as demonstration programs relating to alternative approaches for medical malpractice disputes. The ultimate outcomes of these programs, including the likelihood of their being made permanent or expanded or their effect on health care organizations' revenues or financial performance cannot be predicted.

Several attempts to amend and repeal provisions of the ACA have been made since its passage. While previous attempts to repeal the ACA have been unsuccessful, the future of the ACA is uncertain. The Tax Cuts and Jobs Act repealed from the ACA a requirement that individuals obtain health insurance or face certain tax penalties. Subsequently, on December 14, 2018, a federal U.S. District Court judge in Texas ruled the ACA to be unconstitutional in the entirety due to the repeal of this provision. The U.S. Supreme Court ultimately heard appeals and held in *California v. Texas* that the plaintiffs lacked standing to challenge the ACA requirement to obtain minimum essential health insurance coverage. The Court dismissed the case without specifically ruling on the constitutionality of the ACA. As a result, the ACA will continue to remain law, in its entirety, likely for the foreseeable future. At this time it is not possible to predict the outcomes of any legislative attempts to repeal or amend the ACA or any judicial interpretations of the ACA.

The health insurance exchanges established pursuant to the ACA have increased the availability of health insurance to individuals that were previously uninsured, but plans offered through the exchanges may not reimburse providers at rates equivalent to other commercial plans. Further, insurance companies may sustain financial losses and, as a result, increase insurance premiums for health plans offered in the exchange or cease to participate in the exchange. The exchanges have had some difficulty in attracting and retaining enough insurance companies to create a competitive insurance market, or even to participate at all. The reasons for withdrawal of many insurance companies from the exchanges are varied and disputed. In light of these challenges, it is unclear whether the exchanges will continue to be a viable mechanism for the provisions of health insurance in the future.

Many aspects of the ACA have taken effect and others may continue to take effect in future years. Portions of the ACA have already been limited or nullified as a result of legislative amendments and judicial interpretations, while others have been upheld after being challenged, and future legislative actions and legal challenges may further change its impact. The long-term impact of the ACA (if it is not struck down by the courts or repealed) on the health care industry is not fully known. The full ramifications of the ACA may become apparent only following full implementation or through regulatory and judicial interpretations. The uncertainties regarding the implementation and future of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

It is not known which additional proposals may be proposed or adopted or, if adopted, what effect such proposals would have on the Obligated Group's operations or revenue. However, increase in focus and interest on federal and state health care reform may increase the likelihood of further significant changes affecting the health care industry in the near future.



There can be no assurance that recently enacted, currently proposed or future health care legislation, regulation or other changes in the administration or interpretation of governmental health care programs will not have an adverse effect on the Obligated Group. Reductions in funding levels of the Medicare program, changes in payment methods under the Medicare and Medicaid programs, reductions in State funding, or other legislative or regulatory changes could reduce the Obligated Group's service revenue. See "TEXAS REGULATORY MATTERS" herein.

### *Anti-Fraud and Abuse Laws*

The federal anti-kickback law (the "Anti-Kickback Law") makes it a felony to knowingly and willfully offer, pay, solicit or receive remuneration, directly or indirectly, in order to induce business that is reimbursable under any federal health care program. The statute has been interpreted to cover any arrangement where one purpose of the remuneration is to obtain referrals or to induce further referrals. The ACA amended, among other provisions of the Anti-Kickback Law, the intent requirement to provide that a person need not have actual knowledge of the Anti-Kickback Law or specific intent to commit a kickback violation to violate the statute. Violations or alleged violations of the Anti-Kickback Law may result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to \$250,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and/or exclusion from the Medicare and Medicaid programs. In addition, civil monetary penalties of \$10,000 per item or service in noncompliance (which may be each item or each bill sent to a federal program) or an "assessment" of three times the amount claimed may be imposed. Violations of the Anti-Kickback Law are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above.

HHS-OIG has the authority to impose civil assessments and fines and to exclude hospitals engaged in prohibited activities from the Medicare, Medicaid, TRICARE (a health care program providing benefits to dependents of members of the uniformed services) and other federal health care programs for not less than five years. There are limited regulatory safe harbors to the Anti-Kickback Law. Arrangements that implicate the Anti-Kickback Law but do not fit within a regulatory safe harbor are not automatically in violation but are analyzed by OIG on a case-by-case basis. However, such arrangements face a risk of running afoul of the Anti-Kickback Law, which may result in substantial penalties.

HIPAA also established a national Health Care Fraud and Abuse Control Program (HCFAC), under the joint direction of the Attorney General and the HHS, designed to coordinate federal, state and local law enforcement activities with respect to health care fraud and abuse.

Because of the breadth of the Anti-Kickback Law and the narrowness of the safe harbor regulations, there can be no assurance that the Obligated Group will not be found to have violated the Anti-Kickback Law. Although the Anti-Kickback Law applies only to federal health care programs, a number of states, including Texas, have passed similar statutes that contain similar types of prohibitions that are applicable to all other health plans or third party payors. See "TEXAS REGULATORY MATTERS." While the Obligated Group expects to continue to monitor

its contracts and business arrangements, it cannot be certain that all of its agreements with physicians and other covered activities qualify under current regulations.

### ***Stark Law***

The federal “Stark” statute prohibits a physician or immediate family member who has a financial relationship with an entity (including a hospital) from referring federal health care program patients to such entity for the furnishing of designated health services, with limited statutory and regulatory exceptions. Designated health services under the Stark Law include physical therapy services, occupational therapy services, outpatient speech language pathology services, radiology or other diagnostic services (including MRIs, CT scans and ultrasound procedures), durable medical equipment, radiation therapy services, parenteral and enteral nutrients, equipment and supplies, prosthetics, orthotics and prosthetic devices, home health services, outpatient prescription drugs, inpatient and outpatient hospital services and clinical laboratory services. The Stark Law also prohibits the entity receiving the referral from filing a claim or billing for the services arising out of the prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark violation. Sanctions for violation of the Stark Law include denial of payment for the services provided in violation of the prohibition, refunds of amounts collected in connection with prohibited referrals, exclusion from the federal health care programs and civil penalties, which could be substantial. Knowing violations of the Stark Law may also serve as the basis for liability under the FCA. The types of financial arrangements between a physician and an entity that trigger the self-referral prohibitions of the Stark Law are broad, and include ownership and investment interests and compensation arrangements. Arrangements that implicate the Stark Law that do not fall within a statutory or regulatory exception are not subject to a case-by-case review, unlike violations of the Anti-Kickback Law. Rather, such arrangements are prohibited in all cases by the Stark Law. Violations of the Stark Law, even if inadvertent, carry substantial penalties. If the violations of the Stark Law were knowing, the government may also seek civil monetary penalties of up to almost \$25,820 per claim submitted in violation of the Stark Law. The penalty for circumnavigating the Stark Law’s restrictions on physician self-referrals is currently \$172,137. In addition, violations of the Stark Law are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above. Potential repayments to CMS, settlements, fines or exclusion for a Stark Law violation or an alleged violation could have a material adverse impact on the Obligated Group.

Because of the complexity of the Stark Law and the requirement to meet a statutory or regulatory exception, there can be no assurance that the Obligated Group will not be found to have violated the Stark Law. Penalties for such violations could have a material adverse effect on the operations and financial condition of the Obligated Group, as could any significant penalties, demands for refunds or denials of payment. Although the Stark Law applies only to federal health care programs, a number of states, including Texas, have passed similar statutes pursuant to which similar types of prohibitions are made applicable to all types of providers and all other health plans or third party payors.

## **Fair Housing and Anti-Discrimination Laws**

There are a number of federal and state laws governing discrimination on the basis of age, disability, familial status, religion, race, and national origin, including the Age Discrimination Act of 1975, the Americans with Disabilities Act, the Fair Housing Amendments Act of 1989, and the Fair Housing Act of 1968. There are no assurances that the Obligated Group will not be subject to regulatory action to enforce these laws with respect to residents and the Communities or legal action by residents to enforce their rights under these laws.

## **Future Laws and Regulations**

The enactment of additional legislation restricting or regulating the operation of residential care facilities, creating additional residents' rights or requiring certain financial reserves could adversely affect the financial condition of the Obligated Group and may limit the terms and enforceability of and remedies under Residency Contracts.

Further, new regulatory provisions may be promulgated from time to time, and it is not possible to predict the effect of any such future promulgations on the Obligated Group. Future actions by the federal, state or local government increasing the required services to be provided to residents of the Communities or otherwise changing existing regulations or their interpretation, could increase the cost of operation of the Communities and adversely affect the revenues of the Obligated Group. No assurance can be given that any future legislation that is enacted will not materially adversely affect the Obligated Group.

## **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 Fees or other charges without increase. While such pressure from small groups of residents is not unusual, no assurance can be given that such pressure will not escalate into more serious organized activity such as a general payment strike. Moreover, management of 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 may wish to hold down Monthly Fees and other charges. In such event, no assurance can be given that management of the Obligated Group will be able to satisfactorily meet the needs of such residents and dissatisfied residents may choose to terminate their Residency Contracts.

## **Risks Associated with Residents' Financial Positions**

Although the Obligated Group screens potential residents to ensure that they have adequate assets and income to pay their obligations to the Obligated Group during their lifetime, there can be no assurance that such assets and income will be sufficient in all cases. The pricing of entrance fees, refund provisions, Monthly Fees, and health care benefits are determined from actuarial projections of the expected morbidity and mortality of the projected resident population.

The Obligated Group may assist residents who become unable to pay fees and other charges of the Obligated Group by reason of circumstances beyond their control. However, the increased cost of care resulting from cost increases generally and financial assistance to a

significant number of residents could adversely affect the financial condition of the Obligated Group.

### **Entrance Fee Refunds**

Following departure of certain residents from the Communities, Wesley, Craig or Meadow Lake, as the case may be, is obligated to refund all or a portion of the departing resident's entrance fee upon a new resident being obtained for the departing resident's unit. See "THE COMMUNITIES -- Fee Summary" in Appendix A to this Offering Memorandum.

### **Insurance**

The Continuing Covenants Agreement requires the Obligated Group to carry certain insurance. See Section 4.4 of the proposed form of the Continuing Covenants Agreement in Appendix C to this Offering Memorandum. Uninsured claims and increases in insurance premiums could, to the extent not covered by increased revenues, adversely affect the financial condition of the Obligated Group.

The provision of personal and health care services entails an inherent risk of liability. In recent years, participants in the senior living and health care services industry have become subject to an increasing number of lawsuits alleging negligence, malpractice or related theories, many of which involve large claims and result in significant legal defense costs. The Obligated Group carries property and general liability insurance and professional liability insurance in amounts deemed adequate by management and consistent with other comparable institutions. See "OTHER INFORMATION -- Insurance" in Appendix A to this Offering Memorandum. However, there can be no assurance that any future claims will not exceed applicable insurance coverage. A claim against an Obligated Group Member not covered by, or in excess of, the insurance carried by or on behalf of the Obligated Group could have a material adverse effect upon the Obligated Group.

In addition, the insurance policies of the Obligated Group must be renewed annually. Because the increased litigation in the retirement and assisted living business has resulted in increased insurance premiums and an increased difficulty in obtaining insurance at reasonable rates, there can be no assurance that insurance coverage will continue to be available to the Obligated Group at reasonable premiums, if at all.

No Obligated Group Member is currently a party to any legal proceeding that management believes would have a material adverse effect on the business, financial condition or results of operations of the Obligated Group.

To the extent that insurance coverage maintained by or on behalf of the Obligated Group is inadequate to cover judgments against it, such claims may be required to be discharged by payments from the Obligated Group's own funds. To the extent that insurance coverage maintained by others with whom the Obligated Group may have joint and several liability is inadequate, the Obligated Group (or its insurers to the extent of applicable coverage) may incur additional liability for such claims. Further increases in the cost or limitations on the availability of insurance could adversely affect the operating results of the Obligated Group.

## **No Independent Financial Projections**

Neither the Financial Projections nor the assumptions on which they are based have been reviewed or otherwise evaluated by an independent certified public accountant or other independent consultant.

## **Actual Results May Differ from Historical Results**

The Financial Projections included in Appendix B to this Offering Memorandum were prepared by management of the Obligated Group based on certain assumptions made by management. There usually will be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Moreover, the Financial Projections have not been prepared in accordance with GAAP. The Financial Projections are “forward-looking statements” and are subject to the general qualifications and limitations described under “Caution Regarding Forward-Looking Statements” above. The Underwriter has not independently verified such Financial Projections and makes no representations and gives no assurances that such Financial Projections, or the assumptions underlying them, are complete or correct.

No assurance can be given that the results described in the Financial Projections will be achieved, or that there will not be changes in underlying considerations after the date of this Offering Memorandum. Refer to Appendix B to this Offering Memorandum to review the Financial Projections and the various factors that could cause actual results to differ significantly from projected results. The Obligated Group does not intend to update the Financial Projections and, accordingly, there are risks inherent in using the Financial Projections in the future as they become outdated.

The Financial Projections set forth in this Offering Memorandum were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information but, in the view of the Obligated Group’s management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management’s knowledge and belief, the expected course of action and the expected future financial performance of the Obligated Group. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers to this Offering Memorandum are cautioned not to place undue reliance on the prospective financial information. Neither the Obligated Group’s independent auditor nor any other independent auditors have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Neither the Obligated Group’s independent auditor nor any other independent auditors have been consulted in connection with the preparation of the prospective financial information set forth in this Offering Memorandum, which is solely the product of the Obligated Group, and the independent auditors assume no responsibility for its content.

Because there is no assurance that the actual events will correspond with the assumptions made, no guarantee can be made that the results actually achieved in the future will correspond

with the Financial Projections. Actual operating results may be affected by many uncontrollable factors, including but not limited to, increased costs, failure by management of the Obligated Group to execute its plans, lower than anticipated revenues, employee regulations, taxes, governmental controls, changes in applicable governmental regulation, changes in demographic trends, changes in the retirement living and health care industries and general economic conditions.

### **Tax Consequences to Residents**

Section 7872 (Treatment of Loans with Below Market Interest Rates) of the Code provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation.

A refundable entrance fee or deposit payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee or deposit. Section 7872(h) provides a “safe harbor” exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the Residency Contracts come within the scope of the continuing care facility safe harbor or within the statute itself.

Provided the Residency Contract falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident’s spouse) has attained age 62 before the close of the year, and (iii) irrespective of the amount of the “loan” by the resident (or the resident’s spouse) to the continuing care facility. The Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent.

Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Communities.

### **Environmental Risks**

There are potential risks relating to the release, presence or handling of hazardous substances on property. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable law relating to liability of property owners for environmental hazards with respect to property. If hazardous substances are found to be located on or to have migrated from property, the owner of such property may be held liable for costs and other liabilities related to the removal of such substances. If any part of the Mortgaged Property is affected by a hazardous substance, the marketability and value of the property may be reduced by the cost of remedying the condition, which could exceed the value of the property. The Obligated Group has no reason to believe that any Community or the site on which any

Community is located has environmental problems of a material nature. However, there can be no assurances that such sites are free of environmental concerns.

The Obligated Group may be subject to liability for investigating and remediating any hazardous substances that have come to be located on their real property, including any such substances that may have migrated off their real property. In addition, certain of the Obligated Group's operations include the handling, use, storage and disposal of hazardous, infectious and toxic materials and wastes. Such handling and use or any release by the Obligated Group may produce risks of damage to individuals, property or the environment; interruption of operations or increased costs; legal liability, damages, injunctions or fines, or the triggering of investigations, administrative proceedings, penalties or other government agency actions. There can be no assurance that the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligated Group.

## **Personnel**

Management of the Obligated Group believes it will be able to hire and retain the staff necessary for the operation of the Communities. In recent years, the health care industry has experienced a shortage of nurses and other health care personnel. The Obligated Group will compete for both professional and non-professional employees. There can be no assurance that labor shortages in the future will not affect the Obligated Group's ability to attract and maintain an adequate staff of professional and non-professional personnel. A lack of qualified personnel could result in significant increases in labor costs or otherwise adversely affect the Obligated Group's operating results.

## **No Rating; Secondary Market**

No application has been made for a credit rating for the Series 2022 Bonds. The absence of a rating may adversely affect the market for the Series 2022 Bonds. There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2022 Bonds. The secondary market, if any, for the Series 2022 Bonds will depend upon prevailing market conditions and the financial condition and results of operations of the Obligated Group. The Series 2022 Bonds should therefore be considered long-term investments in which funds are committed to maturity.

## **Tax Exemptions**

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

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Tax-Exempt Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds of the Tax-Exempt Bonds and the facilities financed or refinanced with such proceeds, limitations on the investment of amounts deemed to be proceeds of the Tax-Exempt Bonds prior to expenditure, a requirement that certain investment earnings on amounts deemed to be proceeds

of the Tax-Exempt Bonds be paid periodically to the United States and a requirement that the Issuer file an information report with the Internal Revenue Service (the “IRS”).

The Issuer and the Obligated Group have made certain covenants regarding actions required to maintain the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the Tax-Exempt Bonds as taxable, retroactively to the date of issuance. If interest on the Tax-Exempt Bonds were declared to be includable in gross income for purposes of federal income taxation, the Series 2022 Bonds may be subject to mandatory redemption. See “THE SERIES 2022 BONDS -- Redemption Provisions.”

The IRS has increased the number of audits of Tax-Exempt Bonds in the charitable organization sector in recent years. IRS officials have indicated that more resources will be invested in these audits. Tax-exempt organizations must complete schedules to IRS Form 990 - Return of Organizations Exempt From Income Tax. Schedule K to such Form 990 requires detailed information related to outstanding tax-exempt bond issues, including information regarding operating, management and research contracts as well as private use compliance; and Schedule J to such Form 990 requires reporting of compensation information for the organizations’ officers, directors, trustees, key employees and other highly compensated employees. There can be no assurance that responses by the Obligated Group Members to Form 990 will not lead to an IRS audit.

The Tax-Exempt Bonds may be subject to audits by the IRS from time to time. No ruling with respect to the tax-exempt status of the Tax-Exempt Bonds has been or will be sought from the IRS, and the opinion of Bond Counsel as to the excludability from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes is not binding on the IRS or the courts. In addition, if the Tax-Exempt Bonds were to be audited, the market for and the market value of the Tax-Exempt Bonds could be adversely affected during the pendency of the examination and thereafter, even if the outcome of the audit were to be favorable.

### ***Tax-Exempt Status of the Obligated Group***

The tax-exempt status of the Tax-Exempt Bonds presently depends upon the maintenance by each Obligated Group Member of its status as an organization described in Section 501(c)(3) of the Code (or a disregarded entity of an organization described in Section 501(c)(3) of the Code). In addition, if an Obligated Group Member was to lose its tax-exempt status, property and revenues of the Obligated Group could become subject to federal, state and local income taxation. For this reason, loss of the tax-exempt status of an Obligated Group Member could have a material adverse effect on the results of operations and financial condition of the Obligated Group.

The maintenance of the federal tax-exempt status of an organization is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions which may cause their earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities which do not conduct large-scale technical operations and business



activities, they often do not adequately address the myriad of operations and transactions entered into by modern nonprofit organizations.

The IRS has also issued revenue rulings dealing with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3) of the Code. These rulings provide, among other things, that in order to be exempt under Section 501(c)(3) of the Code, such an organization must (1) be dedicated to providing, and actually provide, services for care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, render services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) render services that minister to the needs of the elderly in relative hardship or distress. In addition, certain revenue rulings provide that these facilities may admit only those residents who are able to pay full rental charges and that the organization must have an established policy to maintain persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility. The Obligated Group expects to operate in compliance with these revenue rulings, however, because of the complexity of tax laws and the existence of issues upon which reasonable persons can differ, no assurance can be given that the IRS would not take a view opposite the Obligated Group upon any audit or examination. In the event of an audit or examination, the Obligated Group could face additional taxes, interest or penalties and its tax-exempt status could be lost.

In 2004, the IRS began a compliance program to measure compliance by tax-exempt organizations with prohibitions on excessive compensation of and benefits to officers and other insiders. In 2009, the IRS issued its Hospital Compliance Project Final Report, which indicated that the IRS will continue to heavily scrutinize executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt organizations and, in certain circumstances, may conduct further investigations or impose fines on such organizations.

One of the tools available to the IRS to discipline a tax-exempt entity for private inurement or unlawful private benefit is revocation of the entity's tax-exempt status.

### ***State Income Tax Exemption***

It is likely that the loss by an Obligated Group Member of federal tax exemption would also result in a challenge to the state tax exemption of such Obligated Group Member. Depending on the circumstances, such event could be adverse and material.

### ***Unrelated Business Taxable Income***

In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). Management intends to properly account for and report UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could affect the tax-exempt status of an Obligated Group Member as well as the excludability from gross income for federal income tax purposes of the

interest payable on the Tax-Exempt Bonds and any other tax-exempt debt issued on behalf of the Obligated Group.

## **Legislative Developments**

Legislative proposals currently under consideration or proposed after issuance and delivery of the Series 2022 Bonds could adversely affect the market value of the Series 2022 Bonds. Further, if enacted into law, any such proposal could cause the interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described below under “Tax Matters” or their consequences.

The 2017 Tax Act significantly changed the individual and corporate income tax rates and eliminated or modified the alternative minimum tax for individuals and corporations effective for tax years beginning after 2017. Such legislation makes a number of sweeping changes to the taxation of the business and foreign income.

Prospective purchasers of the Series 2022 Bonds should consult with their tax advisors as to the status and potential effect of pending and future legislative proposals, as to which Bond Counsel expresses no opinion.

## **Additional Debt**

The Continuing Covenants Agreement permits the Obligated Group to incur additional Indebtedness subject to certain conditions, including, under certain circumstances, Parity Obligations that are equally and ratably secured with the Series 2022 Bonds. See “Negative Covenants -- Indebtedness” in the proposed form of the Continuing Covenants Agreement included in Appendix C to this Offering Memorandum. Additional Obligations issued under the Master Indenture would be entitled to share ratably with the holders of the 2022 Notes and any other outstanding Master Notes, in any moneys realized from the exercise of remedies under the Master Indenture and the Mortgages in the event of a default by the Obligated Group and in the proceeds of certain insurance and condemnation awards.

## **Prepayment Risks**

The Series 2022 Bonds are subject to redemption in advance of their stated maturities at any time. See “THE SERIES 2022 BONDS -- Redemption Provisions.” Upon the occurrence of certain events of default, the payment of the principal of and interest on the Series 2022 Bonds may be accelerated. See “Acceleration of Maturity in Event of Default” in Section 702 of the proposed form of Bond Indenture included in Appendix C to this Offering Memorandum. Thus, there can be no assurance that the Series 2022 Bonds will remain Outstanding until their stated maturities.

## **Other Regulatory and Contractual Matters**

The Obligated Group is subject to extensive federal, State and local regulations governing licensure, conduct of operations at their existing facilities, construction of new facilities, cost

containment and reimbursement for services rendered. Failure by the Obligated Group to meet applicable standards could result in the loss of a license, the delay in or loss of reimbursement or the loss of an ability to deliver services. There can be no assurance that federal, State, local governments or other governmental authorities will not impose additional restrictions on the operations of the Obligated Group that might adversely affect its business and as a result, the financial condition of the Obligated Group.

### **Cybersecurity Risks**

Similar to other organizations, the Obligated Group relies on electronic systems and technologies to conduct their operations. There have been numerous attempts to gain unauthorized access to electronic systems of large organizations for the purposes of misappropriating assets or personal, operational, financial or other sensitive information, or causing operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures or freeze assets as well as more traditional intelligence gathering aimed at obtaining information necessary to gain access. The Obligated Group maintains a security posture designed to deter “cyber-attacks,” and is committed to deterring attacks on its electronic systems and responding to such attacks to minimize their impact on operations. However, no assurances can be given that the Obligated Group’s security measures will prevent cyber-attacks on its electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on the operations or financial condition of the Obligated Group.

### **Certain Other Risks**

The following factors, among others, may also adversely affect the Obligated Group, to an extent that cannot be determined at this time:

- (1) changes in key management personnel and inability to hire new personnel needed to operate the Communities;
- (2) reductions in utilization of continuing care retirement facilities, personal care facilities and assisted living and other senior living facilities as a result of increased payment for and expansion of home health services, preventive medicine, improved occupational health and safety, development and utilization of medical and scientific research and technological advances and other developments;
- (3) future legislation and regulations affecting continuing care retirement facilities, personal care facilities and assisted living and other senior living facilities, governmental and commercial medical insurance and the long-term care industry in general;
- (4) cost and availability of malpractice and other insurance in the State, as well as the potential for claims in excess of available insurance funds;
- (5) changes in public or private insurance programs;

(6) increased costs of attracting and retaining or decreased availability of a sufficient number of personnel or increased costs resulting from unionization of the employees of the Obligated Group, or the utilization by a non-union employee of the Obligated Group of proceedings available under the National Labor Relations Act;

(7) increased costs resulting from enhanced requirements governing the quality of care or services provided in retirement communities, personal care facilities and assisted living facilities;

(8) increases in costs, including costs associated with, among other things, the minimum wage, salaries, wages and fringe benefits, supplies, technology and equipment, insurance, energy and other utilities, compliance with or violation of environmental laws and regulations and other costs that could result in a sizable increase in expenditures without a corresponding increase in revenues;

(9) any inability of the Obligated Group to obtain future governmental approvals to undertake additional projects necessary to remain competitive as to rates, charges and the quality and scope of care or any limitation on the availability of tax-exempt or other financing for future projects;

(10) the occurrence of natural disasters, including floods, hurricanes, tornadoes and earthquakes, or the occurrence of criminal or terrorist acts or other calamities that could damage the facilities of the Obligated Group, interrupt utility service or otherwise impair the operations of the facilities of the Obligated Group and the generation of revenues from such facilities, any losses resulting from the occurrence of any such event that is not covered by insurance covering the Obligated Group and any insufficiency in available insurance to cover any losses resulting from the occurrence of any such event; and

(11) an outbreak of an infectious disease such as COVID-19 (Coronavirus), the Zika virus, the Ebola virus, or another similar disease in the Obligated Groups' service area could result in reduced demand for senior living facilities such as the Communities, a temporary diversion of new move-ins, increased regulatory requirements pertaining to screening of employees, visitors and/or residents or otherwise impair operations or the generation of revenues from the Communities.

Regulatory and other changes resulting from the factors mentioned above, among others, or the occurrence of other unanticipated events, could have a material adverse effect on the Obligated Group's operations or the financial position of the Obligated Group.

The paragraphs above discuss certain Bondholders' risks, but are not intended to be a complete enumeration of all risks associated with the purchase or holding of the Series 2022 Bonds.

## OTHER OBLIGATIONS

### Outstanding Obligations

Simultaneously with the issuance of the Series 2022 Bonds, the Obligated Group will issue its \$11,100,000 CMW Obligated Group Subordinated Bonds, Series 2022 (the “Subordinate Bonds”) pursuant to a Subordinated Bond Trust Indenture dated as of July 1, 2022 by and between the Obligated Group Representative, on behalf of itself and the other Members of the Obligated Group, and UMB Bank, National Association, as bond trustee. The Subordinate Bonds will be purchased by the Support Provider. The Subordinate Bonds are not secured by Master Notes under the Master Indenture. The Continuing Covenants Agreement provides that (i) interest on the Subordinate Bonds may be paid provided that (A) no Event of Default or covenant violation has occurred and is continuing under the Continuing Covenants Agreement or any Related Document and (B) the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement and (ii) principal of the Subordinate Bonds may be repaid provided, that (A) the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement, (B) no Event of Default or covenant violation has occurred and is continuing under the Continuing Covenants Agreement or any Related Document, and (C) such principal payments on the Subordinate Bonds are made from cash (1) in excess of 70 Days’ Cash on Hand prior to the termination of the Support Agreement and (2) in excess of 80 Days’ Cash on Hand after the termination of the Support Agreement. See the proposed form of the Continuing Covenants Agreement included in Appendix C.

*None of the Subordinate Bonds are being offered pursuant to this Offering Memorandum.*

### Future Parity Debt

The Bond Indenture permits the issuance of Additional Bonds with the consent of the Bondholder Representative, which Additional Bonds would be secured under the Bond Indenture on a parity basis with the Series 2022 Bonds. The Master Indenture permits the issuance of additional notes that may be certified as Master Notes thereunder in accordance with the terms thereof. If issued and certified, such additional Master Notes would be secured equally and ratably on parity with the 2022 Notes. The Obligated Group does not currently intend to issue any additional Master Notes to finance or refinance any projects of the Obligated Group.

## FINANCIAL PROJECTIONS

Management of the Obligated Group has prepared the Financial Projections for the years ending July 2023 through July 2027 which are presented in Appendix B to this Offering Memorandum in connection with the issuance of the Series 2022 Bonds. *These projections are based on assumptions that cannot be assured. Neither the Financial Projections nor the assumptions on which they are based have been reviewed or evaluated by an independent consultant.* See “CERTAIN BONDHOLDERS’ RISKS -- No Independent Financial Forecast and -- Actual Results May Differ from Projections.”

## **UNDERWRITING**

The Series 2022 Bonds are being purchased by Odeon Capital Group LLC (the “Underwriter”). The Bond Purchase Agreement for the Series 2022 Bonds provides that the Underwriter will purchase the Series 2022 Bonds at closing for a fee of \$166,335, plus expenses. The Obligated Group has agreed to indemnify the Underwriter and the Issuer against losses, claims, damages and liabilities arising out of any incorrect statement or information contained in or information omitted from this Offering Memorandum to the extent set forth in the Bond Purchase Agreement. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2022 Bonds to the public. The obligation of the Underwriter to accept delivery of the Series 2022 Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have provided, and may in the future provide, a variety of these services to persons and entities that may have relationships with the Issuer or the Obligated Group for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of the Issuer or the Obligated Group (directly, as collateral securing other obligations or otherwise) and persons and entities with relationships with the Issuer or the Obligated Group. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and short positions in such assets, securities and instruments.

## **NO RATINGS**

No ratings have been applied for or received in connection with the issuance of the Series 2022 Bonds.

## **TAX MATTERS**

The following is a summary of the material federal income tax consequences of holding and disposing of the Series 2022 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax

laws (for example, dealers in securities or other persons who do not hold the Series 2022 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2022 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2022 Bonds.

#### *Tax-Exempt Bonds – Series 2022A Bonds*

##### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2022 Bonds:

**Federal Tax Exemption.** The interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes.

**Alternative Minimum Tax.** The interest on the Series 2022A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

**Bank Qualification.** The Series 2022A Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Series 2022A Bonds, subject to the condition that the Issuer and the Obligated Group comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and the Obligated Group have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2022A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2022A Bonds.

#### *Taxable Bonds – Series 2022B Bonds and Series 2022C Bonds*

**No Federal Tax Exemption.** The interest on the Series 2022B Bonds and the Series 2022C Bonds is included in gross income for federal income tax purposes, in accordance with an owner’s normal method of accounting. Bond Counsel is expressing no opinion regarding federal, state or local tax consequences arising with respect to the Series 2022B Bonds or the Series 2022C Bonds. Purchasers of the Series 2022B Bonds or the Series 2022C Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Series 2022B Bonds and the Series 2022C Bonds, including the possible application of state, local, foreign and other tax laws.

## *All Series 2022 Bonds*

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Series 2022 Bond, an owner of the Series 2022 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange or retirement of the Series 2022 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2022 Bond. To the extent a Series 2022 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2022 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2022 Bonds, and to the proceeds paid on the sale of the Series 2022 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Series 2022 Bonds should be aware that ownership of the Series 2022 Bonds may result in collateral federal income tax consequences to certain taxpayers, and, for example, with respect to the Series 2022A Bonds, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2022A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2022 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Bonds, including the possible application of state, local, foreign and other tax laws.

## **LEGAL MATTERS**

Gilmore & Bell, P.C. is acting as Bond Counsel in connection with the issuance of the Series 2022 Bonds. The proposed form of Bond Counsel's approving opinion appears as Appendix G to this Offering Memorandum. Certain legal matters will be passed upon for the Underwriter by McKennon Shelton & Henn LLP, Baltimore, Maryland, for the Obligated Group and the Support Provider by Dorsey & Whitney LLP, for the Issuer by Brown Pruitt Wambsgans Dean Forman & Moore P.C., and for the Master Trustee and the Bond Trustee by Bracewell LLP.

The scope of Gilmore & Bell, P.C.'s engagement does not include responsibility for this Offering Memorandum and such firm has not assumed responsibility for its preparation or review, except for the following portions thereof to the extent they describe the Series 2022 Bonds, the Master Indenture, the Bond Indenture, and the Loan Agreement in the sections



entitled “INTRODUCTORY STATEMENT,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS,” “THE SERIES 2022 BONDS,” “TAX MATTERS,” and those portions of Appendix C relating to the Bond Indenture, the Master Indenture, the Mortgages and the Loan Agreement.

## **FINANCIAL ADVISOR**

Hamlin Capital Advisors LLC (“HCA”) will act as a limited special purpose financial advisor to the Obligated Group with respect to the Series 2022 Bonds. HCA has not prepared any portion of this Offering Memorandum and is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Offering Memorandum. HCA is a financial advisory firm and is not engaged in the business of underwriting, creating or distributing securities.

## **LITIGATION**

### **The Issuer**

There is currently no litigation of any nature to which the Issuer is a party pending in any court in the State, or, to the knowledge of the Issuer, pending in any other jurisdiction or otherwise threatened in writing against it to restrain or enjoin the issuance, sale, execution or delivery of the Series 2022 Bonds or in any way contesting or affecting the validity of the Series 2022 Bonds or any proceedings taken by the Issuer with respect to the issuance or sale thereof, or in any way contesting or affecting the validity of or application of any moneys or the security provided for the Series 2022 Bonds.

### **The Obligated Group**

There is currently no litigation of any nature to which the Obligated Group is a party pending or, to the knowledge of the Obligated Group, threatened against the Obligated Group (i) to restrain or enjoin the issuance, sale, execution or delivery of the Series 2022 Bonds or the issuance by the Obligated Group of the 2022 Notes or the execution and delivery by the Obligated Group of the Loan Agreement, the Continuing Covenants Agreement, the Bond Purchase Agreement, the Mortgages, the Master Indenture, the DACA and the Continuing Disclosure Agreement (collectively, the “Obligated Group Documents”), (ii) in any way contesting or affecting the validity of the Series 2022 Bonds, the 2022 Notes or the Obligated Group Documents, the execution and delivery by the Obligated Group of the Obligated Group Documents, or any proceedings taken with respect to the issuance or sale of the Series 2022 Bonds or the issuance of the 2022 Notes, the execution and delivery by the Obligated Group of the Obligated Group Documents, (iii) in any way contesting or affecting the validity of or application of the proceeds of the Series 2022 Bonds or the security provided for the Series 2022 Bonds, including (without limitation) the Obligated Group Documents or the existence or powers of the Obligated Group in connection with the acquisition, operation, construction and equipping of the Project, or (iv) which, in the opinion of management, would adversely affect the financial condition of the Obligated Group or the operation of the Project or alter the security therefor or

the ability of the Obligated Group to perform its obligations under the Obligated Group Documents,

### **The Support Provider**

For a description of litigation with respect to the Support Provider see “THE SUPPORT PROVIDER -- Litigation” in Appendix A. Other than as set forth in “THE SUPPORT PROVIDER -- Litigation” in Appendix A, there is currently no litigation of any nature to which the Support Provider is a party pending or, to the knowledge of the Support Provider, threatened against the Support Provider (i) to restrain or enjoin the execution and delivery by the Support Provider of the Support Agreement, (ii) in any way contesting or affecting the validity or execution and delivery by the Support Provider of the Support Agreement, or (iii) which, in the opinion of management, would adversely affect the financial condition of the Support Provider or the ability of the Support Provider to perform its obligations under the Support Agreement.

### **RELATIONSHIPS**

HCA, the limited special purpose financial advisor to the Obligated Group, has certain common ownership with Hamlin Capital Management, LLC (“HCM”), the Bondholder Representative for the holders of the Series 2022 Bonds.

McKennon Shelton & Henn LLP, counsel to the Underwriter, represents HCA, the limited special purpose financial advisor to the Obligated Group, in various matters.

Gilmore & Bell, P.C., Bond Counsel, represents the Bond Trustee and the Master Trustee in various matters unrelated to the Series 2022 Bonds.

### **CONTINUING DISCLOSURE**

In accordance with Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission, the Obligated Group has undertaken for the benefit of the holders of the Series 2022 Bonds to provide certain financial information and operating data and audited financial statements, and to provide notices of the occurrence of certain events, in accordance with the Continuing Disclosure Agreement. A copy of the form of Continuing Disclosure Agreement is included in Appendix E to this Offering Memorandum.

Other than the Continuing Disclosure Agreement with respect to the Series 2022 Bonds, no Obligated Group Member is a party to any other written continuing disclosure agreements relating to the Rule.

The Support Provider is not a party to the Continuing Disclosure Agreement. However, the Support Provider has agreed in the Support Agreement to cause certain financial information and operating data to be posted on the Electronic Municipal Market Access System “EMMA”. See the proposed form of the Support Agreement included in Appendix C.

## MISCELLANEOUS

The references herein to the Act, the Bond Indenture, the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, the 2022 Notes, the Continuing Disclosure Agreement, the DACA, the Support Agreement, the Mortgages and other materials are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and, for full and complete statements of such provisions, reference is made to such instruments, documents and other materials, copies of which are on file at the offices of the Issuer.

The information contained in this Offering Memorandum has been compiled or prepared from information obtained from the Obligated Group and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached Appendices are integral parts of this Offering Memorandum and should be read in their entirety together with all of the foregoing information.

The Obligated Group Members, represented by certain of their officers, administrative staff and counsel, have reviewed the information contained herein which relates to the Obligated Group. The Obligated Group Members have authorized certain officers of the Obligated Group to approve this Offering Memorandum.

*[Remainder of Page Intentionally Left Blank]*

The execution and delivery of this Offering Memorandum by authorized officers of the Obligated Group has been duly authorized by the Obligated Group.

Approved: July 15, 2022

**WESLEY COURT, LLC**

By: /s/ Jesse Jantzen  
Name: Jesse Jantzen  
Title: President

By: /s/ Nicholas A. Harshfield  
Name: Nicholas A. Harshfield  
Title: Treasurer

**CRAIG AMARILLO, LLC**

By: /s/ Jesse Jantzen  
Name: Jesse Jantzen  
Title: President

By: /s/ Nicholas A. Harshfield  
Name: Nicholas A. Harshfield  
Title: Treasurer

**MEADOW LAKE, LLC**

By: /s/ Jesse Jantzen  
Name: Jesse Jantzen  
Title: President

By: /s/ Nicholas A. Harshfield  
Name: Nicholas A. Harshfield  
Title: Treasurer

**APPENDIX A**

**THE OBLIGATED GROUP, THE COMMUNITIES AND  
THE SUPPORT PROVIDER**

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## THE OBLIGATED GROUP

### Overview

The Obligated Group is comprised of three newly created entities, each of which is a Texas limited liability company: Meadow Lake, LLC (“Meadow Lake, LLC”), Craig Amarillo, LLC (“Craig Amarillo, LLC”) and Wesley Court, LLC (“Wesley Court, LLC” and, together with Meadow Lake, LLC and Craig Amarillo, LLC, the “Obligated Group” and each individually a “Member”). The Members were formed for the purpose of acquiring three continuing care retirement communities: (i) Wesley Court, a continuing care retirement community located in Abilene, Texas (“Wesley Court”), (ii) The Craig, a continuing care retirement community located in Amarillo, Texas (“The Craig”), and (iii) Meadow Lake, a continuing care retirement community located in Tyler, Texas (“Meadow Lake” and, together with Wesley Court and The Craig, the “Communities” and each individually a “Community”).

The map below shows locations of the Communities:



## **Governance and Management**

The sole member of each Member is Lifespace Communities, Inc., an Iowa nonprofit corporation (“Lifespace”). Each Member is governed by Lifespace as its sole member and by a manager appointed by Lifespace. The current manager of each Member is Jesse Jantzen (see “MANAGEMENT OF THE COMMUNITIES – Lifespace Senior Management” herein for a biography).

Each Member has entered into a management services agreement (collectively, the “Management Services Agreements”) with Lifespace to be effective at Closing, through which each Member will appoint Lifespace as the sole and exclusive manager of the respective Communities (see “MANAGEMENT OF THE COMMUNITIES – Management Services Agreements” herein). The Members are expected to delegate to Lifespace general day-to-day operational responsibility for each Community. Any management fees paid under the Management Service Agreements shall be at market rate. The Management Services Agreements provide that fifty percent (50%) of such management fees shall be subordinate to the payment of principal of and interest on the Series 2022 Bonds.

For a period of approximately six months following the acquisition of the Communities, Lifespace will delegate its management duties in such a way that the Communities will be managed by ER Senior Management, LLC (“Evergreen”) pursuant to a property management agreement. Evergreen is the current operator of the Communities and will provide management, administrative and support services to Lifespace on behalf of each Community for a transition period until such management tasks are taken over by Lifespace.

*Except as provided in the Support Agreement, Lifespace is not obligated to make payments under the Indenture or to pay the principal of or the premium, if any, or interest on any of the Series 2022 Bonds.*

## **Project**

The proceeds of the Series 2022 Bonds will be used for the acquisition, renovation and expansion of the Communities. Such expansion is expected to include the construction of approximately 17 new independent living units at Wesley Court. Bid letting has not occurred and no contractors have been hired at this time. The Obligated Group expects such expansion to begin in November 2022 and to be completed in November 2023.

## **THE COMMUNITIES**

### **Description of Each Community**

**Wesley Court.** This Community was built in 2004 with additional construction in 2011 and 2019. The property covers approximately 70 acres, with approximately 265,024 square feet of space, 182 units and 151 parking stalls. It is located at 2617 Antilley Road, Abilene, Texas



79606. It is less than one mile from a hospital and is in a high growth residential area anchored by a country club.

Wesley Court cottages are 2,073 average square feet, two bedroom independent living apartments are 1,127 average square feet and one bedroom independent living apartments are 775 average square feet.

The common areas and facilities include a landscaped outdoor common area, an exercise room, dining rooms, socialization rooms and a limited number of guest parking spaces.

**The Craig.** This Community was built in 1997. The property covers 39.99 acres, with approximately 329,308 square feet of space, 302 units, and 252 parking stalls. It is located at 5500 SW 9<sup>th</sup> Avenue, Amarillo, Texas 79106. A medical hub with major hospitals is within 1-2 miles of the facility and there is a country club within one mile.

The Craig cottages are 1,568 average square feet, two bedroom independent living apartments are 1,261 average square feet and one bedroom independent living apartments are 809 average square feet.

The common areas and facilities include a landscaped outdoor common area, an exercise room, dining rooms, socialization rooms and a limited number of guest parking spaces.

**Meadow Lake.** This Community was built in 2010. The property covers approximately 95 acres, with approximately 307,424 square feet of space, 205 units, and 305 parking stalls. It is located at 16044 CR 165, Tyler, Texas 75703 in a high-growth residential corridor within three miles of a major hospital and near retail shopping and a country club.

Meadow Lake cottages are 1,966 average square feet, two bedroom independent living apartments are 1,208 square feet and one bedroom independent living apartments are 870 average square feet.

The common areas and facilities include a landscaped outdoor common area, an exercise room, dining rooms, socialization rooms and a limited number of guest parking spaces.

*[Remainder of Page Left Intentionally Blank]*

## Summary of Units and Occupancy

The following table describes the total number of Units at each Community (as of March 31, 2022).

<b>Community</b>	<b>Independent Living Cottages</b>	<b>Independent Living Apartments</b>	<b>Assisted Living</b>	<b>Managed Care Units</b>	<b>Skilled Nursing Facility Units</b>	<b>Total</b>
Wesley Court	52	81	19	0	30	182
The Craig	65	108	40	0	89*	302
Meadow Lake	41	80	20	34	30	205
<b>Total</b>	<b>158</b>	<b>269</b>	<b>79</b>	<b>34</b>	<b>149</b>	<b>689</b>

\*Licensed for 120 SNF beds.

*[Remainder of Page Left Intentionally Blank]*

The following table summarizes the average occupancy at each Community for the years ended December 31, 2019 through 2021 and for the 12 month period ending March 31, 2022.

**Obligated Group  
Average Occupancy**

Community	2019				2020				2021				12- months ending March 31, 2022			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Wesley Court	93.2%	91.8%	97.2%	0.0%	92.1%	85.6%	90.7%	0.0%	97.0%	82.3%	92.0%	0.0%	97.2%	79.7%	95.7%	0.0%
The Craig	96.7%	86.2%	95.5%	0.0%	96.1%	73.7%	91.3%	0.0%	88.6%	69.2%	79.2%	0.0%	89.6%	70.2%	79.7%	0.0%
Meadow Lake	92.5%	64.6%	94.2%	94.3%	88.1%	64.1%	86.3%	85.2%	88.0%	81.1%	81.0%	55.8%	89.8%	80.1%	84.0%	52.0%
<b>Obligated Group</b>	<b>94.5%</b>	<b>83.0%</b>	<b>95.6%</b>	<b>94.3%</b>	<b>92.6%</b>	<b>74.2%</b>	<b>89.9%</b>	<b>85.2%</b>	<b>91.0%</b>	<b>74.2%</b>	<b>82.7%</b>	<b>55.8%</b>	<b>92.1%</b>	<b>74.1%</b>	<b>84.7%</b>	<b>52.0%</b>

For other market information, including information regarding competition, see [Appendix D](#) -- Summary Market Assessments.

*[Remainder of Page Left Intentionally Blank]*

## Fee Summary

The following table summarizes current fees associated with the Communities.

<b>Community Name</b>	<b>Contract Type</b>	<b>Range of Entrance Fees</b>	<b>Range of Monthly Fees</b>
Wesley Court	Cottages – Entrance Fee, Type C	\$350,000	\$3,481
	Apartments – Rentals	\$0	\$3,630 - \$4,250
The Craig	Cottages – Entrance Fee, Type C	\$240,000	\$2,194
	Apartments – Rentals	\$0	\$2,735 - \$4,510
Meadow Lake	Cottages – Entrance Fee, Type C	\$200,000 - \$475,000	\$2,911 - \$3,492
	Apartments – Entrance Fee, Type C	\$150,000 - \$185,000	\$1,882 - \$2,173

## Third Party Payors

Payments on behalf of certain residents of the skilled nursing beds at the Communities are made by private commercial insurance and by the federal and state governments under the Medicare program. The following table details the historical payor mix for the Communities for time periods shown below.

	<b>2021</b>	<b>12- months ending March 31, 2022</b>
Private Pay	38.9%	42.0%
Medicare	24.8%	23.0%
Medicaid	25.5%	24.5%
Managed Care	10.8%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## MANAGEMENT OF THE COMMUNITIES

### Overview

After the transition period with Evergreen serving as a transition manager, the Communities are expected to be managed by Lifespace under the Management Services Agreements. Lifespace has more than 40 years of experience in the senior living industry. It was first organized in 1976 as Life Care Retirement Communities and became Lifespace Communities, Inc. in 2009. Lifespace was organized for the purpose of owning and operating continuing care retirement communities, and currently manages 14 communities in seven states (Florida, Kansas, Pennsylvania, Wisconsin, Illinois, Minnesota and Texas).

## **Management Services Agreements**

Under the Management Services Agreements, it is expected that Lifespace, or its designee, will provide the following management, administrative and support services to each Community: determine operating policies, procedures and sales plan; establish food and beverage policies; establish all employment policies; make staffing decisions (including hiring, training and discharging employees); negotiate and consummate such agreements Lifespace may deem necessary or advisable for furnishing all utilities, services, supplies, food, beverages, equipment and other materials and supplies for the maintenance and operation of the Community; establish such bank accounts as needed for the operation and maintenance of the Community according to GAAP; develop an annual business plan and an annual budget; provide risk management and compliance services; and provide other services, as agreed.

Each Member will pay Lifespace an annual fee during the term of the Management Services Agreements. Lifespace will estimate each Community's operating costs for the year, and that fee will be adjusted annually to reflect differences between estimated and actual operating costs as well as changes in Lifespace's estimated general overhead costs for the year that are allocated to each Community. Each Member is responsible for any and all operational costs associated with operating the applicable Community.

Each Management Services Agreement has an initial term of one year unless it is terminated (a) by mutual agreement of the parties, (b) by either party upon at least six months written notice to the other party or (c) by the Company at the direction of the Bondholder Representative on the occurrence of an Event of Default under the Bond Indenture or the Continuing Covenants Agreement. Otherwise, each Management Services Agreement automatically renews for additional one year terms. At the termination of a Management Services Agreement, the applicable Member must pay within 30 days all fees and costs or expenses due to Lifespace.

Due to timing issues related to employee onboarding, from the date of closing until December 25, 2022, or such later date as extended in writing, Lifespace will engage the incumbent manager of the Communities, Evergreen, to provide management services. During this interim management period, the Communities will pay management fees directly to Evergreen and Lifespace will not be entitled to management fees.

## **Lifespace Senior Management**

*Jesse Jantzen, President & Chief Executive Officer*

Mr. Jantzen joined Lifespace in April 2020 to serve as President and Chief Executive Officer. With nearly three decades of experience working with senior living communities, serving most recently as CEO of Lutheran Life Communities and Ascension Living, Mr. Jantzen is a highly regarded strategic leader with a demonstrated passion for transforming the field of aging. Earlier career positions include roles in senior living administration, operations and development, resulting in quality improvements, financial turnarounds, improved resident satisfaction and higher employee engagement. Mr. Jantzen earned his bachelor's degree and MBA, with a certificate of professional study in Health Organization Management, from Texas Tech University.

*Nick Harshfield, Chief Financial Officer*

Mr. Harshfield joined Lifespace as Chief Financial Officer in June 2020. He has over 30 years of experience in corporate finance and accounting in a wide range of industries, including the airline and manufacturing industries and publicly traded and privately held for-profit and non-profit companies. He has spent more than 18 years working in health and human services organizations. Mr. Harshfield received the CFO of the Year Award for Large Non-Profit Organizations from Business First of Louisville, Kentucky. He holds a Bachelor's degree in Business Administration-Accounting from the University of Louisville, is a Certified Management Accountant and is Certified in Financial Management. Mr. Harshfield serves as a board member/officer for various not for profit organizations.

*Tim Gorman, General Counsel*

Mr. Gorman joined Lifespace as General Counsel in July 2022. Prior to joining Lifespace, Mr. Gorman served for six years as Senior Attorney for Ascension's senior living division Ascension Living, providing legal and strategic advice for issues relating to mergers and acquisitions, employment, corporate, health law, and governance. Prior to joining Ascension, Mr. Gorman spent over 17 years serving in a private law practice. Mr. Gorman is also a Certified Public Accountant and earned his Bachelor of Science in Business and Accounting from Eastern Illinois University along with his Juris Doctor from the University of Missouri-Columbia School of Law.

## **RESIDENCY AND ADMISSION AGREEMENTS**

### **Residency Agreements**

#### **Wesley Court**

*Independent Living Cottages, Executive Homes and Garden Homes:* The cottages and homes are furnished with carpeting, window treatments, frost-free refrigerator and freezer, range and oven, garbage disposal, dishwasher, microwave, washer and dryer, emergency call system, and smoke alert system. Wesley Court provides water, electricity, gas, sewer and trash removal service. Residents are responsible for their own telephone, cable and internet services expenses. One automobile parking space is provided per unit. The equivalent of one meal per day in the main dining room is included in the monthly service fee. Certain housekeeping services are provided.

Residents pay an entrance fee and a monthly service fee. The monthly service fee varies based on the number of residents in the unit and the size of the unit. After occupancy, residents can terminate the agreement upon 90 days written notice. Upon termination of the residency agreement, under certain circumstances, 90% of the entrance fee will be refunded.

*Independent Living Apartments:* The apartments are furnished with window coverings, floor coverings, dishwasher, refrigerator, stove, microwave and garbage disposal. Laundry facilities are located on every floor. Wesley Court provides heating, air-conditioning, water,

sewer, electricity, gas, trash removal and basic and expanded cable television service. Residents are responsible for charges associated with premium cable television channels, telephone and internet services, if any are desired. The monthly fee includes one meal per day per resident. Certain housekeeping services are provided.

Residents pay an initial one-time, non-refundable community fee and a monthly fee. The amount of the monthly fee depends on the number of residents in the apartment. The initial term of the agreement is one year and automatically renews and extends for successive one year terms. After occupancy, residents can terminate the agreement upon 90 days written notice.

*Assisted Living Apartments:* One bedroom or efficiency apartments are available. Wesley Court provides three meals daily, maid service, maintenance, laundry of bed and bath linen, heating, air conditioning, electricity, water, sewer, telephone in the family room, internet and basic cable services (upgrades available at resident's expense), secures residents' medications and provides programming and activities. Wesley Court arranges for the resident's transfer to the hospital or other treatment facility when ordered by the resident's physician.

Residents pay daily room charges in advance on a monthly basis. If Medicare Part A or B is used to pay for any services, residents are responsible for any uncovered charges incurred. The residency agreements renew from month to month unless terminated by either party. Residents must provide at least 14 days written notice prior to termination.

### **The Craig**

*Independent Living Cottages:* The cottages are furnished with carpeting, blind window treatments, frost-free refrigerator and freezer, range and oven, garbage disposal, dishwasher, microwave, emergency call system, fire sprinkler and smoke alert system. The Craig provides telephone, water, electricity, gas, sewer and trash removal service. Residents are responsible for their own cable, internet services and long distance telephone charges. One automobile parking space is provided per cottage. Two meals are served daily in various dining venues on The Craig's campus and the equivalent of one meal per day is included in the monthly service fee. Certain housekeeping services are provided.

Residents pay an entrance fee and a monthly service fee. The monthly service fee varies based on the number of residents in the cottage and the size of the cottage. After occupancy, residents can terminate the agreement upon 90 days written notice. Upon termination of the residency agreement, under certain circumstances, 90% of the entrance fee will be refunded.

*Independent Living Apartments:* The apartments are furnished with window coverings, floor coverings, dishwasher, refrigerator, stove, microwave and garbage disposal. Laundry facilities are located on every floor. The Craig provides heating, air-conditioning, water, sewer, electricity, gas, trash removal and basic cable television service. Residents are responsible for charges associated with premium cable television channels, telephone and internet services, if any are desired. The monthly fee includes one meal per day per resident. Certain housekeeping services are provided.

Residents pay an initial one-time, non-refundable community fee and a monthly fee. The amount of the monthly fee depends on the number of residents in the apartment. The initial term of the agreement is one year and automatically renews and extends for successive one year terms. After occupancy, residents can terminate the agreement upon 90 days written notice.

*Assisted Living Apartments:* One bedroom or efficiency apartments are available. The Craig provides three meals daily, maid service, maintenance, laundry of bed and bath linen, heating, air conditioning, electricity, water, sewer, telephone in the family room, internet and basic cable services (upgrades available at resident's expense), secures residents' medications and provides programming and activities. The Craig arranges for the resident's transfer to the hospital or other treatment facility when ordered by the resident's physician.

Residents pay daily room charges in advance on a monthly basis. If Medicare Part A or B is used to pay for any services, residents are responsible for any uncovered charges incurred. The residency agreements renew from month to month unless terminated by either party. Residents must provide at least 14 days written notice prior to termination.

### **Meadow Lake**

*Independent Living Cottages:* The cottages are furnished with carpeting, window treatments, frost-free refrigerator and freezer, range and over, garbage disposal, dishwasher, microwave, washer and dryer, emergency call system, and smoke alert system. Meadow Lake provides water, electricity, gas, sewer, trash removal service, telephone, basic cable and internet services. One or two automobile parking spaces are provided depending on the cottage selected. The equivalent of one meal per day in the main dining room is included in the monthly service fee. Certain housekeeping services are provided.

Residents pay an entrance fee and a monthly service fee. The monthly service fee varies based on the number of residents in the cottage and the size of the cottage. After occupancy, residents can terminate the agreement upon 90 days written notice. Upon termination of the residency agreement, under certain circumstances, 90% of the entrance fee will be refunded.

*Independent Living Apartments:* The apartments are furnished with carpeting, mini-blind window treatments, frost-free refrigerator and freezer, range and oven, garbage disposal, dishwasher, microwave, washer and dryer, emergency call system, fire sprinkler and smoke alert system. Meadow Lake provides water, electricity, gas, sewer and trash removal service. Residents are responsible for charges associated with telephone, cable and internet, if any are desired. There is one covered parking space provided per apartment.

Residents pay an entry fee and a monthly service fee. The amount of the monthly service fee depends on the number of residents in the apartment and the size of the apartment. After occupancy, residents can terminate the agreement upon 90 days written notice. Upon termination of the residency agreement, under certain circumstances, 90% of the entrance fee will be refunded.

*Assisted Living Apartments:* Meadow Lake provides one-bedroom or efficiency apartments. Residents receive three meals daily, maid service, maintenance, laundry of bed and



bath linen, heating, air conditioning, electricity, water, sewer, telephone in the family room, internet and basic cable services (upgrades available at resident's expense), and Meadow Lake secures residents' medications and provides programming and activities. If the resident's physician orders the transfer of the resident to the hospital or other treatment facility, Meadow Lake will arrange for such transfer.

Residents pay daily room charges in advance on a monthly basis. If Medicare Part A or B is used to pay for any services, residents are responsible for any uncovered charges incurred. The residency agreements renew from month to month unless terminated by either party. Residents must provide at least 14 days written notice prior to termination.

## **Admission Agreements – Health Centers**

### **Wesley Court Health Center**

Wesley Court Health Center (the "WCHC") provides skilled nursing services and/or long term health care services to residents. A written physician admission order including an estimate of discharge potential and rehabilitation potential is required. If a physician orders a resident to be transferred to a hospital, the WCHC shall arrange for the transfer. The WCHC will ensure residents needing transportation to medical appointments receive such transportation.

Services include: 24 hour nursing, personal care and/or custodial care services in accordance with the resident's written plan of care, medically related social services, dietary services (including a dietary consultant and the provision of regular, special, and supplemental diets, including feeding tubes, as ordered by the physician), over the counter drugs, regular laundry service (except dry cleaning), room and bed (including linens and bedding, housekeeping and maintenance services), basic personal hygiene items and services, management of resident funds in a WCHC-based personal account, assistance in obtaining dental services and activities programs. The following are not included in the WCHC's basic charges and may be charged to the resident or responsible party if not covered by Medicare or other third party payor: prescription drugs; beautician or barber services (in excess of services covered by the daily rate); therapies (physical, occupational, speech, or respiratory); medical, podiatric, optometric, dental, geropsychiatric or other ancillary services; laboratory, x-ray or diagnostic services; dry cleaning services outside the WCHC; hospitalization expenses (including emergency room fee, ambulance or other emergency medical transportation); transportation for medical appointments or hospital stays or other (non-medical) transportation; clothing; telephone/television and/or radio for personal use; wheelchairs, canes or walkers.

Residents can hold their beds when away from the WCHC due to hospitalization or therapeutic home visits *provided* that the bedhold fee is paid. To the extent payment for a resident's care is covered by Medicare and/or other third party payors, the WCHC is authorized to receive direct payment from such sources. Residents or their responsible parties agree to pay for services and items that are not otherwise covered by Medicare or other payment source.

## **The Craig Health Center**

The Craig Health Center (the “CHC”) provides skilled nursing services and/or long term health care services to residents. A written physician admission order including an estimate of discharge potential and rehabilitation potential is required. If a physician orders a resident to be transferred to a hospital, the CHC shall arrange for the transfer. The CHC will ensure residents needing transportation to medical appointments receive such transportation.

Services include: 24 hour nursing, personal care and/or custodial care services in accordance with the resident’s written plan of care, medically related social services, dietary services (including a dietary consultant and the provision of regular, special and supplemental diets, including feeding tubes, as ordered by the physician), over the counter drugs, regular laundry service (except dry cleaning), room and bed (including linens and bedding, housekeeping and maintenance services), basic personal hygiene items and services, management of resident funds in a CHC -based personal account, assistance in obtaining dental services and activities programs. The following are not included in the CHC’s basic charges and may be charged to the resident or responsible party if not covered by Medicaid, Medicare or other third party payor: prescription drugs; beautician or barber services (in excess of services covered by the daily rate); therapies (physical, occupational, speech or respiratory); medical, podiatric, optometric, dental, geropsychiatric or other ancillary services; laboratory, x-ray or diagnostic services; dry cleaning services outside the CHC; hospitalization expenses (including emergency room fee, ambulance or other emergency medical transportation); transportation for medical appointments or hospital stays (non-Medicaid residents); other (non-medical) transportation; clothing; telephone/television and/or radio for personal use; wheelchairs, canes or walkers.

Residents can hold their beds when away from the CHC due to hospitalization or therapeutic home visits *provided* that the bedhold fee is paid. To the extent payment for a resident’s care is covered by Medicaid, Medicare and/or another payment source such as private insurance, the CHC is authorized to receive direct payment from such sources. Residents or their responsible parties agree to pay for services and items that are not otherwise covered by Medicaid, Medicare or other payment source.

## **Meadow Lake Health Center**

Meadow Lake Health Center (the “MLHC”) provides skilled nursing services and/or long term health care services to residents. A written physician admission order including an estimate of discharge potential and rehabilitation potential is required. If a physician orders a resident to be transferred to a hospital, the MLHC shall arrange for the transfer. The MLHC will ensure residents needing transportation to medical appointments receive such transportation.

Services include: 24 hour nursing, personal care and/or custodial care services in accordance with the resident’s written plan of care, medically related social services, dietary services (including a dietary consultant and the provision of regular, special and supplemental diets, including feeding tubes, as ordered by the physician), over the counter drugs, regular laundry service (except dry cleaning), room and bed (including linens and bedding, housekeeping and maintenance services), basic personal hygiene items and services, management of resident funds

in a MLHC-based personal account, assistance in obtaining dental services, and activities programs. The following are not included in the MLHC’s basic charges and may be charged to the resident or responsible party if not covered by Medicare or other third party payor: prescription drugs; beautician or barber services (in excess of services covered by the daily rate); therapies (physical, occupational, speech or respiratory); medical, podiatric, optometric, dental, geropsychiatric or other ancillary services; laboratory, x-ray or diagnostic services; dry cleaning services outside the MLHC; hospitalization expenses (including emergency room fee, ambulance or other emergency medical transportation); transportation for medical appointments or hospital stays; other (non-medical) transportation; clothing; telephone/television and/or radio for personal use; wheelchairs, canes or walkers.

Residents can hold their beds when away from the MLHC due to hospitalization or therapeutic home visits *provided* that the bedhold fee is paid. To the extent payment for a resident’s care is covered by Medicare and/or other third party payors, the MLHC is authorized to receive direct payment from such sources. Residents or their responsible parties agree to pay for services and items that are not otherwise covered by Medicare or other payment source.

### **MARKET INFORMATION**

For information on the market area for each Community, see Appendix D -- Summary Market Assessments.

### **OTHER INFORMATION**

#### **Employees**

The Obligated Group anticipates that substantially all employees currently employed at each Community will be offered employment by Lifespace. The table below reflects the number of staff at each Community as of March 31, 2022.

	<b>Wesley Court</b>	<b>The Craig</b>	<b>Meadow Lake</b>	<b>Total</b>
Number of Employees	114	206	127	447

There are no unions at the Communities.

#### **Insurance**

Lifespace maintains real and personal property, auto liability, professional liability, executive lines (D&O, EPL, Fiduciary, Employed Lawyers), workers compensation, blanket business interruption, environmental, flood, cyber and general liability insurance. The combined limits for the professional liability and general liability are \$16,000,000 per occurrence and \$18,000,000 per policy year aggregate. The combined single limit for auto liability is \$1,000,000 per accident. Total insured values for the Communities, including business income, is \$100,110,468. All property insurance is written on an all risk of direct physical loss or damage basis, except as excluded, with sublimits for the perils of flood and earth movement of \$50,000,000

each per occurrence and annual aggregate. All property insurance is on a replacement cost basis for the buildings, equipment and personal property and actual loss sustained for business income.

## **Licenses and Certifications**

Each Community is required to maintain numerous licenses and certifications to operate as an independent living, assisted living, memory support and/or skilled nursing facility. The licensure and regulation at each Community varies depending on the services provided. Each Community has the requisite licenses and permits to operate and function as skilled nursing, assisted living and/or independent living facilities, as applicable, as listed below.

**Wesley Court:** (i) nursing facility license and (ii) assisted living facility type B license.

**The Craig:** (i) nursing facility license (held by Hemphill County Hospital District due to QIPP/UPL structure), (ii) assisted living facility type B license, (iii) health center nursing facility Alzheimer's certificate, and (iv) permit to operate a food establishment. The Craig participates indirectly in both Medicaid and Medicare through a relationship with Hemphill County Hospital District ("Hemphill") that allows The Craig and Hemphill to draw on additional federal funds available under the Texas Department of Health and Human Services' Nursing Facility Upper Payment Limit Supplemental Payment Program.

**Meadow Lake:** (i) nursing facility license, (ii) assisted living facility type B license, (iii) assisted living Alzheimer's certificate, and (iv) permit to operate a food establishment.

Each Community has made those applications to the Texas Health and Human Services Commission required for the transfer of nursing facility and assisted living facility licensure. See "TEXAS REGULATORY MATTERS" in the front part of this Offering Memorandum.

## **Other Indebtedness**

Other than the Series 2022 Bonds and the Subordinate Bonds, the Obligated Group does not currently have any other outstanding indebtedness.

## **Incorporation by Reference**

All matters set forth in this Offering Memorandum to which this Appendix A is attached, including the section entitled "Certain Bondholders' Risks," are incorporated herein by reference and all matters set forth in this Appendix A are qualified in their entirety by the content of this Offering Memorandum. Terms not otherwise defined herein have the respective meaning set forth in this Offering Memorandum.

## **THE SUPPORT PROVIDER**

### **Summary of the Support Agreement**

Lifespace Communities, Inc. is providing liquidity support for the Series 2022 Bonds by entering into a Support Agreement (in such capacity, Lifespace Communities, Inc. is referred to

as the “Support Provider”), whereby the Support Provider guarantees to the Bond Trustee, for the benefit of the holders from time to time of the Series 2022 Bonds, subject to reduction and termination as described below, the following: (i) the prompt payment of the principal of and premium, if any, and interest on the Series 2022 Bonds as the same shall become due and payable; (ii) that the Support Provider shall contribute to the Obligated Group in each fiscal quarter beginning with the fiscal quarter ending December 31, 2024, any money required to cause the Obligated Group to achieve a Debt Service Coverage Ratio as of the last day of such Fiscal Quarter of not less than 1.15 to 1.00; and (iii) that the Support Provider shall contribute to the Obligated Group on or before each June 30 and December 31 of each Fiscal Year commencing December 31, 2022, any money required to cause the Obligated Group to achieve Days’ Cash on Hand of at least 60 on such date (clauses (i), (ii) and (iii) collectively referred to herein as the “Support Obligations”); *provided*, however, that the Support Provider’s total obligation to the Bond Trustee and the Holders in the aggregate with respect to all payments shall be limited to the Support Amount (defined hereafter).

The initial aggregate Support Obligations of the Support Provider is 7% of the maximum aggregate principal amount of the Series 2022A Bonds and the Series 2022B Bonds (\$7,412,300) (the “Support Amount”). Provided no default or event of default under the Support Agreement, the Continuing Covenants Agreement or any of the other Related Documents shall have occurred and be continuing, the Support Amount shall decrease to 4% of the maximum aggregate principal amount of the Series 2022A Bonds and the Series 2022B Bonds (\$4,235,600) upon the first date as of which (i) the average occupancy of the total number of Units in the Communities (including any units financed by the Series 2022C Bonds) has been at least 85% for twelve consecutive months; (ii) the Debt Service Coverage Ratio of the Obligated Group is not less than 1.40 to 1.00, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; (iii) the Days’ Cash on Hand of the Obligated Group is not less than 85, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; and (iv) all monthly payments due with respect to the Series 2022 Bonds as of such date have been made.

Provided that no default or event of default under the Support Agreement, the Continuing Covenants Agreement or any of the other Related Documents shall have occurred and be continuing, the Support Agreement and the obligations of the Support Provider thereunder shall terminate on the date that is the earliest of (a) the last day of the first Fiscal Quarter in which (i) average occupancy of the total number of Units in the Communities (including any units financed by the Series 2022C Bonds) has been at least 85% for twelve consecutive months, and (ii) the Debt Service Coverage Ratio of the Obligated Group is not less than 1.60 to 1.00, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property, and (iii) the Days’ Cash on Hand of the Obligated Group is not less than 100, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property, and (iv) all monthly payments due with respect to the Series 2022 Bonds as of such date have been made; (b) the date on which the Series 2022 Bonds shall be fully and finally paid or provision for the payment thereof shall have been made in accordance with the Indenture; or (c) the date upon which the total of amounts tendered by the Support Provider under the Support Agreement is equal to at least the Support Amount, as then in effect. See the proposed form of the Support Agreement included in Appendix C to this Offering Memorandum.

Pursuant to the Support Agreement, only the Support Provider is obligated to make payments in accordance with the terms therein. No assurance can be given that the Support Provider will be in a financial position to fund its then current indebtedness, additional indebtedness, other liabilities and financial support provided to other affiliates, or incur future liabilities in the course of the normal operations of the Support Provider to allow the Support Provider to fund the Support Agreement timely, if at all. Any demand made of the Support Provider with respect to current indebtedness, additional indebtedness, other liabilities and financial support provided to other affiliates, and the incurrence of future liabilities in the course of the normal operations could adversely affect the ability of the Support Provider to honor any demand for payment under the Support Agreement. The Support Agreement does not restrict the Support Provider from incurring any additional indebtedness or liabilities. As a result, there can be no assurance that the Support Provider will maintain its cash and investments or general financial condition and be able to honor any future demand for payment under the Support Agreement. Under the Support Agreement, the Support Provider has agreed to cause certain financial information and operating data to be posted on the Electronic Municipal Market Access System (“EMMA”).

Furthermore, the Support Agreement is limited to the payment of the Support Amount and is not a guaranty of the payment of the entire outstanding amount of the principal of, premium, if any, and interest on the Series 2022 Bonds in excess of such limitation. As a result, investors should not solely rely upon the creditworthiness of the Support Provider as the basis for payment of the principal of, interest on and premium, if any, on the Series 2022 Bonds.

There is no assurance that cash and investments currently under the control of the Support Provider will be available in the future such that the Support Provider will be able to meet its obligations under the Support Agreement, nor is there any guaranty that the financial condition of the Support Provider will enable the Support Provider to meet such obligations. There is no assurance that existing or future contractual and regulatory provisions will permit the Support Provider to meet, or meet timely, its obligations with respect to the Support Agreement. Only the Support Provider (and not its affiliates) is obligated to perform under the Support Agreement.

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## Current Indebtedness

As of December 31, 2021, scheduled maturities of long-term indebtedness of the Support Provider (including mandatory sinking fund requirements) are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2022	\$12,704,000
2023	\$7,120,000
2024	\$7,677,000
2025	\$7,950,000
2026	\$23,364,000
Thereafter	<u>\$497,508,000</u>
<b>Total</b>	<b><u>\$556,323,000</u></b>

## Additional Indebtedness

Under the Support Agreement, the Support Provider is not limited with respect to the issuance of additional indebtedness. The Support Provider may issue additional indebtedness pursuant to the Master Trust Indenture dated as of November 1, 2010, by and between the Support Provider and U.S. Bank Trust Company, National Association, as master trustee (the “Support Provider Master Trustee”), as supplemented and amended to date, including by that certain Supplemental Master Trust Indenture No. 11 dated as of August 1, 2021 (as may be supplemented and amended hereafter in accordance with its terms, the “Support Provider Master Indenture”) by and among the Support Provider, Barton Creek Senior Living Center, Inc. d/b/a Querencia (“Querencia”) and the Support Provider Master Trustee.

## Selected Financial Data - Unrestricted Cash and Investments

As of March 31, 2022, the unaudited market value of the Unrestricted Cash and Marketable Securities (as defined in the Support Agreement) of the Support Provider was approximately \$196,198,000.

## Other Liabilities and Support Agreements

### *Affiliation - General*

The Support Provider is a party to that certain Affiliation Agreement dated as of May 10, 2019, and which affiliation was completed on June 20, 2019 (collectively the “Affiliation Agreement”) with Senior Quality Lifestyles Corporation (“SQLC”) and the SQLC Charitable Foundation pursuant to which the Support Provider became the sole member of SQLC, Northwest Senior Housing Corporation (d/b/a Edgemere) (“Edgemere”), Tarrant County Senior Living Center, Inc. (d/b/a Stayton) (“Stayton”) and Querencia. The Support Provider incurred liabilities related to Edgemere, Stayton and Querencia as a result of the affiliation and on August 31, 2021, Querencia became a member of the Lifespace Obligated Group (as defined in the form of Continuing Covenants Agreement included in Appendix C). The Edgemere, Stayton and Querencia facilities are managed by the Support Provider.

### ***Edgemere***

On March 14, 2022, SQLC and Edgemere (each individually a member and collectively the “Edgemere Obligated Group”), filed a notice on EMMA disclosing the following:

- (i) The Support Provider funded approximately \$3,600,000 to Edgemere to cure a default under a Ground Lease (the “Ground Lease”) between Edgemere and Intercity Investment Properties, Inc. (the “Landlord”);
- (ii) Edgemere, SQLC, UMB Bank, N.A. and the Support Provider entered into a Second Forbearance Agreement dated March 7, 2022 with respect to outstanding Tarrant County Cultural Education Facilities Finance Corporate Retirement Facility Revenue Bonds, Series 2015A, Series 2015B and Series 2017 Bonds (collectively the “Edgemere Bonds”); and
- (iii) The Edgemere Obligated Group filing of updated Consolidated Financial Statements and Report of Independent Certified Public Accountants for the years ended December 31, 2019 and 2020.

On April 14, 2022, the members of the Edgemere Obligated Group each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Case No. 22-bk-30659. As part of this bankruptcy proceeding Edgemere filed an adversary complaint asserting multiple claims against the Landlord and its financial advisor, Kong Capital LLC (“Kong”), and is seeking monetary damages and other equitable relief related to the Edgemere Ground Lease. The Support Provider is not a party to the Edgemere bankruptcy matter nor the adversary proceeding against the Landlord and Kong, although the Support Provider has received a document preservation letter from the Landlord and Kong and a subpoena to provide documents and deposition testimony related to the pending adversary proceeding. While the outcome of the Edgemere and SQLC bankruptcy cases and any related litigation cannot be predicted at this time, the obligations and liabilities with respect to the Support Provider resulting from such outcome could have a material adverse effect on the financial condition of the Support Provider. To the extent the result of the Edgemere and SQLC bankruptcy cases and any related litigation has a material adverse effect on the Support Provider, the Support Provider may not be able to fund the Support Agreement timely, if at all.

### ***The Stayton***

The Support Provider is also a party to that certain Liquidity Support Agreement dated as of June 1, 2019 (the “Stayton LSA”) with Stayton and UMB Bank, National Association, as Master Trustee, pursuant to which the Support Provider agreed to provide up to \$6,000,000 of liquidity support to Stayton (the “Stayton Support Amount”). On May 17, 2022, Stayton provided notice that it intends to take certain actions to preserve its existing cash position, including considering whether it will make future payments on its existing bond debt and/or make a request to draw funds under the Stayton LSA. On June 22, 2022, BOKF, NA, as successor trustee under an indenture governing the Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (The Stayton at Museum Way Project), Series 2020, provided notice that Stayton failed to make the required June 15, 2022 payment of \$537,919.52 to the trustee, for deposit in the bond fund.



The funding by the Support Provider of any portion of the Stayton Support Amount could have a material adverse effect on the financial condition of the Support Provider which could cause the Support Provider to be unable to fund the Support Agreement timely, if at all.

### ***Newcastle Place***

The Support Provider entered into a Liquidity Support Agreement in favor of Newcastle Place, LLC (“Newcastle”) dated as of July 1, 2021 (the “Newcastle Support Agreement”) in an amount not to exceed \$5,000,000 (the “Newcastle Support Amount”). The Newcastle Support Amount is subject to future funding to support Newcastle to the extent necessary to fund operations, pay principal of, premium, if any, and interest on, a loan, and other amounts payable when due, in accordance with the Newcastle loan documents. The funding by the Support Provider of any portion of the Newcastle Support Amount could have a material adverse effect on the financial condition of the Support Provider which could cause the Support Provider to be unable to fund the Support Agreement timely, if at all.

### **Investment Policy**

The Support Provider maintains an investment portfolio (the “Portfolio”) with an investment policy focused on diversification by asset class, sector and industry limits with the objective to provide Lifespace sufficient liquidity to ensure cash availability to meet projected, as well as unexpected, funding requirements while using securities with final and/or average maturities out to ten years to enhance total return. The following table presents the policy target allocations for each asset category and the permissible ranges of actual investment exposure for the Portfolio.

<b>Asset Allocation</b>	<b>Policy Target</b>	<b>Policy Range</b>
Enhanced Cash	0%	0% to 10%
Domestic Large-Cap Equity	35%	25% to 45%
Domestic Small-Cap Equity	5%	0% to 10%
Developed International	2.5%	0% to 5%
Emerging Markets	2.5%	0% to 5%
Intermediate Term Domestic Fixed Income*	55%	50% to 70%

\* Including up to 10% in non-investment grade securities

### **Litigation**

The Support Provider, like any other senior living and community service organization, is subject, from time to time, to a variety of suits and proceedings that arise in the ordinary course of business. At this time, other than with respect to the information set forth above with respect to the Edgemere and SQLC bankruptcy proceedings, the Support Provider is not aware of any litigation or administrative proceeding of any nature, pending or threatened, wherein an unfavorable decision would have a material adverse effect on the financial condition of the Support Provider.

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**APPENDIX B**  
**FINANCIAL PROJECTIONS**

**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

The information below sets forth the Projected Financial Statements prepared by management of the Obligated Group in connection with the issuance of the Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds (CMW Obligated Group Project), Series 2022 (the “Series 2022 Bonds”).

Such projections constitute “forward-looking statements.” When used in this Appendix B, the words “estimate,” “expect,” “project,” “intend,” “anticipate,” “believe,” “may,” “will,” “continue” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Although management believes that the assumptions upon which these projections are based are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. All phases of the operations of the Obligated Group involve risks and uncertainties, many of which are outside of the Obligated Group’s control and any one of which, or a combination of which, could materially affect the Obligated Group’s results with respect to operations.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions, reduced demand for units in the Communities, changes in tax laws or governmental regulations, unanticipated expenses or delays encountered during construction and other risks discussed in this Offering Memorandum. In addition, unforeseen events and circumstances may occur subsequent hereto and there can be no guarantee that the Projected Financial Results will correspond with actual financial results of the Obligated Group. There will usually be differences between the projected and actual results and those differences may be material. See “CERTAIN BONDHOLDERS’ RISKS” in this Offering Memorandum.

The following projections have not been independently verified by any party other than the Obligated Group. The projections have not been prepared in accordance with generally accepted accounting principles.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE OBLIGATED GROUP WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED DEBT SERVICE PAYMENTS ON THE SERIES 2022 BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN “CERTAIN BONDHOLDERS’ RISKS” IN THIS OFFERING MEMORANDUM AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME.

Terms used but not defined in this Appendix B are defined in the forepart of this Offering Memorandum or Appendix A to this Offering Memorandum and shall have the meanings set forth therein unless otherwise required by the context in which such terms are used.

Year 1 in the Projected Financial Statements reflects the first 12-months from the date of the closing of the Series 2022 Bonds.

## SIGNIFICANT FINANCIAL ASSUMPTIONS

### Expansion Project:

The Projected Financial Statements assume that the number of Units at Wesley Court remain constant and does not include the additional 17 new independent living units expected to be constructed at Wesley Court. See “THE OBLIGATED GROUP -- Project” in Appendix A.

### Occupancy Assumptions:

The table below illustrates forecasted occupancy levels at the Communities over the next five years.

Community	Year 1				Year 2				Year 3				Year 4				Year 5			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Wesley Court	91.0%	84.0%	95.0%	0.0%	90.0%	84.0%	95.0%	0.0%	90.0%	84.0%	95.0%	0.0%	90.0%	84.0%	95.0%	0.0%	90.0%	84.0%	95.0%	0.0%
The Craig	91.0%	84.0%	80.0%	0.0%	90.0%	84.0%	85.0%	0.0%	90.0%	84.0%	90.0%	0.0%	90.0%	84.0%	90.0%	0.0%	90.0%	84.0%	90.0%	0.0%
Meadow Lake	90.0%	84.0%	90.0%	70.0%	90.0%	84.0%	90.0%	70.0%	90.0%	84.0%	90.0%	70.0%	90.0%	84.0%	90.0%	70.0%	90.0%	84.0%	90.0%	70.0%
<b>Obligated Group</b>	<b>90.6%</b>	<b>84.0%</b>	<b>86.1%</b>	<b>70.0%</b>	<b>90.0%</b>	<b>84.0%</b>	<b>88.7%</b>	<b>70.0%</b>	<b>90.0%</b>	<b>84.0%</b>	<b>91.2%</b>	<b>70.0%</b>	<b>90.0%</b>	<b>84.0%</b>	<b>91.2%</b>	<b>70.0%</b>	<b>90.0%</b>	<b>84.0%</b>	<b>91.2%</b>	<b>70.0%</b>

### **Monthly Fee Increases:**

Monthly fees charges to residents of the Communities are described in “THE COMMUNITIES – Entrance Fees and Monthly Fees” in Appendix A. The table below illustrates forecasted monthly fee increases over the next five years. Monthly fee increases of 6.0% in Year 1 reflect the monthly fee increase letters provided to residents in June 2022.

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Independent Living	4.0 to 6.0%	3.5 to 4.0%	3.5%	3.5%	3.5%
Assisted Living	6.0%	3.0%	3.0%	3.0%	3.0%
Memory Care	6.0%	3.0%	3.0%	3.0%	3.0%
SNF	6.0%	3.0%	3.0%	3.0%	3.0%

### **Health Center Payor Mix:**

The below table reflects the forecasted payor mix in the health centers at the Communities:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Private Pay	43.0%	41.1%	39.9%	39.9%	39.9%
Medicaid	23.7%	20.7%	20.7%	20.7%	20.7%
Medicare	24.2%	29.0%	30.2%	30.2%	30.2%
Managed Care	9.2%	9.2%	9.2%	9.2%	9.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### **Expense Assumptions:**

#### General:

Operating expenses are estimated by the Obligated Group based on the Support Provider’s experience with the operations of other similar communities as well as an understanding of the wage pressures in the local markets. The Communities are having a good experience securing appropriate levels of staffing. The table below illustrates forecasted operating expense assumptions for the next five years:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Operating expense</b>	4.0 - 4.5%	3.5 - 4.0%	3.5%	3.5%	3.5%

#### Property Taxes:

Property taxes are forecasted based on what the communities are currently paying. Upon acquisition, the Obligated Group will explore if any potential property tax exemptions are available.

#### Management Fees:

Management fees are estimated at 5.0% of gross operating revenues.

Staffing:

Staffing levels have been estimated by management based on the current staffing at the Communities and the Support Provider's experience with the operations of other similar communities. See "OTHER INFORMATION -- Employees" in Appendix A for the projected full-time equivalents to be employed at each Community.

Depreciation Expense:

Depreciation expense is computed based upon the straight-line method over the estimated useful lives of the related assets.

Amortization Expense:

Goodwill represents the excess of the purchase price over the fair value of assets acquired. Amortization expense is computed on a straight-line method over the actuarial life of the residents at the time of acquisition.

Interest Expense:

Interest expense is based upon the annual debt service with respect to the Series 2022 Bonds; see "Annual Debt Service Requirements of Series 2022 Bonds" in the forepart of this Offering Memorandum.

**Assets Whose Use Is Limited:**

Assets whose use is limited reflects the debt service reserve fund and approximately \$6 million in funds for an expansion project. The expansion project is the addition of independent living townhomes at Wesley Court. To simplify the presentation and minimize assumptions necessary to complete the projected financial statements, additional revenues and entrance fees from such expansion project are not included in the projected financial statements and the Series 2022C Bonds, which are expected to be repaid with Initial Entrance Fees from the new independent living townhomes at Wesley Court, is assumed to remain outstanding throughout the period.

**Fixed Assets & Capital Expenditures:**

Fixed assets reflected in the opening balance sheet are equivalent to the purchase price. Upon acquisition, the fixed assets purchased will be fair valued in accordance with US GAAP, with any difference being recorded to goodwill.

Capital expenditures are estimated by the Obligated Group based on historical experience.

**Subordinate Bonds:**

Subordinate Bonds reflects the Subordinate Bonds to be purchased by the Support Provider at the time of the closing of the Series 2022 Bonds. Current interest on the Subordinate Bonds may be paid to the Support Provider so long as there are no Events of Default and all reserves are full under the Series 2022 Bond documents. No principal may be paid on the Subordinate Bonds unless such principal payments on the Subordinate Bonds are made from cash (1) in excess of 70 Days' Cash on Hand prior to the termination

of the Support Agreement and (2) in excess of 80 Days' Cash on Hand after the termination of the Support Agreement.

The Projected Financial Statements assume that interest on the Subordinate Bonds is accrued and not paid unless the Obligated Group has over 100 Days' Cash on Hand.

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**Obligated Group**  
**Projected Consolidated Balance Sheet**  
(\$ in Thousands)

	<b>Opening Balance Sheet</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Current assets</b>						
Cash and cash equivalents		4,998	6,137	7,904	8,276	8,607
Accounts receivable and other assets	<u>0</u>	<u>488</u>	<u>514</u>	<u>534</u>	<u>551</u>	<u>568</u>
Total current assets	0	5,486	6,651	8,438	8,827	9,175
Assets whose use is limited	17,864	13,964	13,964	13,964	13,964	13,964
Property and equipment, net	112,500	111,246	109,901	108,470	106,944	105,354
Goodwill, net	<u>48,847</u>	<u>43,962</u>	<u>39,078</u>	<u>34,193</u>	<u>29,308</u>	<u>24,424</u>
<b>Total Assets</b>	<b><u>179,211</u></b>	<b><u>174,658</u></b>	<b><u>169,593</u></b>	<b><u>165,065</u></b>	<b><u>159,043</u></b>	<b><u>152,917</u></b>
<b>Current liabilities</b>						
Accounts payable	0	749	778	805	834	863
Accrued interest subordinate bonds		1,155	2,331	3,497	3,285	2,897
Current portion of long-term debt	<u>0</u>	<u>880</u>	<u>920</u>	<u>970</u>	<u>975</u>	<u>1,026</u>
Total current liabilities	0	2,784	4,029	5,272	5,093	4,786
Long-term debt	110,890	110,010	109,090	108,120	107,145	106,171
Subordinate Bonds	11,100	11,100	11,100	11,100	11,100	11,100
Long-term debt: cost of issuance	(2,726)	(2,658)	(2,590)	(2,522)	(2,454)	(2,385)
Deferred Entrance Fees	0	678	1,427	2,108	2,719	3,258
Refundable Entrance Fees	<u>48,847</u>	<u>49,675</u>	<u>50,906</u>	<u>52,445</u>	<u>53,896</u>	<u>55,398</u>
Total Liabilities	168,111	171,589	173,962	176,523	177,500	178,327
Net Assets	<u>11,100</u>	<u>3,069</u>	<u>(4,369)</u>	<u>(11,458)</u>	<u>(18,457)</u>	<u>(25,410)</u>
<b>Total Liabilities and Net Assets</b>	<b><u>179,211</u></b>	<b><u>174,658</u></b>	<b><u>169,593</u></b>	<b><u>165,065</u></b>	<b><u>159,043</u></b>	<b><u>152,917</u></b>

Note: Year 1 reflects the first 12-months from the date of the closing of the Series 2022 Bonds.



**Obligated Group**  
**Projected Consolidated Income Statement**  
**(\$ in Thousands)**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b><u>Revenue</u></b>					
Independent Living	15,067	15,561	16,104	16,667	17,249
Assisted Living	4,074	4,312	4,560	4,697	4,838
Memory Care	1,492	1,537	1,583	1,631	1,680
Skilled Nursing	14,630	15,670	16,181	16,541	16,910
Medical Building Lease	328	334	341	348	354
Amortization Income	<u>36</u>	<u>127</u>	<u>225</u>	<u>326</u>	<u>431</u>
<b>Total Revenue</b>	<b>35,627</b>	<b>37,541</b>	<b>38,994</b>	<b>40,209</b>	<b>41,462</b>
<b><u>Expenses</u></b>					
General and Administrative	2,199	2,287	2,367	2,449	2,535
Marketing	947	985	1,020	1,055	1,092
Plant	1,890	1,966	2,035	2,106	2,180
Utilities	1,902	1,978	2,047	2,119	2,193
Housekeeping	1,053	1,095	1,133	1,173	1,214
Dining Services	4,154	4,320	4,471	4,627	4,789
Life Enrichment	737	767	794	822	850
Transportation	245	255	263	273	282
Healthcare Center	8,060	8,377	8,671	8,974	9,288
Assisted Living	1,393	1,449	1,499	1,552	1,606
Memory Care	431	448	464	480	497
Security	332	346	358	370	383
Laundry	147	153	158	164	170
Home Health	0	0	0	0	0
Therapy	1,771	1,842	1,907	1,973	2,042
Other Operating Expense	36	38	39	41	42
Insurance	700	725	750	776	803
Property Taxes	1,325	1,371	1,419	1,469	1,520
Management Fees	1,780	1,871	1,938	1,994	2,052
Interest Expense	5,764	5,829	5,783	5,735	5,730
Interest Expense (subordinate bonds)	1,166	1,166	1,166	1,166	1,166
Depreciation Expense	2,672	2,761	2,849	2,938	3,026
Amortization Expense	<u>4,953</u>	<u>4,953</u>	<u>4,953</u>	<u>4,953</u>	<u>4,953</u>
<b>Total Expenses</b>	<b>43,657</b>	<b>44,979</b>	<b>46,083</b>	<b>47,208</b>	<b>48,415</b>
<b>Change in net assets</b>					
	<b>(8,031)</b>	<b>(7,438)</b>	<b>(7,090)</b>	<b>(6,999)</b>	<b>(6,953)</b>
Net assets at beginning of the year	<u>11,100</u>	<u>3,069</u>	<u>(4,369)</u>	<u>(11,458)</u>	<u>(18,457)</u>
<b>Net assets at end of the year</b>	<b>3,069</b>	<b>(4,369)</b>	<b>(11,458)</b>	<b>(18,457)</b>	<b>(25,410)</b>

Note: Year 1 reflects the first 12-months from the date of the closing of the Series 2022 Bonds.

**Obligated Group**  
**Projected Consolidated Statement of Cash Flows**  
**(\$ in Thousands)**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Change in net assets	(8,031)	(7,438)	(7,090)	(6,999)	(6,953)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	7,625	7,713	7,802	7,890	7,979
Amortization of entrance fees	(36)	(127)	(225)	(326)	(431)
Interest paid by funded interest	3,900	0	0	0	0
(Increase) Decrease in current and other assets	(488)	(26)	(20)	(17)	(17)
(Decrease) increase in current and other liabilities	<u>1,904</u>	<u>1,206</u>	<u>1,193</u>	<u>(183)</u>	<u>(359)</u>
Net cash provided by (used in) operating activities	4,874	1,328	1,661	366	219
 Cash flow from investing activities					
Purchase of property and equipment	<u>(1,418)</u>	<u>(1,415)</u>	<u>(1,418)</u>	<u>(1,412)</u>	<u>(1,436)</u>
Net cash provided by (used in) investing activities	(1,418)	(1,415)	(1,418)	(1,412)	(1,436)
 Cash flow from financing activities					
Advances from working capital loan, net repayments	0	0	0	0	0
Payments on long-term debt	0	(880)	(920)	(970)	(975)
Proceeds from refundable entrance fees	7,138	8,751	9,057	9,374	9,702
Refunds of refundable entrance fees	<u>(5,596)</u>	<u>(6,645)</u>	<u>(6,612)</u>	<u>(6,986)</u>	<u>(7,179)</u>
Net cash provided by (used in) financing activities	1,542	1,226	1,525	1,418	1,548
 Net increase (decrease) in cash	4,998	1,139	1,768	372	331
 Cash and cash equivalents - beginning of year	<u>0</u>	<u>4,998</u>	<u>6,137</u>	<u>7,904</u>	<u>8,276</u>
<b>Cash and cash equivalents - end of year</b>	<b>4,998</b>	<b>6,137</b>	<b>7,904</b>	<b>8,276</b>	<b>8,607</b>

Note: Year 1 reflects the first 12-months from the date of the closing of the Series 2022 Bonds.

**Obligated Group**  
**Projected Consolidated Ratios**  
**(\$ in Thousands)**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Days Cash on Hand</b>					
Cash and unrestricted investments	4,998	6,137	7,904	8,276	8,607
Restricted cash, included in calculation	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>
Total	7,598	8,737	10,504	10,876	11,207
Total operating expenses, less					
depreciation and amortization	36,033	37,266	38,281	39,318	40,436
Days	365	365	365	365	365
Daily operating expenses	99	102	105	108	111
<b>Days Cash on Hand</b>	<b><u>77</u></b>	<b><u>86</u></b>	<b><u>100</u></b>	<b><u>101</u></b>	<b><u>101</u></b>
Liquidity covenant	60	60	60	60	60
 <b>Debt Service Coverage</b>					
Change in net assets	(\$8,031)	(\$7,438)	(\$7,090)	(\$6,999)	(\$6,953)
Add (deduct):					
Amortization of entrance fees	(36)	(127)	(225)	(326)	(431)
Depreciation and amortization	7,625	7,713	7,802	7,890	7,979
Interest	6,930	6,994	6,948	6,900	6,896
Net entrance fees	<u>1,542</u>	<u>2,106</u>	<u>2,445</u>	<u>2,388</u>	<u>2,523</u>
Net Revenues Available for Debt Service	\$8,030	\$9,249	\$9,881	\$9,854	\$10,014
Maximum Annual Debt Service	<u>6,709</u>	<u>6,709</u>	<u>6,709</u>	<u>6,709</u>	<u>6,709</u>
Debt Service Coverage Ratio	1.20	1.38	1.47	1.47	1.49
Debt service coverage covenant	1.15	1.15	1.15	1.15	1.15

Note: Year 1 reflects the first 12-months from the date of the closing of the Series 2022 Bonds.

**Occupancy Sensitivities:**

- Independent living occupancy of 81% is required to meet a Debt Service Coverage Ratio of 1.15x in Year 2.
- Independent living occupancy of 76% is required to meet a Debt Service Coverage Ratio of 1.0x in Year 2.

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**APPENDIX C**

**PROPOSED FORM OF BOND TRUST INDENTURE,  
PROPOSED FORMS OF MASTER TRUST INDENTURE, as supplemented by  
SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1,  
PROPOSED FORM OF LOAN AGREEMENT,  
PROPOSED FORM OF CONTINUING COVENANTS AGREEMENT,  
PROPOSED FORM OF SUPPORT AGREEMENT  
and  
PROPOSED FORMS OF DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

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**PROPOSED FORM**

**BOND TRUST INDENTURE**

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THIS BOND TRUST INDENTURE (this “Bond Indenture”), dated as of July 1, 2022, by and between the TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION, a nonstock nonprofit cultural educational facilities finance corporation duly organized and existing under the laws of the State of Texas (the “Issuer”), and UMB BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States of America, and having its corporate trust office located in St. Louis, Missouri, as bond trustee (the “Bond Trustee”);

RECITALS

- 1. The Issuer was created pursuant to the Cultural Education Facilities Finance Corporation Act, Chapter 337 of the Texas Local Government Code, as amended (the “Act”) and is authorized by the Act to sell and deliver its bonds for the purpose of financing or refinancing the cost of a health facility, as defined in Chapter 221, Texas Health and Safety Code, as amended (the “Health Facility Act”).
2. The Issuer is further authorized by the Act to make a loan of the proceeds of its bonds in the amount of all or part of the cost of the health facility or health facilities for which such bonds have been authorized and, at the option of the Issuer, for the deposit to a reserve fund or reserve funds for the bonds.
3. The Issuer is authorized, pursuant to the Act and a resolution duly adopted by the Issuer to issue under this Bond Indenture its Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,890,000, consisting of \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A (the “Series 2022A Bonds”), \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B (the “Series 2022B Bonds”), and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (the “Series 2022C Bonds,” and together with the Series 2022A Bonds and the Series 2022B Bonds, the “Series 2022 Bonds”), for the purpose of making a loan, jointly and severally, to Meadow Lake, LLC, a Texas limited liability company (“Meadow Lake, LLC” and the “Obligated Group Representative”), Craig Amarillo, LLC, a Texas limited liability company (“Craig Amarillo, LLC”), and Wesley Court, LLC, a Texas limited liability company (“Wesley Court, LLC” and together with Meadow Lake, LLC and Craig Amarillo, LLC, the “Obligated Group” and each individually a “Member of the Obligated Group”), the Members of the Obligated Group created pursuant to the Master Trust Indenture (the “Master Indenture”) dated as of July 1, 2022, as supplemented and amended, among Meadow Lake, LLC, as a Member and as Obligated Group Representative, Craig Amarillo, LLC, Wesley Court, LLC, all other Persons that hereafter become Members of the Obligated Group, and UMB Bank, National Association, St. Louis, Missouri, as master trustee (the “Master Trustee”), under the terms of a Loan Agreement of even date herewith (the “Loan Agreement”), between the Issuer and the Obligated Group Representative for itself and on behalf of Craig Amarillo, LLC and Wesley Court, LLC, to provide funds to (1) finance the acquisition, renovations and construction of (a) a community consisting of independent living units, independent living cottages, assisted living units, and skilled nursing units, including the construction of additional independent living cottages, located at 2617 Antilley Road, Abilene, Texas 79606, known as Wesley Court Senior Living (“Wesley Court”) to be owned by Wesley Court, LLC, (b) a community consisting of independent living villas, independent living units, assisted living units, and skilled nursing units, located at 5500 SW 9th Avenue, Amarillo, Texas 79106, known as The Craig Senior Living (“The Craig”) to be owned by Craig Amarillo, LLC, and (c) a community consisting of independent living cottages, independent living units, assisted living units, memory care units, and skilled nursing units located at 16044 CR 165, Tyler, Texas, 75703, known as Meadow Lake Senior Living (“Meadow Lake,” and together with Wesley Court and The Craig, the “Project”) to be owned Meadow Lake, LLC, (2) fund a debt service reserve

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fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds.

4. As evidence of and further security for its obligation to repay the loan, the Obligated Group has issued its CMW Obligated Group Master Indenture Note, Series 2022A (the “Bond Note”), in the principal amount of \$110,890,000, under the Master Indenture.

5. In connection with the issuance of the Bonds, the Obligated Group Representative, for itself and on behalf of Craig Amarillo, LLC and Wesley Court, LLC has entered into a Continuing Covenants Agreement dated as of July 1, 2022, (the “Continuing Covenants Agreement”) with the Bond Trustee, and the Obligated Group has issued its CMW Obligated Group Master Indenture Note, Series 2022B (the “CCA Note”) under the Master Indenture to secure its obligations under the Continuing Covenants Agreement.

6. Simultaneously with the issuance of the Bonds, Craig Amarillo, LLC, Meadow Lake, LLC, and Wesley Court, LLC, as Members of the Obligated Group, will enter into a Subordinated Bond Trust Indenture dated as of July 1, 2022, (the “Subordinated Bond Indenture”) with UMB Bank, National Association, as bond trustee, pursuant to which the Obligated Group will issue its Subordinated Bonds, Series 2022 (the “Subordinated Bonds”), which Subordinated Bonds will be the terms of the Subordinated Bond Indenture be subordinated and subject in right to the prior payment and performance in full of the Bond Note, the CCA Note, and other Master Notes issued pursuant to the Master Indenture.

7. All things necessary to make the Bonds, when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, legal and binding obligations of the Issuer, and to constitute this Bond Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues herein made for the security of the payment of the principal of, redemption premium, if any, and interest on the Bonds issued hereunder, have been done and performed, and the execution and delivery of this Bond Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

The Issuer, in consideration of the premises, the acceptance by the Bond Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of, redemption premium, if any, and interest on all of the Bonds issued and Outstanding under this Bond Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign to the Bond Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Bond Trustee and its successors in trust and its assigns, in and to all singular the property described in paragraphs (a) and (b) below (said property being herein referred to as the “Trust Estate”), to wit:

- (a) All right, title and interest of the Issuer (including the right to enforce any of the terms thereof other than the Unassigned Issuer Rights) in, to and under (1) the Loan Agreement and the Bond Note, and all payments derived by the Issuer from the Obligated Group including Loan Payments and other amounts to be received by the Issuer and paid by the Obligated Group under and pursuant to the Loan Agreement and the Bond Note (but excluding the Unassigned Issuer Rights), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and

- (b) All moneys and securities from time to time held by the Bond Trustee under the terms of this Bond Indenture (except moneys and securities held in the Rebate Fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf or with its written consent, to the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Bond Trustee and its successors and assigns in trust forever in trust, nevertheless, upon the terms and conditions herein set forth for the equal and pro rata benefit and security of each and every Owner, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Bond over or from the others, by reason of priority in the issue or negotiation or maturity thereof, or for any other reason whatsoever, except as herein otherwise expressly provided, so that each and all of such Bonds shall have the same right, lien and privilege under this Bond Indenture and shall be equally secured hereby with the same effect as if the same had all been made, issued and negotiated simultaneously with the delivery hereof and were expressed to mature on one and the same date;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition that, if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Bond Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions hereof, and shall also pay or cause to be paid all other sums payable hereunder, then these presents and the estates and rights hereby granted shall cease, determine and become void, and thereupon the Bond Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Obligated Group Representative and upon the payment of the costs and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Bond Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer, its successors or assigns, all the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Bond Indenture shall be and remain in full force.

NOW, THEREFORE, it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Bond Trustee and with the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION

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

“Acquisition Fund” means the fund by that name created by Section 401.



“Act” means the Cultural Education Facilities Finance Corporation Act, Chapter 337 of the Texas Local Government Code, as amended.

“Additional Bonds” means any additional Bonds issued by the Issuer pursuant to Section 212 of this Bond Indenture that stand on a parity and equality under this Bond Indenture with the Bonds then Outstanding.

“Additional Payments” means those payments required to be made by the Obligated Group pursuant to Section 4.2 of the Loan Agreement.

“Assignment” means the Collateral Assignment of Contract Rights dated as of July 1, 2022, among the Members, assignors, for the benefit of the Master Trustee, as assignee, as amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

“Authorized Denominations” means \$250,000 and integral multiples of \$5,000 in excess thereof, except that a Bond or Bonds may be exchanged after redemption for a Bond or Bonds in denominations of \$5,000 or integral multiples thereof to the extent necessary to represent the unredeemed portion of such Bond or Bonds; provided that any Hamlin Investor Bond may be issued, purchased, sold or transferred in denominations of \$5,000 or integral multiples thereof.

“Bond Documents” means this Bond Indenture, the Bonds, the Loan Agreement, the Tax Agreement, the Master Indenture, the Bond Note, the Purchase Contract, the Continuing Covenants Agreement, the CCA Note, the Support Agreement, the Deposit Account Control Agreement, the Continuing Disclosure Agreement and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“Bond Indenture” means this Bond Trust Indenture as originally executed by the Issuer and the Bond Trustee, as from time to time amended and supplemented by Supplemental Bond Indentures.

“Bond Note” means CMW Obligated Group Master Indenture Note, Series 2022A, in the principal amount of \$110,890,000 issued under the Master Indenture to the Issuer and pledged and assigned to the Bond Trustee.

“Bond Register” means the registration books kept by the Bond Trustee to evidence the registration and transfer of Bonds.

“Bond Registrar” means the Bond Trustee when acting as such, and any other bank or trust company designated and at the time serving as bond registrar under this Bond Indenture.

“Bond Trustee” means UMB Bank, National Association and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Bond Indenture.

“Bondholder Representative” means (i) Hamlin Capital, so long as a majority in aggregate principal amount of the Outstanding Bonds are beneficially owned by persons for whom Hamlin Capital serves as investment advisor; and (ii) at any other time, the designee, if any, of the holders of a majority in aggregate principal amount of the Outstanding Bonds. If there shall be no designee, the term Bondholder Representative shall be disregarded and all notices and consents shall be given to and by, respectively, the other parties referenced in this Loan Agreement, the Bond Indenture and the Master Indenture. Hamlin Capital will provide immediate written notice to the Bond Trustee, the Master Trustee, the Obligated Group Representative and the Issuer when clause (i) above is no longer applicable.

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“Bondowner,” “Bondholder,” “Owner” or “Registered Owner” means the Person in whose name a Bond is registered on the Bond Register.

“Bonds” means the Series 2022 Bonds and any Additional Bonds.

“Book-Entry System” means a system for holding beneficial ownership of the Bonds in book-entry form specified in Section 210.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office of the Bond Trustee or any Paying Agent is located are required or authorized by law to remain closed, or (c) a day on which the New York Stock Exchange is closed.

“CCA Note” means CMW Obligated Group Master Indenture Note, Series 2022B, in the principal amount of \$110,890,000 issued under the Master Indenture to the Bond Trustee to secure the Obligated Group’s obligations under the Continuing Covenants Agreement.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company.

“Certificate of Obligated Group Representative” means a written certificate signed by an authorized representative of the Obligated Group Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Obligated Group with respect to matters set forth therein.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Continuing Covenants Agreement” means the Continuing Covenants Agreement dated as of July 1, 2022 between the Obligated Group and the Bond Trustee.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of July 1, 2022, between the Obligated Group and UMB Bank, National Association, as dissemination agent.

“Craig Amarillo, LLC” means Craig Amarillo, LLC, a Texas limited liability company.

“Debt Service Fund” means the fund by that name created by Section 401.

“Debt Service Reserve Fund” means the fund by that name created by Section 401.

“Debt Service Reserve Requirement” means, as of any date of calculation, an amount equal to 80% of the Maximum Annual Interest on all Bonds Outstanding; provided that at initial issuance of any series of Tax-Exempt Bonds such amount shall not exceed the least of (A) 10% of the original aggregate principal amount of the Tax-Exempt Bonds, (B) the Maximum Annual Debt Service on the Tax-Exempt Bonds, or (C) 125% of the average future annual debt service on the Tax-Exempt Bonds.

“Default Rate” means, with respect to each series of Bonds, the respective interest rate on such series plus 3%.

“Defaulted Interest” means interest on any Bond which is payable but not paid on the date due.

“Defeasance Obligations” means

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(a) Government Obligations which are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody’s (presently “Aaa”), S&P (presently “AAA”) or Fitch (presently “AAA”).

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(a) the filing by a Member of any statement, supplemental statement or other tax schedule, return or document which discloses that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes;

(b) receipt by a Member of notice that the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder has received a written Opinion of Bond Counsel to the effect that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes unless, within 180 days (or such longer period(s) as consented to in writing by the Bondholder Representative) after receipt by a Member of such notice, a Member shall deliver to the Bond Trustee and the Bondholder Representative a ruling or determination letter issued to or on behalf of the Issuer or a Member by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for such opinion, the interest on such Tax-Exempt Bond is not includable in the gross income of the owners or former owners of such Tax-Exempt Bond for federal income tax purposes;

(c) receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of written notice from the Commissioner or any District Director

of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes; or

(d) receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of written notice that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on any Tax-Exempt Bond.

Notwithstanding the foregoing, no event described in clause (c) or (d) above shall constitute a Determination of Taxability unless the Obligated Group has been afforded the opportunity, at its sole expense, to contest any such assessment for a period of no more than 100 days so long as the Obligated Group is contesting the same during such 180-day period in good faith by appropriate proceedings diligently pursued until the earliest of (i) the date on which the Obligated Group abandons the contest, (ii) the date on which such contest has been concluded adversely to the Obligated Group and no further appeals are possible, and (iii) the date that is six months after the initial receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of such notice or assessment; provided, however, that upon demand from the Bond Trustee or the Bondholder Representative, the Obligated Group shall promptly reimburse the Bond Trustee, the Bondholder Representative, such Bondholder or such former Bondholder for any payments, including (without limitation) any taxes, interest, penalties, charges or expenses incurred by the Bond Trustee, the Bondholder Representative, such Bondholder or such former Bondholder as a result of such Determination of Taxability.

“Deposit Account Control Agreement” collectively (i) each Account Control Agreement dated as of July 19, 2022 between each Member, the Master Trustee and Bankers Trust Company and (ii) any other deposit account control agreement executed and delivered by a Member in favor of the Master Trustee.

“EMMA” means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board or any successor thereto.

“Entrance Fee Fund” means the fund by that name created by Section 401.

“Event of Default” means (a) with respect to this Bond Indenture any “Event of Default” as defined in Section 701, and (b) with respect to the Loan Agreement any “Event of Default” as defined in Section 7.1 of the Loan Agreement.

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative with written notice to Bond Trustee.

“Funded Interest Fund” means the fund by that name created by Section 401.

“Hamlin Capital” means Hamlin Capital Management, LLC, a Delaware limited liability company and its successors and assigns, initially serving as the Bondholder Representative to all of the holders of the Bonds.

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“**Hamlin Investor Bond or Bonds**” means the Bonds for which all the following conditions are met: (i) the holders of the Bonds are advised by Hamlin Capital under the Investment Advisors Act of 1940, as amended, pursuant to a written investment advisory agreement or a limited partnership agreement with respect to a limited partnership for which Hamlin Capital act as the manager; (ii) Hamlin Capital serves as Bondholder Representative for such holders pursuant to an investment advisory agreement or a limited partnership agreement; and (iii) the Bonds are held in managed accounts or commingled investment vehicles of accredited investors or qualified institutional buyers as such terms are defined in the Securities Act of 1933, as amended, and Regulation D thereunder; provided, however, no Bond as to which a notice has been given under **Section 211** shall thereafter constitute a Hamlin Investor Bond.

“**Health Facility Act**” means the Health Facilities Development Act, Chapter 221, Texas Health and Safety Code, as amended from time to time.

“**Initial Entrance Fees**” means Entrance Fees received upon the initial occupancy of any independent living unit not previously occupied.

“**Interest Payment Date**” means January 15 and July 15 of each year, commencing January 15, 2023.

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“**Issuance Costs**” means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code, including the following:

- (a) underwriters’ spread or fees (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public) and fees of the Bondholder Representative;
- (b) counsel fees (including bond counsel, underwriters’ counsel, Issuer’s counsel, Obligated Group’s counsel, Bondholder Representative’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer or the Obligated Group incurred in connection with the issuance of the Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;
- (g) printing costs (for the Bonds and of the preliminary and final Limited Offering Memorandum relating to the Bonds); and
- (h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

“**Issuance Costs Fund**” means the fund by that name created by **Section 401**.

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“**Offering Memorandum**” means the Offering Memorandum dated July 15, 2022 respecting the Bonds.

“**Opinion of Bond Counsel**” means an opinion in writing addressed to the Issuer and the Bond Trustee and signed by legal counsel acceptable to the Issuer, the Bond Trustee, and the Bondholder Representative, who shall be nationally recognized in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“**Opinion of Counsel**” means an opinion in writing signed by legal counsel acceptable to the Obligated Group Representative and the Bond Trustee and, to the extent the Issuer is asked to take action in reliance thereon, the Issuer, who may be an employee of or counsel to the Obligated Group.

“**Original Purchaser**” means Odeon Capital Group LLC.

“**Outstanding**” means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

- (1) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation pursuant to **Section 209**;
- (2) Bonds which are deemed to have been paid in accordance with **Article XI**; and
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to **Article II**.

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing exists at the time of such reference.

“**Paying Agent**” means the Bond Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated by this Bond Indenture or any Supplemental Bond Indenture as paying agent for the Bonds at which the principal of and redemption premium, if any, and interest on such Bonds shall be payable.

“**Permitted Investments**” means

- (a) direct obligations of, or obligations the timely payment of the principal of and the interest on which is unconditionally guaranteed by, the United States of America (“Government Obligations”);
- (b) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the Federal National Mortgage Corporation, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, or a Federal Farm Credit Bank (“Agency Obligations”);
- (c) United States dollar denominated deposit accounts, certificates of deposit and bankers’ acceptances with domestic commercial banks (i) that are issued by banks, the short-term certificates of deposit of which are rated F-1 by Fitch, P-1 by Moody’s or A-1 by S&P, or (ii) that are fully insured by the Federal Deposit Insurance Corporation;
- (d) repurchase agreements for Government Obligations or Agency Obligations or investment agreements which are, or are issued or guaranteed by an entity, rated by Moody’s or S&P in one of its two highest rating categories (without regard to any refinement or gradation by numerical modifier or otherwise

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“**Issuer**” means the Tarrant County Cultural Education Facilities Finance Corporation, a nonstock nonprofit cultural education facilities finance corporation duly organized and existing under the laws of the State of Texas, and its successors and assigns.

“**Issuer Representative**” means the President of the Issuer, and such other person or persons at the time designated to act on behalf of the Issuer in matters relating to the Loan Agreement and this Bond Indenture as evidenced by a written certificate furnished to the Obligated Group Representative and the Bond Trustee containing the specimen signature of such person or persons and signed on behalf of the Issuer by its President or Secretary. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“**Lifespace**” means Lifespace Communities, Inc., an Iowa nonprofit corporation.

“**Loan Agreement**” means the Loan Agreement dated as of July 1, 2022, between the Issuer and the Obligated Group Representative for itself and on behalf of the other Members of the Obligated Group, as from time to time amended by Supplemental Loan Agreements.

“**Loan Payments**” means the payments referred to in **Section 4.1** of the Loan Agreement.

“**Master Indenture**” means the Master Trust Indenture dated as of July 1, 2022, among Meadow Lake, LLC, Craig Amarillo, LLC, and Wesley Court, LLC, any other Members of the Obligated Group described therein and the Master Trustee, and the Supplemental Master Indenture and any other amendments and supplements thereto entered into from time to time.

“**Master Trustee**” means UMB Bank, National Association, St. Louis, Missouri, and its successors and assigns, as master trustee under the Master Indenture.

“**Maximum Annual Interest**” means the maximum amount of interest payments due in a single year for the Bonds as computed for the then current or any future Fiscal Year; (whether payable at maturity or pursuant to **Article III**).

“**Meadow Lake**” means a community currently consisting of 41 independent living cottages, 80 independent living units, 20 assisted living units, 34 memory care units, and 30 skilled nursing units located at 16044 CR 165, Tyler, Texas, 75703, known as Meadow Lake Senior Living.

“**Meadow Lake, LLC**” means Meadow Lake, LLC, a Texas limited liability company, the Obligated Group Representative.

“**Moody’s**” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative with written notice to Bond Trustee.

“**Obligated Group**” means Craig Amarillo, LLC, Meadow Lake, LLC, and Wesley Court, LLC, any other Members of the Obligated Group as defined in the Master Indenture, and their respective successors and assigns, and any surviving, resulting or transferee entities.

“**Obligated Group Representative**” means Meadow Lake, LLC, or other person or persons at the time designated to act on behalf of the Obligated Group in accordance with the terms of the Master Indenture

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or fully collateralized by Government Obligations or Agency Obligations (any such collateralized investment agreement being referred to herein as a “Collateralized Investment Agreement”); provided, that (i) such Government Obligations or Agency Obligations shall be delivered to or supported by a safekeeping receipt or other confirmatory documentation issued by a third party; (ii) the Bond Trustee shall have a perfected security interest in such Government Obligations or Agency Obligations; (iii) such Government Obligations or Agency Obligations shall be free and clear of any other Liens; and (iv) such repurchase agreements or Collateralized Investment Agreements shall provide that the value of the underlying Government Obligations or Agency Obligations shall be continuously maintained at a current market value of not less than 102% of the repurchase price or the amount deposited thereunder, as the case may be (the value of such Government Obligations or Agency Obligations to be determined by the Bond Trustee at least once in each seven-day period);

(e) obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof which are rated in one of the two highest rating categories of Moody’s or S&P;

(f) commercial paper which is rated in the highest rating category of Moody’s or S&P that matures in 270 days or less;

(g) shares in investment companies that are rated AAAM or AAAM-G by Moody’s or S&P, at least 90% of the assets of which consist of Government Obligations or Agency Obligations and repurchase agreements backed by Government Obligations or Agency Obligations; and

(h) such other investments, including a direct pay letter of credit issued by a bank, as are approved in writing by the Bondholder Representative.

The Bond Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent receipt of written notice or information to the contrary. For the purposes of this definition, obligations issued or held in the name of the Bond Trustee in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Bond Trustee.

“**Person**” means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

“**Prime Rate**” means the interest rate per annum publicly announced from time to time by the Bond Trustee as its “prime rate,” such interest rate to change automatically as of the opening of business on the effective date of any change in the Prime Rate.

“**Project**” means the acquisition, renovation, and construction of The Craig, Meadow Lake, and Wesley Court, as further described on **Schedule I** to the Loan Agreement, and all other buildings, improvements, fixtures, machinery, equipment and other property owned or to be owned by the Obligated Group that are paid or refinanced or are to be paid in whole or in part, or for which the Obligated Group is reimbursed in whole or in part, from the proceeds of the Bonds and any repairs thereto or replacements or substitutions therefor.

“**Project Costs**” as applied to the Project means and includes any and all costs of such health facility permitted by law and, without limiting the generality of the foregoing, shall include the following:

- (a) the cost of the acquisition of all land, rights of way, options to purchase land, easements, leasehold estates in land, and interests of all kinds in land related to such health facility;

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(b) the cost of the acquisition, construction, repair, renovation, remodeling, or improvement of all buildings and structures to be used as or in conjunction with such health facility;

(c) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which is necessary or incident to providing such health facility;

(d) the cost of architectural, engineering, legal, and related services; the cost of the preparation of plans, specifications, studies, surveys, and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of such health facility;

(e) the cost of all machinery, equipment, furnishings, and facilities necessary or incident to the equipping of such health facility so that it may be placed in operation;

(f) the cost of financing charges and interest prior to and during construction and for a maximum of two years after completion of construction and the start up costs of such health facility during construction and for a maximum of two years after completion of construction;

(g) any and all costs paid or incurred in connection with the financing of such health facility, including without limitation the cost of financing, legal, accounting, financial advisory, and appraisal fees, expenses, and disbursements; the cost of any policy or policies of title insurance; the cost of printing, engraving, and reproduction services; and the cost of the initial or acceptance fee of any trustee or paying agent;

(h) all direct and indirect costs of the Issuer incurred in connection with providing such health facility, including without limitation reasonable sums to reimburse the Issuer for time spent by its agents or employees with respect to providing such health facility and the financing thereof; and

(i) the cost of financing, establishing, and funding a reserve fund or reserve funds for a program of self insurance and/or risk management and further including, without limitation, the cost of the preparation of studies, surveys, and estimates of cost, revenue, risk, and liability and all other costs and expenses necessary or incident to the planning, providing, or determining the feasibility and practicability and the continuing program and operating costs of such program of self insurance and/or risk management.

“Purchase Contract” means the Bond Purchase Agreement respecting the Bonds among the Issuer, the Obligated Group Representative and the Original Purchaser.

“Real Estate Tax and Insurance Fund” means the fund by that name created by Section 401.

“Rebate Fund” means the fund by that name created by Section 401.

“Record Date” means the last day (whether or not a Business Day) of the calendar month next preceding the date on which an interest payment on any Bond is to be made.

“Replacement Bonds” means Bonds issued to the beneficial owners of the Bonds in accordance with Section 210(b).

“Residency Agreement” means any written agreement or contract, as amended from time to time, between a Member of the Obligated Group and a resident or potential resident of any of The Craig, Meadow Lake, or Wesley Court giving the resident or potential resident certain rights of occupancy in the facility, including independent living units, assisted living units, memory support units, nursing beds or specialty

care beds, and providing for certain services to such resident, including any reservation agreement or other agreement or contract reserving rights of occupancy.

“S&P” means S&P Global Ratings, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative with written notice to the Bond Trustee.

“Securities Depository” means, initially, The Depository Trust Company, and its successors and assigns.

“Series 2022 Bonds” means the Series 2022A Bonds, the Series 2022B Bonds, and the Series 2022C Bonds.

“Series 2022A Bonds” means \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A, issued by the Issuer and authenticated and delivered under this Bond Indenture.

“Series 2022B Bonds” means \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B, issued by the Issuer and authenticated and delivered under this Bond Indenture.

“Series 2022C Bonds” means \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C, issued by the Issuer and authenticated and delivered under this Bond Indenture.

“Special Record Date” means the date fixed by the Bond Trustee pursuant to Section 205(d) for the payment of Defaulted Interest.

“State” means the State of Texas.

“Supplemental Bond Indenture” means any indenture supplemental or amendatory to this Bond Indenture entered into by the Issuer and the Bond Trustee pursuant to Article IX.

“Supplemental Loan Agreement” means any agreement supplemental or amendatory to the Loan Agreement entered into by the Issuer and the Obligated Group pursuant to Section 10.1 of the Loan Agreement and Article X.

“Supplemental Master Indenture” means the Supplemental Master Trust Indenture No. 1 dated as of July 1, 2022, between the Obligated Group and the Master Trustee.

“Support Agreement” means the Support Agreement between Lifespace and the Bond Trustee dated as of July 1, 2022, as such may be amended and supplemented from time to time.

“Taxable Rate” means, as of any particular date of calculation, 1.4 times the interest rate that would have been borne by a Tax-Exempt Bond if a Determination of Taxability with respect to such Tax-Exempt Bond had not occurred.

“Tax Agreement” means the Tax Compliance Agreement dated as of July 1, 2022, among the Issuer, the Obligated Group Representative and the Bond Trustee respecting the Tax-Exempt Bonds, as from time to time amended in accordance with the provisions thereof.

“Tax-Exempt Bonds” means (i) the Series 2022A Bonds and (ii) any Additional Bonds the interest on which is excludable from gross income for federal income tax purposes.

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“Tax-Exempt Organization” means a (i) nonprofit organization, organized under the laws of the United States of America or any state thereof, that is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, or corresponding provisions of federal income tax laws from time to time in effect or (ii) limited liability company, the sole member of which is a nonprofit organization described in subsection (i) of this definition.

“The Craig” means a community currently consisting of 65 independent living villas, 108 independent living units, 40 assisted living units, and 89 skilled nursing units, located at 5500 SW 9<sup>th</sup> Avenue, Amarillo, Texas 79106, known as The Craig Senior Living.

“Trust Estate” means the Trust Estate described in the Granting Clauses of this Bond Indenture.

“Unassigned Issuer Rights” means the Issuer’s rights to payment of its fees and expenses and to indemnification as set forth in the Loan Agreement, the right to limitation of its liability, and the rights to make determinations and receive notices, and the right to enforce the same, all as set forth herein and in the Loan Agreement.

“Wesley Court, LLC” means Wesley Court, LLC, a Texas limited liability company.

“Wesley Court” means a community currently consisting of 81 independent living units, 52 independent living cottages, 19 assisted living units, and 30 skilled nursing units, at which the construction of additional independent living cottages is planned, located at 2617 Antilley Road, Abilene, Texas 79606, known as Wesley Court Senior Living.

“Working Capital Fund” means the fund by that name created by Section 401.

“Written Request” means, with reference to the Issuer, a request in writing signed by an Issuer Representative and, with reference to the Obligated Group, a request in writing signed by the Obligated Group Representative, or any other officers designated by the Issuer or the Obligated Group, as the case may be, to sign such Written Request.

**Section 102. Rules of Construction.** For all purposes of this Bond Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Bond Indenture:

(a) The terms defined in this Article include the plural as well as the singular.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles to the extent applicable.

(c) All references herein to “generally accepted accounting principles” refer to accounting principles generally accepted in the United States of America in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms, provided, as applied to any entity that operates a hospital, extended care facility or other discrete enterprise of a type with respect to which particular accounting principles from time to time shall have been generally adapted or modified, the term “generally accepted accounting principles” shall include the adaptations or modifications.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Indenture.

(e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

## **ARTICLE II**

### **THE BONDS**

**Section 201. Amount of Bonds; Purpose.** No Bonds may be issued under this Bond Indenture except in accordance with this Article. The Bonds shall be issued and secured under this Bond Indenture to make a loan to the Obligated Group for the purposes set forth in the Recitals. The total principal amount of Series 2022 Bonds that may be issued as provided in Section 202 is hereby expressly limited to \$110,890,000 to consist of three series of Bonds in the aggregate principal amount set forth in Section 202.

**Section 202. Authorization of Series 2022 Bonds.** The Series 2022 Bonds are hereby authorized to be issued and secured hereunder as follows:

(a) *Series 2022A Bonds.*

(i) *Designation, Numbering and Dating.* The Series 2022A Bonds shall be designated “Revenue Bonds (CMW Obligated Group), Series 2022A.” The Series 2022A Bonds shall be issued as fully registered Bonds without coupons and shall be numbered consecutively from R-1 upward in the order of their issuance. The Series 2022A Bonds shall be dated the date of their initial issuance and delivery.

(ii) *Principal Amount and Maturity.* The Series 2022A Bonds shall be issued in an aggregate principal amount of \$53,310,000, shall be due (subject to prior redemption as hereinafter provided in Article III) on July 15, 2027, and shall bear interest at 5.00%. The Series 2022A Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date of issuance or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date.

(iii) *Amount Owed at Maturity.* At maturity, an additional 1% of the principal amount of the Series 2022A Bonds then Outstanding shall be due and payable as premium on the Series 2022A Bonds. Such premium shall be included in the total interest amount solely for purposes of the maximum net effective interest rate limitation under Chapter 1204 of the Texas Government Code, as amended.

(b) *Series 2022B Bonds.*

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(i) *Designation, Numbering and Dating.* The Series 2022B Bonds shall be designated "Taxable Revenue Bonds (CMW Obligated Group), Series 2022B." The Series 2022B Bonds shall be issued as fully registered Bonds without coupons and shall be numbered consecutively from 1 upward in the order of their issuance. The Series 2022B Bonds shall be dated the date of their initial issuance and delivery.

(ii) *Principal Amount and Maturity.* The Series 2022B Bonds shall be issued in an aggregate principal amount of \$52,580,000, shall be due (subject to prior redemption as hereinafter provided in Article III) on July 15, 2027, and shall bear interest at 5.50%. The Series 2022B Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date of issuance or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date.

(iii) *Amount Owed at Maturity.* At maturity, an additional 1% of the principal amount of the Series 2022B Bonds then Outstanding shall be due and payable as premium on the Series 2022B Bonds. Such premium shall be included in the total interest amount solely for purposes of the maximum net effective interest rate limitation under Chapter 1204 of the Texas Government Code, as amended.

(c) *Series 2022C Bonds.*

(i) *Designation, Numbering and Dating.* The Series 2022C Bonds shall be designated "Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C". The Series 2022C Bonds shall be issued as fully registered Bonds without coupons and shall be numbered consecutively from 1 upward in the order of their issuance. The Series 2022C Bonds shall be dated the date of their initial issuance and delivery.

(ii) *Principal Amount and Maturity.* The Series 2022C Bonds shall be issued in an aggregate principal amount of \$5,000,000, shall be due on January 15, 2027 (subject to prior redemption as hereinafter provided in Article III), and shall bear interest at the rate of 5.50% per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date of issuance or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date.

(d) If a Determination of Taxability with respect to any Tax-Exempt Bond occurs and the Bondholder Representative waives the mandatory prepayment of such Tax-Exempt Bond in accordance with the terms of the Continuing Covenants Agreement, then such Tax-Exempt Bond shall remain Outstanding and shall bear interest at the Taxable Rate and, in such event, the Obligated Group agreed in the Continuing Covenants Agreement to pay to each Bondholder or former Bondholder (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder or former Bondholder on such Tax-Exempt Bond during the period for which interest on such Tax-Exempt Bond is included in the gross income of such Bondholder or former Bondholder if such Tax-Exempt Bond had borne interest at the Taxable Rate (the "Taxable Period"), and (B) the amount of interest on such Tax-Exempt Bonds actually paid to the Bondholder or former Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by such Bondholder or former Bondholder as a result of interest on such Tax-Exempt Bonds being included in the gross income of such Bondholder or former Bondholder, together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by such Bondholder or former Bondholder (or their Bondholder Representative) in connection therewith.

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(b) When the documents specified in paragraph (a) of this Section shall have been filed with the Bond Trustee, and when the Series 2022 Bonds shall have been executed and authenticated as required by this Bond Indenture, the Bond Trustee shall deliver the Series 2022 Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to the Bond Trustee of the purchase price of the Series 2022 Bonds. The proceeds of the sale of the Series 2022 Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Bond Trustee, and the Bond Trustee shall deposit and apply such proceeds as provided in Article IV.

**Section 204. Form, Denomination and Dating of Bonds.**

(a) The Bonds and the Bond Trustee's Certificate of Authentication to be endorsed thereon shall be, respectively, in substantially the forms set forth in Exhibit A, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Bond Indenture or any Supplemental Bond Indenture. 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.

(b) The Bonds shall be issuable in the form of fully registered Bonds without coupons in Authorized Denominations.

(c) The Bonds shall be dated as provided in Section 202.

**Section 205. Method and Place of Payment of Bonds.**

(a) The principal of and redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

(b) The principal of and the redemption premium, if any, on all Bonds shall be payable at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office of the Bond Trustee or of any Paying Agent named in the Bonds.

(c) The interest payable on each Bond on any Interest Payment Date shall be paid by the Bond Trustee to the Person in whose name such Bond is registered on the Bond Register at the close of business on the Record Date for such interest, by check or draft mailed to such Registered Owner at his address as it appears on such Bond Register or at such other address as is furnished to the Bond Trustee in writing by such Owner. Upon the request and at the expense of any Bondowner of at least \$1,000,000 in principal amount of the Bonds, payments of principal and of premium, if any, and interest on the Bonds shall be made by wire transfer to an account designated in writing by such Bondowner.

(d) Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable at the Default Rate to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Obligated Group Representative shall notify the Bond Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof), and shall deposit with the Bond Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such deposit prior to the date of the proposed payment; money deposited with the Bond Trustee shall be held in trust for the benefit

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(c) Notwithstanding anything to the contrary in this Bond Indenture, upon an Event of Default, the Bonds shall bear interest at a rate equal to the Default Rate.

(f) *Paying Agent.* The Bond Trustee is hereby designated as the Paying Agent for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

**Section 203. Conditions to Delivery of Series 2022 Bonds.**

(a) The Series 2022 Bonds shall be executed substantially in the form and manner set forth in Section 206 and delivered to the Bond Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2022 Bonds by the Bond Trustee there shall be filed with the Bond Trustee the following:

(1) A copy, certified by the Secretary or Assistant Secretary of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of the Series 2022 Bonds and the execution of this Bond Indenture, the Loan Agreement and any other Bond Documents to which it is a party.

(2) A copy, duly certified by the Secretary or an Assistant Secretary of each Member of the Obligated Group, of the resolution adopted and approved by such Member of the Obligated Group authorizing the execution and delivery of the Loan Agreement, the Bond Note and any other Bond Documents to which it is a party and approving this Bond Indenture and the issuance and sale of the Series 2022 Bonds.

(3) An original executed counterpart of this Bond Indenture, the Loan Agreement and each of the other Bond Documents.

(4) The original executed Bond Note with an assignment thereof executed by the Issuer pledging and assigning the Bond Note to the Bond Trustee and the original executed CCA Note.

(5) A request and authorization to the Bond Trustee on behalf of the Issuer, executed by an Issuer Representative to authenticate the Series 2022 Bonds and deliver the Series 2022 Bonds to the purchaser identified upon payment to the Bond Trustee, for the account of the Issuer, of the purchase price of the Series 2022 Bonds. The Bond Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amount of such purchase price.

(6) An Opinion of Bond Counsel respecting the Series 2022 Bonds, dated the Closing Date, in form and substance acceptable to the Issuer and the Original Purchaser of the Series 2022 Bonds.

(7) Such other certificates, statements, receipts and documents required by any of the Bond Documents or as the Bond Trustee shall reasonably require for the delivery of the Series 2022 Bonds.

(8) A Bondholder Representative Letter substantially in the form set forth as Exhibit D to this Bond Indenture.

(9) The original executed Deposit Account Control Agreement executed by each Member of the Obligated Group.

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of the Owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the Obligated Group Representative and the Bondholder Representative of such Special Record Date and, in the name and at the expense of the Obligated Group, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

**Section 206. Execution and Authentication of Bonds.**

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its President or Vice President and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, and shall have the manual or facsimile corporate seal of the Issuer affixed thereto or imprinted thereon. In case any officer whose signature or facsimile thereof appears on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

(b) The Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Exhibit A, which shall be manually executed by the Bond Trustee. No Bond shall be entitled to any security or benefit under this Bond Indenture or shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed by the Bond Trustee. Such executed Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by any authorized officer or employee of the Bond Trustee, but it shall not be necessary that the same officer or employee sign the Certificate of Authentication on all of the Bonds that may be issued hereunder at any one time.

**Section 207. Registration, Transfer and Exchange of Bonds.**

(a) The Bond Trustee is hereby appointed Bond Registrar and as such shall keep the Bond Register at its designated corporate trust office.

(b) Any Bond may be transferred only upon the Bond Register upon surrender thereof to the Bond Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Trustee. Upon any such transfer, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same series, registered in the name of the transferee, in Authorized Denominations and of the same maturity and bearing interest at the same rate.

(c) Any Bonds, upon surrender thereof at the designated corporate trust office of the Bond Trustee, together with an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Trustee, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity, in Authorized Denominations, and bearing interest at the same rate.

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(d) In all cases in which Bonds shall be exchanged or transferred hereunder, the Issuer shall execute and the Bond Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with this Bond Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Bond Trustee.

(e) The Issuer, the Bond Trustee or the Securities Depository may make a charge against the Bondowner requesting the same for every such transfer or exchange of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Bond Trustee for making any transfer or exchange hereunder and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Obligated Group. In the event any Bondowner fails to provide a certified taxpayer identification number to the Bond Trustee, the Bond Trustee may impose a charge against such Bondowner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Bond Trustee from amounts otherwise payable to such Bondowner hereunder or under the Bonds. The Bond Trustee shall not be required to transfer or exchange any Bonds during a period between the Record Date and the next Interest Payment Date.

(f) The Person in whose name any Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such Bond for all purposes, and payment of or on account of the principal of and redemption premium, if any, and interest on any such Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

(g) At reasonable times and under reasonable regulations established by the Bond Trustee, the Bond Register may be inspected and copied by the Obligated Group Representative, the Issuer, the Bondholder Representative or by the Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Bond Trustee.

**Section 208. Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond shall become mutilated, or be lost, stolen or destroyed, the Issuer shall execute and the Bond Trustee shall authenticate and deliver a new Bond of like series, date and tenor as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Bond Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Bond Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Bond Trustee, together with indemnity satisfactory to them. In the event any such Bond shall have matured or been selected for redemption, instead of issuing a substitute Bond the Issuer may pay or authorize the payment of the same without surrender thereof. Upon the issuance of any substitute Bond, the Issuer and the Bond Trustee may require the payment of an amount by the Bondowner sufficient to reimburse the Issuer and the Bond Trustee for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith.

**Section 209. Cancellation and Destruction of Bonds Upon Payment.** All Bonds which have been paid or redeemed or which the Bond Trustee has purchased or which have otherwise been surrendered to the Bond Trustee under this Bond Indenture, either at or before maturity, shall be cancelled and destroyed by the Bond Trustee in compliance with all applicable record retention requirements upon the payment, redemption or purchase of such Bonds and the surrender thereof to the Bond Trustee.

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The Bond Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

**Section 211. Hamlin Investor Bonds; New CUSIP Number.** With respect to Hamlin Investor Bonds, in the event the Bondholder Representative ceases to represent a beneficial owner of the Bonds, the Bondholder Representative shall exercise its rights under the investment advisory agreement or limited partnership agreement entered into with the beneficial owner to liquidate any Bonds held in such beneficial owner's portfolio which are in an aggregate principal amount less than Authorized Denominations and may exercise its rights under such investment advisory agreement or limited partnership agreement for Bonds held in such portfolio which are in Authorized Denominations, in each case for sale or transfer to such other clients of the Bondholder Representative or other Persons as the Bondholder Representative may determine. Any Bonds sold or transferred to a non-Hamlin Investor must be re-certificated in Authorized Denominations registered in the name of the Securities Depository. In the event any Bond is required to be re-certificated by the above provisions, such Bond must be assigned a CUSIP that is separate from any CUSIP initially assigned to Bonds beneficially owned by a Bondholder Representative client (the "Hamlin CUSIP"). The Bondholder Representative shall notify the Bond Trustee in writing, prior to taking any action that would cause any Outstanding Hamlin Investor Bond to become a non-Hamlin Investor Bond. If at any time that any Hamlin Investor Bonds are Outstanding and the Bond Trustee receives written notice from the Bondholder Representative that any Hamlin Investor Bond is proposed to become a non-Hamlin Investor Bond, the Bond Trustee shall, at the expense of the Obligated Group, decrease the principal amount of Bonds allocated to the applicable Hamlin CUSIP by an amount corresponding to the increase in the non-Hamlin Investor Bonds and such proposed non-Hamlin Investor Bonds shall only be issued in the applicable Authorized Denominations. All non-Hamlin Investor Bonds shall be delivered through the Securities Depository using the Securities Depository's then-current procedures in order to obtain Bonds with the separate CUSIP number described in the preceding sentence. The Issuer is authorized to make such changes to the forms of Bonds attached as exhibits hereto as may be necessary or desirable in the judgment of the Issuer to reflect Bonds that are held by a non-Hamlin Investor under this Bond Indenture.

#### **Section 212. Additional Bonds.**

Additional Bonds may be issued under and equally and ratably secured by this Bond Indenture on a parity (except as otherwise provided in this Section) with the Series 2022 Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in this Section and in **Article VI** of the Loan Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of this Section, the Issuer shall adopt a resolution (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Bond Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Additional Bonds and the form of the Additional Bonds of such series, (c) authorizing the Issuer to enter into a Supplemental Loan Agreement with the Obligated Group to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Loan Agreement, and (d) providing for such other matters as are appropriate because of the issuance of the Additional Bonds.

Such Additional Bonds shall have the same general title as the Series 2022 Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of **Article III** of this Bond Indenture),

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#### **Section 210. Book-Entry; Securities Depository.**

(a) The Series 2022 Bonds shall initially be issued in the form of a single fully registered Bond for each maturity of each series of the Series 2022 Bonds registered in the name of the Original Purchaser. After initial issuance, the ownership of the Series 2022 Bonds shall be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Series 2022 Bonds, except in the event the Bond Trustee issues Replacement Bonds as provided in **Subsection (b)**. It is anticipated that during the term of the Series 2022 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2022 Bonds to the Participants until and unless the Bond Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in **Subsection (b)**.

(b) (1) If the Obligated Group Representative determines (with written notice to the Issuer and the Bond Trustee) (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a Book-Entry System to the exclusion of any Bonds being issued to any Bondowner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Bond Trustee receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a Book-Entry System to the exclusion of any Bonds being issued to any Bondowner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Bond Trustee shall notify the Bondowners, the Bondholder Representative and the Issuer of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this **Subsection (b)**, the Obligated Group Representative, with the consent of the Bond Trustee, the Bondholder Representative and the Issuer, may select a successor securities depository in accordance with **Subsection (c)** to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Obligated Group Representative, the Bond Trustee, the Bondholder Representative or Bondowners are unable to locate a qualified successor of the Securities Depository, then the Bond Trustee shall authenticate and cause delivery of Replacement Bonds to Bondowners, as provided herein. The Bond Trustee may rely on information from the Securities Depository and its Participants as to the names of the beneficial owners of the Bonds. The cost of printing Replacement Bonds shall be paid for by the Obligated Group.

(c) In the event the Securities Depository resigns or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Obligated Group Representative, with the consent of the Bond Trustee, the Bondholder Representative, and the Issuer, may appoint a successor Securities Depository provided the Bond Trustee receives written evidence satisfactory to the Bond Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms.

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all as provided by the Supplemental Bond Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Bond Indenture as the Series 2022 Bonds and any other Additional Bonds Outstanding. Additional Bonds may be secured by the Debt Service Reserve Fund as provided in the Supplemental Bond Indenture authorizing such Additional Bonds which may be funded from the proceeds of the sale of such Additional Bonds or other available moneys.

Such Additional Bonds shall be executed in the manner set forth in **Section 206** hereof and shall be deposited with the Bond Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Bond Trustee, and as a condition precedent thereto, there shall be filed with the Bond Trustee the following:

(a) A copy, certified by the secretary, assistant secretary or other authorized officer of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of such Additional Bonds and the execution of the Supplemental Bond Indenture and supplements to any other Financing Documents as may be necessary and the issuance and sale of the Additional Bonds.

(b) An original executed counterpart of the Supplemental Bond Indenture, executed by the Issuer and the Bond Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof, pledging and assigning a Master Note as security for the Additional Bonds and providing for the disposition of the proceeds of the Additional Bonds.

(c) The original executed and endorsed Master Note.

(d) An Obligated Group Representative's Certificate (1) stating that no Event of Default under this Bond Indenture or the Master Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an Event of Default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued.

(e) A request and authorization to the Bond Trustee, on behalf of the Issuer, executed by an Issuer Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to or upon the order of the original purchasers thereof upon payment to the Bond Trustee, for the account of the Issuer, of the purchase price thereof. The Bond Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(f) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met, such Additional Bonds have been duly and validly issued, and the issuance of such Additional Bonds will not result in the interest on any Tax-Exempt Bonds then Outstanding becoming subject to federal income taxes then in effect.

(g) The consent of the Bondholder Representative to the issuance of such Additional Bonds.

When the documents specified above have been filed with the Bond Trustee, and when such Additional Bonds have been executed and authenticated as required by this Bond Indenture, the Bond Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon

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payment of the purchase price of such Additional Bonds. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be paid over to the Bond Trustee and shall be deposited and applied as provided in the Supplemental Bond Indenture authorizing the issuance of such Additional Bonds.

Except as provided in this Section, the Issuer will not otherwise issue any obligations secured by the Trust Estate, which are on a parity with the Bonds.

**Section 213. Temporary Bonds.**

Pending preparation of definitive Series 2022 Bonds, the Issuer may issue, in lieu of definitive Series 2022 Bonds, one or more temporary printed or typewritten Series 2022 Bonds in Authorized Denominations, of substantially the tenor recited above. At the request of the Issuer, the Bond Trustee shall authenticate definitive Series 2022 Bonds in exchange for and upon surrender of an equal principal amount of temporary Series 2022 Bonds of the same series, maturity and interest rate. Until so exchanged, temporary Series 2022 Bonds shall have the same rights, remedies and security hereunder as definitive Series 2022 Bonds. Temporary Series 2022 Bonds shall be numbered consecutively upward from TR-1.

**ARTICLE III**

**REDEMPTION AND TENDER OF BONDS**

**Section 301. Redemption of Bonds Generally.** The Bonds shall be subject to redemption prior to maturity in accordance with the terms and provisions set forth in this Article.

**Section 302. Redemption of Bonds.**

(a) *Optional Redemption of Bonds.* The Bonds are subject to redemption and payment prior to maturity, at the option of the Issuer, which shall be exercised upon written instructions from the Obligated Group Representative, in whole or in part on any date on or after July 15, 2025, at a redemption price set forth below, plus accrued interest to the redemption date, as follows:

Redemption Date	Redemption Price
July 15, 2025 through July 16, 2026	101.5%
July 16, 2026, and thereafter	101.0%

(b) *Mandatory Redemption of the Series 2022C Bonds from Moneys in the Entrance Fee Fund.* Outstanding Series 2022C Bonds are subject to mandatory redemption in Authorized Denominations on the 45<sup>th</sup> day of each calendar quarter, in whole or in part, to the extent of moneys deposited in the Debt Service Fund from the Entrance Fee Fund at the end of the preceding quarter. Series 2022C Bonds redeemed pursuant to this Subsection shall be redeemed at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium.

(c) *Mandatory Sinking Fund Redemption.* The Series 2022A Bonds and Series 2022B Bonds shall be subject to the mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of this Section on July 15 in the years 2024 through 2027, at the principal amounts set forth below plus accrued interest to the redemption date and premium of 1% of the outstanding principal amount with respect to the final maturity, as set forth below. Such premium shall be included in the total interest amount solely for purposes of the maximum net effective interest rate limitation under Chapter 1204 of the Texas Government Code, as amended.

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the applicable mandatory redemption date, furnish the Bond Trustee (with a copy to the Issuer) a certificate signed by the Obligated Group Representative indicating to what extent said **clauses (1), (2) and (3)** are to be complied with in respect to such mandatory redemption payment.

(d) *Extraordinary Optional Redemption.* The Bonds are subject to redemption and payment prior to the stated maturity thereof, at the option of the Obligated Group, in whole or in part at any time, at the redemption prices specified below, upon the occurrence of any of the following events:

(i) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, if all or a substantial portion of the Project is damaged or destroyed by fire or other casualty, or title to, or the temporary use of, all or a substantial portion of such facilities is condemned or taken for any public or quasi-public use by any authority exercising or threatening the exercise of the power of eminent domain or title thereto is found to be deficient, to such extent that in the determination of the Obligated Group Representative (A) the Project cannot be reasonably restored or replaced to the condition thereof preceding such event, or (B) the Obligated Group is thereby prevented from carrying on its normal operations of the Project, or (C) the cost of restoration or replacement thereof would exceed the net proceeds of any casualty insurance, title insurance, condemnation awards or sale under threat of condemnation with respect thereto; or

(ii) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, if as a result of any changes in the Constitution of the State of Texas or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final direction, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Obligated Group Representative in good faith, this Bond Indenture or the Loan Agreement becomes void or unenforceable or impossible of performance, which determination is made by the Obligated Group Representative and confirmed by an Opinion of Bond Counsel; or

(iii) at a redemption price equal to 104% of the principal amount thereof plus accrued interest thereon to the redemption date, in the event that (A) a Consultant determines in good faith that continued operation or use of any of the facilities comprising the Project or any part thereof is not financially feasible or is otherwise disadvantageous to the Obligated Group; (B) as a result thereof, the Obligated Group Representative determines to sell, lease or otherwise dispose of, or permit alternative use of, such facilities comprising any part of the Project to an unrelated person or entity; and (C) the redemption (which may be effected prior to, concurrently with, or after the sale, lease, other disposition or alternative use) is undertaken for the purpose of preventing such sale, lease, other disposition or alternative use from adversely affecting the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation.

(e) *Mandatory Redemption Upon Determination of Taxability.* The Bonds are subject to mandatory redemption and payment prior to the stated maturity thereof upon a Determination of Taxability, within 180 days of such Determination of Taxability, at a redemption price equal to 103% of the principal amount thereof plus accrued interest thereon to the redemption date. Notwithstanding anything to the contrary in this Bond Indenture, the Tax-Exempt Bonds shall bear interest at a rate equal to 1.4 times the then-current interest rate on the Tax-Exempt Bonds from the date that is 120 days after the Determination of Taxability through the date of mandatory redemption required by this **subsection (e)**.

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**Series 2022A Bonds**

Year	Principal Amount
2024	\$ 470,000
2025	490,000
2026	515,000
2027*	51,835,000

\* Final maturity; does not include additional 1% of premium due at maturity

**Series 2022B Bonds**

Year	Principal Amount
2024	\$ 410,000
2025	430,000
2026	455,000
2027*	51,285,000

\* Final maturity; does not include additional 1% of premium due at maturity

The Bond Trustee shall, in each year in which the Bonds are to be redeemed pursuant to the terms of this **Subsection (c)**, make timely selection of such Bonds or portions thereof to be so redeemed and shall give notice thereof as provided in **Section 304** without further instructions from the Obligated Group Representative. The Bond Trustee may, upon written instructions from the Obligated Group Representative, use moneys on hand in the Debt Service Fund on any mandatory redemption date, to purchase Bonds of the maturity or maturities designated by the Obligated Group Representative in the open market at a price agreed to by the Obligated Group Representative not in excess of their principal amount, and each Bond so purchased shall be credited at 100% of the principal amount thereof on the obligation to redeem Bonds in inverse order of sinking fund installment, and the principal amount of Bonds of such sinking fund installment to be redeemed by operation of this **Subsection (c)** shall be reduced accordingly. At its option, to be exercised on or before the 45th day next preceding each mandatory redemption date, the Obligated Group Representative may: (1) deliver to the Bond Trustee for cancellation Bonds in the aggregate principal amount desired; or (2) furnish to the Bond Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Bonds specified by the Obligated Group Representative from any Owner thereof on the open market whereupon the Bond Trustee shall expend such funds for such purposes to such extent as may be practical; or (3) receive a credit in respect to the mandatory redemption obligation under this **Subsection (c)** for any Bonds which prior to such date have been redeemed (other than through the operation of the requirements of this **Subsection (c)**) and cancelled by the Bond Trustee and not theretofore applied as a credit against any redemption obligation under this **Subsection (c)**. Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation to redeem Bonds of the same installment on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Bonds of the same installment in inverse order of sinking fund installment and the principal amount of Bonds of the same installment to be redeemed by operation of this **Subsection (c)** shall be accordingly reduced. If the Obligated Group Representative intends to exercise the option granted by **clauses (1), (2) or (3)** of this Subsection, the Obligated Group Representative will, on or before the 45th day next preceding

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**Section 303. Selection of Bonds to be Redeemed.**

(a) Bonds shall be redeemed only in Authorized Denominations. If less than all Bonds of any series and maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Bond Trustee by lot.

(b) In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum Authorized Denominations then Outstanding, then for all purposes in connection with such redemption each unit of principal amount being redeemed shall be treated as though it was a separate Bond of the denomination of the amount being redeemed. If it is determined that one or more, but not all, of the principal amount represented by any fully registered Bond is to be selected for redemption, then upon notice of intention to redeem such portion of the Bond, the Owner of such Bond or such Owner's attorney or legal representative shall forthwith present and surrender such Bond to the Bond Trustee (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the same series and maturity of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond shall fail to present such Bond to the Bond Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

(c) The Bond Trustee shall call Bonds for redemption and payment as herein provided upon receipt by the Bond Trustee at least 35 days prior to the redemption date of a Written Request of the Obligated Group Representative. Such request shall specify the principal amount of the Bonds and their series and maturities so to be called for redemption, the applicable redemption price or prices and the provision or provisions above referred to pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds pursuant to **Section 302(d)**, and Bonds shall be called by the Bond Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer or the Obligated Group and whether or not the Bond Trustee shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

**Section 304. Notice and Effect of Call for Redemption.** Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Bond Trustee on behalf of the Issuer (with a copy to the Issuer) by mailing a copy of an official redemption notice by registered, certified or first-class mail, at least 20 days and not more than 60 days prior to the redemption date to the Bondholder Representative and to each Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Trustee.

All official notices of redemption shall be dated and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the identification (and, in the case of partial redemption, the respective principal amounts to be redeemed) of the Bonds to be redeemed;

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(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the Bond Trustee.

Any notice of redemption of any Bonds redeemed pursuant to **Section 302(a)** may specify that the redemption is contingent upon the deposit of moneys with the Bond Trustee in an amount sufficient to pay the redemption price of all the Bonds or portions of Bonds that are to be redeemed on that date.

Official notice of redemption having been given as aforesaid (and money having been deposited with the Bond Trustee sufficient to pay the redemption price if the redemption is contingent on that deposit), the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless a default in the payment of the redemption price occurs) such Bonds or portions of Bonds shall cease to bear interest and such Bonds or portions thereof shall cease to be entitled to any benefit or security under this Bond Indenture and the Registered Owners thereof shall have no rights in respect of such Bonds or portions thereof except the right to receive payment of the redemption price thereof and interest accrued to the redemption date. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same series and maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Trustee and shall not be reissued. A second notice of redemption shall be given within 60 days after the redemption date in the manner required herein to the Bondholder Representative and the Bondowners of redeemed Bonds which have not been presented for payment within 30 days after the redemption date, but failure to give any such notice or any defect therein shall not affect the validity of the redemption.

In addition to the foregoing notice, further notice shall be given by the Bond Trustee on behalf of the Issuer as set out below (with a copy to the Issuer), but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent before the redemption date to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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#### **ARTICLE IV**

##### **CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS**

**Section 401. Creation of Funds and Accounts.** There are hereby created and ordered to be established in the custody of the Bond Trustee the following special trust funds in the name of the Issuer to be designated as follows:

(a) "Tarrant County Cultural Education Facilities Finance Corporation Acquisition Price Fund – CMW Obligated Group, Series 2022" (the "**Acquisition Fund**").

(b) "Tarrant County Cultural Education Facilities Finance Corporation Issuance Costs Fund – CMW Obligated Group, Series 2022" (the "**Issuance Costs Fund**").

(c) "Tarrant County Cultural Education Facilities Finance Corporation Debt Service Fund – CMW Obligated Group, Series 2022" (the "**Debt Service Fund**").

(d) "Tarrant County Cultural Education Facilities Finance Corporation Debt Service Reserve Fund – CMW Obligated Group, Series 2022" (the "**Debt Service Reserve Fund**").

(e) "Tarrant County Cultural Education Facilities Finance Corporation Project Fund – CMW Obligated Group, Series 2022" (the "**Project Fund**").

(f) "Tarrant County Cultural Education Facilities Finance Corporation Entrance Fee Fund – CMW Obligated Group, Series 2022C" (the "**Entrance Fee Fund**").

(g) "Tarrant County Cultural Education Facilities Finance Corporation Rebate Fund – CMW Obligated Group, Series 2022" (the "**Rebate Fund**").

(h) "Tarrant County Cultural Education Facilities Finance Corporation Real Estate Tax and Insurance Fund – CMW Obligated Group, Series 2022" (the "**Real Estate Tax and Insurance Fund**").

(i) "Tarrant County Cultural Education Facilities Finance Corporation Funded Interest Fund – CMW Obligated Group, Series 2022" (the "**Funded Interest Fund**").

(j) "Tarrant County Cultural Education Facilities Finance Corporation Working Capital Fund – CMW Obligated Group, Series 2022" (the "**Working Capital Fund**").

The Bond Trustee shall maintain within the Debt Service Fund separate accounts for each series of Bonds Outstanding from time to time.

**Section 402. Deposit of Bond Proceeds.** There shall be deposited with the Bond Trustee the purchase price of the Bonds in the amount of \$110,890,000, equal to the aggregate principal amount of the Bonds:

(1) Deposit proceeds of the Series 2022A Bonds in the amount of \$53,310,000.00 as follows:

(a) to the Acquisition Fund the sum of \$34,993,772.16;

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Trustee shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Bond Trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

**Section 305. Purchase in Lieu of Redemption.** The Obligated Group shall have the option as set forth in this **Section 305** to cause the Bonds to be purchased in lieu of redemption pursuant to this **Article III**. Such option may be exercised by delivery to the Bond Trustee at least three (3) Business Days prior to the first date by which notice of redemption may be given for a particular redemption date of a written notice of the Obligated Group Representative, with the written consent of the Bondholder Representative, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this **Section 305**. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price (as defined below) on the date that would have been the redemption date. Unless otherwise approved in writing by the Bondholder Representative, any payment for a Bond purchased in lieu of redemption shall be credited against principal payments in inverse order of maturity or sinking fund installment, as applicable. For purposes of this **Section 305**, "**Purchase Price**" means the price negotiated with the Bondholder Representative or the bondholder if not represented by a Bondholder Representative.

The purchase of the Bonds pursuant to this **Section 305** shall extinguish the indebtedness of the Issuer evidenced thereby unless the Obligated Group Representative receives the consent of the Bondholder Representative to allow such Bonds to remain Outstanding. If the Bondholder Representative has provided its consent as set forth in the preceding sentence and any Tax-Exempt Bonds are to remain Outstanding after a purchase pursuant to this **Section 305**, then no such purchase pursuant to this **Section 305** shall become effective unless the Obligated Group Representative shall have delivered to the Bond Trustee and the Issuer concurrently therewith an Opinion of Bond Counsel to the effect that such purchase will not have an adverse effect on the exemption from federal income taxation to which the interest on the Tax-Exempt Bonds is entitled.

In connection with any purchase in lieu of redemption of the Bonds, the Bondholder Representative shall be permitted to direct the Bond Trustee, and the Bond Trustee hereby agrees to follow such direction, to open a brokerage account or such other account as requested by the Bondholder Representative which such account may be funded with amounts on deposit in the Debt Service Fund held by the Bond Trustee under this Bond Indenture in order to effectuate such purchase in lieu of redemption. Expenses incurred in connection with purchase in lieu of redemption shall be deemed an expense of the Bond Trustee hereunder payable by the Obligated Group.

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(b) to the Project Fund the sum of \$6,100,307.84;

(c) to the Issuance Costs Fund the sum of \$1,050,000.00;

(d) to the Funded Interest Fund the sum of \$3,900,000.00;

(e) to the Working Capital Fund the sum of \$2,600,000.00;

(f) to the Debt Service Reserve Fund the sum of \$4,665,920.00;

(2) Deposit proceeds of the Series 2022B Bonds in the amount of \$52,580,000.00 as follows:

(a) to the Acquisition Fund the sum of \$52,365,639.37;

(b) to the Project Fund the sum of \$214,360.63;

(3) Deposit proceeds of the Series 2022C Bonds in the amount of \$5,000,000.00 to the Acquisition Fund.

**Section 403. Issuance Costs Fund.** Moneys in the Issuance Costs Fund shall be paid out from time to time by the Bond Trustee upon Written Requests of the Obligated Group Representative, approved by the Bondholder Representative, in substantially the form of **Exhibit B** (or in a closing memorandum, settlement statement, or other similar document approved in writing by the Bondholder Representative), in amounts equal to the amount of Issuance Costs certified in such Written Requests. At such time as the Bond Trustee is furnished with a Certificate of the Obligated Group Representative stating that all such fees and expenses have been paid, and in any case not later than six months from the Closing Date, the Bond Trustee shall transfer any moneys remaining in the Issuance Costs Fund to the Debt Service Fund.

**Section 404. Acquisition Fund.** Moneys in the Acquisition Fund shall be paid out by the Bond Trustee as set forth on a final settlement statement delivered to the Bond Trustee which has been approved in writing by the Obligated Group Representative and the Bondholder Representative relating to the acquisition of the Project.

##### **Section 405. Debt Service Fund.**

(a) The Bond Trustee shall make deposits and credits to the Debt Service Fund, as and when received, as set forth below.

(1) All Loan Payments paid by the Obligated Group pursuant to **Section 4.1(a)** of the Loan Agreement.

(2) All moneys received by the Bond Trustee from the Debt Service Reserve Fund pursuant to the Master Indenture and **Section 406** hereof.

(3) All other moneys received by the Bond Trustee under the Loan Agreement or any other Bond Document, when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

(b) Except as otherwise provided herein, moneys in the Debt Service Fund shall be expended solely in accordance with this Bond Indenture to pay the principal of and redemption premium, if any, and

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interest on the Bonds as the same become due and payable at maturity, upon redemption, by acceleration or otherwise.

(c) The Bond Trustee is hereby authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdraw available to the Bond Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

(d) Any moneys in the Debt Service Fund may be used to redeem a part of the Bonds Outstanding, in accordance with Article III, so long as the Obligated Group is not in default with respect to any payments under the Loan Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases when such Bonds have not been presented for payment. Whenever there is on deposit in the Debt Service Fund moneys in excess of the amount required by the preceding sentence that are sufficient to redeem all or a portion of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, the Bond Trustee shall, upon written request of the Obligated Group Representative, take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Obligated Group Representative.

(e) After payment in full of the principal of and redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in this Bond Indenture), all rebatable arbitrage to the United States and the fees, charges and expenses of the Bond Trustee, the Bondholder Representative, any Paying Agent and the Issuer, and any other amounts required to be paid under this Bond Indenture, the Continuing Covenants Agreement and the Loan Agreement, all amounts remaining in the Debt Service Fund shall be paid to the Obligated Group Representative upon the expiration or sooner termination of the Loan Agreement.

**Section 406. Debt Service Reserve Fund.** Funds held in the Debt Service Reserve Fund shall be transferred by the Bond Trustee to the Debt Service Fund, with the consent of the Bondholder Representative, if needed to prevent a default in the payment of the principal of or interest on the Bonds. Funds held in any account in the Debt Service Reserve Fund shall also be used to pay the last principal payment coming due on the related series of Bonds.

Permitted Investments held in the Debt Service Reserve Fund shall be valued as of the Interest Payment Dates in each Fiscal Year, at the time of any withdrawal from the Debt Service Reserve Fund, at the time of refunding any of the Bonds, and at any other time requested by the Obligated Group Representative or the Bondholder Representative, the value thereof to be calculated, exclusive of accrued interest at the lower of cost or market value.

The amount in the Debt Service Reserve Fund at any time shall be deemed to be the amount of cash therein plus the value of any Permitted Investments held therein.

If on any valuation date, the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund because of a deficiency in the Debt Service Fund, the Bond Trustee shall immediately notify the Obligated Group Representative of such deficiency, and instruct the Obligated Group to make up such deficiency by making payments directly to the Bond Trustee for deposit in the Debt Service Reserve Fund as required by Section 4.2(i) and (j) of the Loan Agreement.

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**Section 301(a)**, or, in the discretion of and at the written request of the Obligated Group Representative with the consent of the Bondholder Representative, shall be applied for any other purpose that, based on an Opinion of Bond Counsel, delivered to the Bond Trustee and the Bondholder Representative will not cause the interest on the Tax-Exempt Bonds to be includible in gross income for federal income tax purposes.

If an Event of Default specified in Section 701 shall have occurred and the Bonds shall have been declared due and payable pursuant to Section 702, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to Section 409, shall without further authorization be deposited in the Debt Service Fund by the Bond Trustee with advice to the Obligated Group Representative, the Bondholder Representative, and to the Issuer of such action.

#### **Section 408. Entrance Fee Fund.**

(a) The Bond Trustee shall deposit in the Entrance Fee Fund the Initial Entrance Fees received pursuant to Section 4.1(a)(4) of the Loan Agreement. The Bond Trustee shall not be responsible for monitoring or accounting for Initial Entrance Fees, except as expressly provided herein.

(b) Moneys in the Entrance Fee Fund will be applied by the Bond Trustee to pay principal on the Series 2022C Bonds on the 45<sup>th</sup> day of each calendar quarter as redemption payments pursuant to Section 302(b), in addition to and separate from any scheduled principal or interest payments.

(c) When no Series 2022C Bonds remain Outstanding, the Obligated Group Representative need not deposit any additional Initial Entrance Fees into the Entrance Fee Fund, the Bond Trustee shall transfer any amounts on deposit in the Entrance Fee Fund to the Debt Service Fund, and the Entrance Fee Fund shall be closed.

**Section 409. Rebate Fund.** There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Bond Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and none of the Members of the Obligated Group, the Issuer or the Owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Agreement.

Pursuant to the Tax Agreement, the Bond Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Obligated Group Representative. Neither the Bond Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Agreement, other than from moneys held in the Rebate Fund created under this Bond Indenture as provided in this Bond Indenture or from other moneys provided to it by the Members of the Obligated Group. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Obligated Group.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Agreement shall survive the defeasance or payment in full of the Tax-Exempt Bonds until all rebatable arbitrage shall have been paid.

**Section 410. Real Estate Tax and Insurance Fund.** The Bond Trustee shall deposit in the Real Estate Tax and Insurance Fund all monies received from the Obligated Group pursuant to Section 4.2(k) of the Loan Agreement. Monies on deposit in the Real Estate Tax and Insurance Fund, including investment earnings, shall be used to pay real estate taxes and insurance premiums owed with respect to the Project. The Obligated Group Representative shall direct the Bond Trustee in writing to pay the funds to

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If at any time of valuation, the amount on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement, the amount of such excess shall be transferred to the Debt Service Fund.

#### **Section 407. Project Fund.**

Moneys in the Project Fund shall be paid out from time to time by the Bond Trustee upon Written Requests of the Obligated Group Representative with the approval of the Bondholder Representative, in substantially the form of Exhibit C, solely for the purpose of paying the Project Costs, including any alterations in or amendments to said plans and specifications deemed advisable by the Obligated Group Representative.

In making payments and determinations pursuant to this Section, the Bond Trustee may rely upon such Written Requests and shall not be required to make any independent investigation in connection therewith. If for any reason the Obligated Group Representative should decide prior to the mailing or release of payment by the Bond Trustee of any item not to pay such item, it shall give written notice of such decision to the Bond Trustee and the Bondholder Representative and thereupon the Bond Trustee shall not make such payment. If the Issuer so requests, a copy of each Written Request submitted to the Bond Trustee for payment under this Section shall be promptly provided by the Bond Trustee to the Issuer. The Bond Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file periodic statements of activity regarding the Project Fund with the Obligated Group Representative.

Upon completion of the Project, the Obligated Group Representative shall deliver to the Bond Trustee and the Bondholder Representative within 90 days thereafter the following Officer's Certificate:

- (1) stating that the Project has been fully completed and the date of completion of the Project; and
- (2) stating that such officer has made such investigation of such sources of information as are deemed by him to be necessary, including pertinent records of the Members of the Obligated Group, and such officer is of the opinion that the Project Costs have been fully paid for and no claim or claims exist against the Issuer or the Members of the Obligated Group or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the respective Member of the Obligated Group intends to contest such claim or claims in accordance with the Loan Agreement, in which event such claim or claims shall be described; provided, further, that it shall be stated that moneys are on deposit in the Project Fund or are available through enumerated bank loans (including letters of credit) or other sources sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims; and
- (3) stating if any item was added to, deleted from or substituted for the Project and providing any documentation, certificates or opinions required by Section 3.3 of the Loan Agreement.

If after payment by the Bond Trustee of all disbursement requests theretofore tendered to the Bond Trustee under the provisions of this Section and after receipt by the Bond Trustee of the Officer's Certificate required by this Section and after all rebatable earnings have been transferred to the Rebate Fund pursuant to Section 409, there shall remain any moneys in the Project Fund, such moneys shall be transferred or deposited in the Debt Service Fund to pay the next interest payment on the Bonds to become due, to pay the next maturing principal on the Bonds and thereafter to redeem the Bonds at the earliest permissible date under

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the Obligated Group to be used for payment of real estate taxes or to the applicable taxing jurisdictions and for payment of insurance premiums or to the applicable insurance company. The Bond Trustee may conclusively rely upon any such written direction and shall not be responsible for the application of funds so released to the Obligated Group.

**Section 411. Funded Interest Fund.** Moneys in the Funded Interest Fund shall be used to pay the interest on the Series 2022A Bonds until the exhaustion of the moneys in the Funded Interest Fund. On each Interest Payment Date, the Bond Trustee shall transfer moneys from the Funded Interest Fund to the Debt Service Fund to the extent they are available and needed to pay the interest on the Series 2022A Bonds coming due on that Interest Payment Date. The Funded Interest Fund shall be closed at such time that there is no longer any money on deposit in the Funded Interest Fund. Notwithstanding the foregoing, if any money remains on deposit in the Funded Interest Fund on the third anniversary of the Closing Date, such money shall be transferred to the Debt Service Fund for payment of the Series 2022A Bonds and the Funded Interest Fund shall be closed on such date.

**Section 412. Working Capital Fund.** Moneys in the Working Capital Fund shall be disbursed by the Bond Trustee to or for the account of the Obligated Group to pay Project Costs within seven days of receipt by the Bond Trustee of an Obligated Group Representative's Certificate approved by the Bondholder Representative certifying that no Default or Event of Default under this Bond Indenture or the other Bond Documents has occurred and is continuing and the withdrawal is made to pay any of the following (but only to the extent the following constitute Project Costs): (A) development and marketing fees and expenses related to the Project, (B) operating expenses relating to the Project, (C) the costs of needed repairs to the Project, (D) routine capital expenditures relating to the Project, (E) amounts due on the Series 2022A Bonds (other than optional prepayment or redemption), or (F) any other Project Cost permitted under the Act and approved by the Bondholder Representative.

Notwithstanding the foregoing, if any money remains on deposit in the Working Capital Fund on July 15, 2027, such money shall be transferred to the Debt Service Fund for payment of the Bonds and the Working Capital Fund shall be closed on such date.

**Section 413. Payments Due on Saturdays, Sundays and Holidays.** In any case where the date of maturity of principal of or redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a Saturday, a Sunday or a legal holiday or other day that is not a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

**Section 414. Nonpresentation of Bonds.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Bond Trustee, all liability to the Owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Bond Trustee shall repay to the Obligated Group the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Obligated Group, and the Owner thereof shall be entitled to look only to

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the Obligated Group for payment, and then only to the extent of the amount so repaid, and the Obligated Group shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 415. Reports From Bond Trustee.** The Bond Trustee shall furnish monthly to the Obligated Group Representative and the Bondholder Representative, on or before the tenth Business Day of the month following the month in which the Bonds are delivered, and on or before the tenth Business Day of each month thereafter, a report on the status of each of the funds and accounts established under this Article which are held by the Bond Trustee, showing at least the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month.

#### **ARTICLE V**

##### **DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS**

**Section 501. Moneys to be Held in Trust.** All moneys deposited with or paid to the Bond Trustee for the funds and accounts held under this Bond Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Bond Indenture shall be held by the Bond Trustee or Paying Agent in trust and shall be applied only in accordance with this Bond Indenture, the Continuing Covenants Agreement and the Loan Agreement, and, until used or applied as herein provided, shall (except for moneys and securities held in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the Issuer or the Obligated Group except as provided under **Section 502** for investment purposes. Neither the Bond Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon in writing.

**Section 502. Investment of Moneys.** Moneys held in each of the funds and accounts hereunder shall, pursuant to written direction of the Obligated Group Representative, be invested and reinvested by the Bond Trustee in accordance with the provisions hereof and the Tax Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. Notwithstanding any other provision of this Bond Indenture, if the Bond Trustee fails to receive written directions of the Obligated Group Representative regarding investment of funds pursuant to this Section, moneys held in any fund or account hereunder shall be invested or reinvested in Permitted Investments described in a money market mutual fund permitted by subparagraph (g) of the definition of Permitted Investments. The Bond Trustee may make any investments permitted by this Section through its own bond department or short-term investment department and may pool moneys for investment purposes, except moneys held in the yield restricted portion of any fund or account, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. Any loss resulting from such Permitted Investments shall be charged to such fund, account or subaccount in which such Permitted Investments generating the loss are held. Any fees for investment of moneys in a fund, account or subaccount may be charged to that fund, account or subaccount. The Bond Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in such fund or account is insufficient for the purposes of such fund or account. The Bond Trustee shall value all Permitted Investments at lower of cost or market value.

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**Section 503. Record Keeping.** The Bond Trustee shall maintain records designed to show compliance with this Article and **Article IV** for at least six years after the payment of all of the Outstanding Bonds.

#### **ARTICLE VI**

##### **PARTICULAR COVENANTS AND PROVISIONS**

**Section 601. Limited Obligations.** The Bonds, together with interest thereon, shall be limited, special obligations of the Issuer payable solely from the revenues and other amounts derived from the Loan Agreement, the Continuing Covenants Agreement and the Bond Note (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards or liquidation of assets in connection therewith) and shall be a valid claim of the respective Registered Owners thereof only against the funds established under this Bond Indenture and other moneys held by the Bond Trustee for the benefit of the Bonds and the revenues and other amounts derived from the Loan Agreement and the Bond Note, which revenues and other amounts are hereby pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Bond Indenture.

NEITHER THE STATE OF TEXAS, NOR TARRANT COUNTY, TEXAS, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE BONDS ISSUED HEREUNDER. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND RESOURCES OF THE ISSUER PLEDGED TO THEIR PAYMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NONE OF THE BONDS OF THE ISSUER ISSUED HEREUNDER SHALL BE CONSTRUED OR CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR AN INDEBTEDNESS OR OBLIGATION (SPECIAL, MORAL OR GENERAL) OF THE STATE OF TEXAS OR TARRANT COUNTY, TEXAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

No covenant, provision or agreement of the Issuer herein or in the Bonds or in any other document executed by the Issuer in connection with the issuance, sale and delivery of the Bonds or any obligation herein or therein imposed upon the Issuer or breach thereof, shall give rise to a pecuniary liability of the Issuer, its officers, members, directors, employees or agents or a charge against the Issuer's general credit or general fund or shall obligate the Issuer, its officers, members, directors, employees or agents financially in any way except with respect to this Bond Indenture 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 therein shall subject the Issuer, its officers, employees, members, directors or agents to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from this Bond Indenture or revenues therefrom or proceeds of the Bonds. No execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit or general fund of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to this Bond Indenture and the application of revenues hereunder as hereinabove provided. It is further understood and agreed by the Obligated Group Representative and the Owners of the Bonds that the Issuer, its officers, members, directors, employees or agents shall incur no pecuniary liability hereunder and shall not be liable for any expenses related hereto, all of which the Obligated Group agrees to pay. If, notwithstanding the provisions of this Section, the Issuer, its officers, members, directors, employees or agents incur any expense, or suffer any losses, claims or damages or incur any liabilities, the Obligated Group will indemnify and hold harmless the Issuer, its

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officers, members, directors, employees or agents from the same and will reimburse the Issuer, its officers, members, directors, employees or agents in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer, its officers, members, directors, employees or agents shall survive delivery of and payment for the Bonds.

**Section 602. Payment of Principal, Redemption Premium, if any, and Interest.** The Issuer will deposit in the Debt Service Fund all Loan Payments that it receives and any and all other payments and sums that it receives under the Loan Agreement and this Bond Indenture (other than with respect to the Unassigned Issuer Rights) promptly to meet and pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof.

**Section 603. Issuer to Issue Bonds and Execute Bond Indenture.** The Issuer represents that it is duly authorized under the Constitution and laws of the State to execute this Bond Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; and that all action on its part for the execution and delivery of this Bond Indenture and the issuance of the Bonds has been duly and effectively taken.

**Section 604. Performance of Covenants.** The Issuer will (to the extent within its control) faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Indenture, in the Bonds and in all proceedings pertaining thereto which are the responsibility of the Issuer, provided that the Issuer shall have no obligation to perform such covenants, undertakings, stipulations and provisions unless and until the Issuer receives evidence to its sole satisfaction that its fees, costs and expenses relating to such performance will be paid.

**Section 605. Instruments of Further Assurance.** The Issuer may do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Bond Indentures and such further acts, instruments, financing statements and other documents as the Bond Trustee or the Bondholder Representative may reasonably require for the better assuring, transferring, pledging and assigning to the Bond Trustee, and granting a security interest under the Bond Trustee in and to the Trust Estate and the other property and revenues herein described to the payment of the principal of, redemption premium, if any, and interest on the Bonds, all at the expense of the Obligated Group; provided that such Supplemental Bond Indentures, acts, instruments, financing statements and other documents to be performed or executed by the Issuer are acceptable to the Issuer. The Loan Agreement, all Supplemental Loan Agreements, the Bond Note, and all other documents or instruments required by the Bond Trustee or the Bondholder Representative shall be delivered to and held by the Bond Trustee.

**Section 606. Inspection of Books.** All books and documents in the Issuer's possession relating to this Bond Indenture, the Loan Agreement, and any other Bond Documents and the transactions relating thereto shall during business hours upon reasonable notice be open to inspection by such accountants or other agents as the Bond Trustee, the Bondholder Representative or the holders of 25% in aggregate principal amount of the Bonds then Outstanding may from time to time designate.

**Section 607. Enforcement of Rights.** The Bond Trustee, as assignee, transferee, pledgee, and owner of a security interest hereunder in its name or in the name of the Issuer, or the Bondholder Representative may enforce all rights of the Issuer (other than the Issuer's Unassigned Issuer Rights, the Issuer's right to reimbursement of expenses, to indemnification, to notice, the Issuer's right to execute and deliver Supplemental Loan Agreements and as otherwise expressly set forth in the Loan Agreement) and/or the Bond Trustee and all obligations of the Obligated Group under and pursuant to the Loan Agreement, the Bond Note and the Master Indenture for and on behalf of the Bondowners, whether or not the Issuer is in default hereunder.

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The Bond Trustee will promptly deposit all amounts received from the Obligated Group pursuant to the Loan Agreement (other than with respect to the Unassigned Issuer Rights) and the Tax Agreement and subject to **Article XI**, shall perform all duties imposed upon it pursuant to the Loan Agreement and the Tax Agreement.

**Section 608. Tax Covenants.** Subject to the limitations on its liability as stated herein and to the extent permitted by law, the Issuer covenants and agrees that it has not knowingly engaged, to the extent within its control, and will not knowingly engage in any activities and that it has not knowingly taken and, to the extent within its control, will not knowingly take any action which might result in any interest on the Tax-Exempt Bonds becoming includable in the gross income of the owners thereof for purposes of Federal income taxation.

The Bond Trustee will comply with its express duties under the Tax Agreement to the extent and as set forth therein, and upon receipt of the Tax Agreement and any Opinion of Bond Counsel which sets forth such requirements, and at the written direction of the Obligated Group, will comply with any statute, regulation or ruling that may apply to it as Bond Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Tax-Exempt Bonds. The Bond Trustee from time to time may (but shall not be obligated to) cause a firm of attorneys, consultants or independent accountants or an investment banking firm to supply the Bond Trustee with such information as the Bond Trustee may request in order to determine in a manner reasonably satisfactory to the Bond Trustee all matters relating to (a) the actuarial yields on the Tax-Exempt Bonds as the same may relate to any data or conclusions necessary to verify that the Tax-Exempt Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, and (b) compliance with rebate requirements of Section 148(f) of the Internal Revenue Code. Notwithstanding the foregoing, the Bond Trustee shall have no obligation to make any such requests or determine any such matters. Payment for costs and expenses incurred in connection with supplying the foregoing information shall be paid by the Obligated Group.

The foregoing covenants of this Section shall remain in full force and effect notwithstanding the defeasance of the Tax-Exempt Bonds pursuant to **Article XI** or any other provision of this Bond Indenture, until the final maturity date of all Tax-Exempt Bonds Outstanding and payment thereof.

**Section 609. Bond Trustee to Provide Information to Issuer.** The Bond Trustee shall provide to the Issuer (unless otherwise provided to the Issuer) and the Bondholder Representative all Opinions of Bond Counsel furnished to the Bond Trustee pursuant to the Master Indenture, the Loan Agreement or this Bond Indenture.

The Bond Trustee and the Obligated Group Representative shall provide the Issuer with any information which may from time to time be requested concerning the Bonds according to the rules and interpretations of the Governmental Accounting Standards Board required to be disclosed concerning conduit debt obligations. In addition, the Bond Trustee shall furnish to the Issuer upon the written request of the Issuer any other reports, certificates, opinions, other documents or information furnished to or on file with the Bond Trustee pursuant to the Master Indenture, the Loan Agreement, this Bond Indenture or other document related thereto.

**Section 610. Recordation and Other Instruments.** In order to perfect the security interest of the Bond Trustee in the Trust Estate and to perfect the security interest in the Bond Note, the Issuer, to the extent permitted by law, will execute such security agreements or financing statements, naming the Bond Trustee as assignee and pledgee of the Trust Estate assigned and pledged under this Bond Indenture for the payment of the principal of, premium, if any, and interest on the Bonds and as otherwise provided herein, and the Obligated Group will cause the same to be duly filed and recorded, as the case may be, in the

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appropriate State and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the State, as from time to time amended. To continue the security interest evidenced by such security agreements or financing statements, the Bond Trustee or Obligated Group, as the case may be, shall file and record or cause to be filed and recorded such necessary continuation statements from time to time as may be required pursuant to the provisions of the said Uniform Commercial Code or other similar law to fully preserve and protect the security interest of the Bond Trustee in the Trust Estate and the security interest in the Bond Note. The Issuer, to the extent permitted by law, at the expense of the Obligated Group, shall execute and cause to be executed any and all further instruments as shall be reasonably required by the Bond Trustee for such protection and perfection of the interests of the Bond Trustee and the Registered Owners, and the Obligated Group Representative or its agent, as the case may be, shall file and refile or cause to be filed and refilled such instruments which shall be necessary to preserve and perfect the lien of this Bond Indenture upon the Trust Estate until the principal of, premium, if any, and interest on the Bonds issued hereunder shall have been paid or provision for their payment shall be made as herein provided.

Nothing herein shall require the Bond Trustee to initially file financing statements, or termination statements, or be responsible for maintaining the security interest purported to be created as described herein or in any of the other Bond Documents (except for the safe custody of any collateral in its possession and the accounting for moneys actually received by it hereunder or under any other Bond Document) and such responsibility shall be solely that of the Obligated Group. Notwithstanding the foregoing, the Bond Trustee shall be responsible for filing any UCC continuation statements with respect to each UCC financing statement filed on the date of issuance of the Bonds relating to the Trust Estate; provided that a copy of the filed initial financing statement is timely delivered to the Bond Trustee. In addition, unless the Bond Trustee shall have been notified in writing by the Obligated Group Representative that any such initial filing or description of collateral was or has become defective, the Bond Trustee shall be fully protected in (i) relying on such initial filing and descriptions and information therein in filing any financing or continuation statements or modifications thereto pursuant to this section and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Obligated Group shall be responsible for the customary fees charged by the Bond Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Bond Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses.

## ARTICLE VII

### DEFAULT AND REMEDIES

**Section 701. Events of Default.** If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default" under this Bond Indenture:

- (a) default in the due and punctual payment of any interest on any Bond when the same becomes due and payable; or
- (b) default in the due and punctual payment of the principal or redemption premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity or accelerated maturity thereof, or upon proceedings for redemption thereof; or
- (c) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder, or there shall be a default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Indenture or any Supplemental Bond Indenture on the part of the Issuer to be performed, and such incapacity

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**Section 703. Exercise of Remedies by the Bond Trustee.** Upon the occurrence and continuance of any Event of Default under this Bond Indenture, unless the same is waived as provided in this Bond Indenture, the Bond Trustee may, with the written consent of the Bondholder Representative, and subject to the provisions of **Article VIII** shall, at the direction of the Bondholder Representative, exercise any of the following rights and remedies, in addition to any other rights and remedies provided under this Bond Indenture or by law:

- (a) *Right to Bring Suit, Etc.* Pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Bond Indenture, to realize on or to foreclose any of its interests or liens under this Bond Indenture or any other Bond Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in this Bond Indenture and to enforce or preserve any other rights or interests of the Bond Trustee under this Bond Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity; provided that, notwithstanding any provision herein to the contrary, the only remedy available against the Issuer is a remedy of specific performance of its obligations hereunder.
- (b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the Owners of not less than 25% in principal amount of Bonds Outstanding or the Bondholder Representative and if indemnified as provided in **Section 802(e)**, the Bond Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Bond Trustee, in consultation with the Bondholder Representative, shall deem most expedient in the interests of the Owners.
- (c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and of the Owners under this Bond Indenture, the Bond Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) *Suits to Protect the Trust Estate.* The Bond Trustee shall have power to institute and to maintain such proceedings as it may, in consultation with the Bondholder Representative, deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Bond Indenture and to protect its interests and the interests of the Owners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Bond Indenture or be prejudicial to the interests of the Owners or the Bond Trustee, or to intervene (subject to the approval of the Bondholder Representative and a court of competent jurisdiction) on behalf of the Owners in any judicial proceeding to which the Issuer or any Member of the Obligated Group is a party and which in the judgment of the Bond Trustee or the Bondholder Representative has a substantial bearing on the interests of the Owners.
- (e) *Enforcement Without Possession of Bonds.* All rights of action under this Bond Indenture or any of the Bonds may be enforced and prosecuted by the Bond Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Bond Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the

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or default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Obligated Group Representative by the Bond Trustee (which notice may be given by the Bond Trustee in its discretion and shall be given at the written request of the Bondholder Representative or the Owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding); provided, however, if any such default shall be correctable but is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Obligated Group within such period and diligently pursued until the default is corrected provided that such default or breach must be cured in 90 days; or

- (d) any Event of Default as specified in the Loan Agreement has occurred and is continuing and has not been waived;
- (e) any Event of Default as specified in the Continuing Covenants Agreement has occurred and is continuing and has not been waived; or
- (f) any Event of Default as specified in the Master Indenture has occurred and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the Obligated Group Representative under this Section, the Issuer hereby grants the Obligated Group full authority for account of the Issuer to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, 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 in order to remedy such default. Upon the occurrence of an Event of Default for which the Bond Trustee has received notice or for which the Bond Trustee is required to take notice, the Bond Trustee shall, within 30 days give written notice thereof by first-class mail to the Bondholder Representative, and if there is no Bondholder Representative, to all Bondowners.

**Section 702. Acceleration of Maturity in Event of Default.** If the Bond Note has been declared by the Master Trustee to be immediately due and payable, then all Bonds Outstanding shall become and be immediately due and payable, anything in the Bonds or herein to the contrary notwithstanding. In addition, if an Event of Default shall have occurred and be continuing, the Bond Trustee may, with the prior written consent of the Bondholder Representative, and if requested by the Owners of not less than 25% in principal amount of the Bonds Outstanding or the Bondholder Representative shall, by notice in writing delivered to the Issuer and the Obligated Group Representative, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; provided that if at any time after the principal of the Bonds then Outstanding shall have so become due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such acceleration or before the completion of the enforcement of any other remedy under this Bond Indenture, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect to which such default shall have occurred, and all arrears of payments of principal when due, as the case may be, and all fees and expenses of the Bond Trustee and the Bondholder Representative in connection with such default shall have been paid or provided for, and all other existing Events of Default shall have been cured or waived, and if any acceleration of the Bond Note is annulled in accordance with the Master Indenture, then, upon the written request of the Bondholder Representative or the Owners of at least a majority in aggregate principal amount of all Bonds then Outstanding, the acceleration of the Bonds then Outstanding and the consequences of such acceleration shall be annulled or rescinded, but no such annulment or rescission shall extend to or affect any subsequent acceleration of the Bonds then Outstanding, or impair any right consequent hereon.

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payment of the reasonable compensation, expenses, disbursements and advances of the Bond Trustee, the Bondholder Representative, their agents and counsel, and subject to **Section 707**, be for the equal and ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

- (f) *Restoration of Positions.* If the Bond Trustee, the Bondholder Representative or any Owner has instituted any proceeding to enforce any right or remedy under this Bond Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Bond Trustee, the Bondholder Representative or such Owner, then and in every case the Issuer, the Bond Trustee, the Bondholder Representative, the Obligated Group and the Owners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Bond Indenture, and thereafter all rights and remedies of the Bond Trustee, the Bondholder Representative and the Owners shall continue as though no such proceeding had been instituted.

Notwithstanding any provision herein to the contrary, the Issuer may enforce and seek remedies with respect to its Unassigned Issuer Rights.

**Section 704. Bond Trustee May File Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, a Member of the Obligated Group or any other obligor upon the Bonds or of such other obligor or their creditors, the Bond Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Bond Trustee shall have made any demand for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Bond Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Bond Trustee, its agents and counsel), the Bondholder Representative and the Owners allowed in such judicial proceeding, and
- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Bond Trustee, and in the event that the Bond Trustee shall consent to the making of such payments directly to the Owners, to pay to the Bond Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Bond Trustee, the Bondholder Representative, their agents and counsel, and any other amounts due the Bond Trustee under **Section 804** or the Bondholder Representative under any other provision of this Bond Indenture or the Bond Documents.

Nothing herein contained shall be deemed to authorize the Bond Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Bond Trustee to vote in respect of the claim of any Owner in any such proceeding.

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**Section 705. Limitation on Exercise of Remedies by Bondowners.** No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Bond Trustee has been notified as provided in **Section 803** or of which by said section the Bond Trustee is deemed to have notice, (b) such default shall have become an Event of Default, (c) the Bondholder Representative or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Bond Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have offered to the Bond Trustee indemnity as provided in **Section 802(e)**, and (d) the Bond Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case, at the option of the Bond Trustee, to 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 the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice this Bond Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided, and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any Bondowner to payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation to pay the principal of, redemption premium, if any, and interest on each of the Bonds to their respective Owners at the time, place, from the source and in the manner expressed herein and in the Bonds or affect or interfere with the right of any owner to institute suit for the enforcement of any such payment. If the Bond Trustee receives conflicting directions from two or more groups of Owners, each with combined holdings of not less than 25% of the principal amount of Outstanding Bonds, the directions given by the group of Owners that holds the largest percentage of Bonds shall be controlling and the Bond Trustee shall follow such directions to the extent required herein.

**Section 706. Right of Bondholder Representative or Bondowners to Direct Proceedings.**

Except as provided in **Section 705**, the Bondholder Representative or the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, 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 for the appointment of a receiver, custodian or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Indenture and provided, further, that the Bond Trustee shall have the right to decline to follow any such direction if the Bond Trustee in good faith shall determine that the proceedings so directed would involve it in personal liability for which it has not been indemnified in accordance with **Section 802(e)**.

**Section 707. Application of Moneys in Event of Default.** Any moneys held or received by the Bond Trustee (after the deductions for payment of the Bond Trustee's fees, costs and expenses of proceedings resulting in the collection of such moneys and costs and expenses of the Issuer and the Bondholder Representative) together with any other sums then held by the Bond Trustee as part of the Trust Estate (other than the Rebate Fund), shall be applied in the following order, at the date or dates fixed by the Bond Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) First: To the payment of all amounts due the Bond Trustee under **Section 804** and amounts due to the Bondholder Representative;

without the consent of the Bondholder Representative or the Owners of at least 66<sup>2/3</sup>% in principal amount of the Bonds Outstanding (a) an Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission of the Event of Default referred to in (a) or (b) above, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect to which such default shall have occurred, and all arrears of payments of principal when due, as the case may be, and all expenses of the Bond Trustee in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every case the Issuer, the Obligated Group, the Bond Trustee, the Bondholder Representative, and the Bondowners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

**ARTICLE VIII**

**THE BOND TRUSTEE**

**Section 801. Acceptance of Trusts; Certain Duties and Responsibilities.** The Bond Trustee accepts and agrees to execute the trusts imposed upon it by this Bond Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
  - (1) the Bond Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee; and
  - (2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bond Trustee and conforming to the requirements of this Bond Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements, if any, of this Bond Indenture.
- (b) If an Event of Default has occurred and is continuing,
  - (1) the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances; and
  - (2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bond Trustee and conforming to the requirements of this Bond Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same

- (b) Second: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Bond Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal and premium, if any, and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of interest first and then to the payment of principal without any preference or priority, ratably according to the aggregate amount so due; and
- (c) Third: To the payment of the remainder, if any, to the Obligated Group or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied at such times and from time to time as the Bond Trustee shall determine, in consultation with the Bondholder Representative, having due regard to the amount of such moneys available and which may become 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) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The 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 Owner of any unpaid Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid under this Section, and all expenses and charges of the Bond Trustee, the Bondholder Representative, and the Issuer have been paid, and all amounts owing to the United States Government under Section 148 of the Internal Revenue Code have been paid, any balance remaining in the Debt Service Fund shall be paid to the Obligated Group as provided in **Section 405(e)**.

**Section 708. Remedies Cumulative.** No remedy by the terms of this Bond Indenture conferred upon or reserved to the Bond Trustee, the Bondholder Representative, or the Bondowners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bond Trustee, the Bondholder Representative, or the Bondowners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every case the Issuer, the Obligated Group, the Bond Trustee, the Bondholder Representative and the Bondowners shall be restored to their former positions and all rights hereunder, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

**Section 709. Waivers 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 upon the written request of the Bondholder Representative or the Owners of at least a majority in aggregate principal amount of all Bonds then Outstanding in the case of any default; provided that there shall not be waived

to determine whether or not they conform on their face to the requirements, if any, of this Bond Indenture.

- (c) No provision of this Bond Indenture shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
  - (1) this Subsection shall not be construed to limit the effect of **Subsection (a)**;
  - (2) the Bond Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Bond Trustee, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts;
  - (3) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholder Representative or the Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture;
  - (4) no provision of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it shall have reasonable grounds for believing that repayment of such funds or indemnity in accordance with **Section 802(e)** has been provided; and
  - (5) in determining whether to give its consent, approve or exercise any discretionary right of the Trustee pursuant to the terms hereof or any other Bond Documents, the Bond Trustee shall be entitled to seek instructions from the Bondholder Representative or the Bondowners and request, and receive, written direction from the Bondholder Representative or the Bondowners as provided herein. The Bond Trustee shall be entitled to rely upon any such instructions without further inquiry and shall not be liable for any action or omission undertaken by it and in accordance with such instructions.
- (d) Whether or not therein expressly so provided, every provision of this Bond Indenture relating to the conduct or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Section.

**Section 802. Certain Rights of Bond Trustee.** Except as otherwise provided in **Section 801**:

- (a) The Bond Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties or upon the written opinion of any attorney, engineer, accountant or other expert believed by it to be qualified in relation to the subject matter, and neither the Issuer nor the Bond Trustee shall be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

- (b) The Bond Trustee shall be entitled to rely upon a Certificate of Obligated Group Representative as to the sufficiency of any request or direction of the Obligated Group mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the governing board of the Obligated Group Representative or the Members of the Obligated Group, as applicable, has been duly adopted, and is in full force and effect.
- (c) Whenever in the administration of this Bond Indenture the Bond Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Bond Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of Obligated Group Representative.
- (d) The Bond Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Bond Trustee hereunder in good faith and in reliance thereon.
- (e) Notwithstanding anything elsewhere in this Bond Indenture contained, before taking any action under this Bond Indenture, the Bond Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.
- (f) The Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Bond Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Bond Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Members of the Obligated Group, personally or by agent or attorney.
- (g) The Bond Trustee assumes no responsibility for the correctness of the recitals contained in this Bond Indenture and in the Bonds, except the certificate of authentication on the Bonds. The Bond Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Bond Indenture or of the Bonds. The Bond Trustee shall not be accountable for the use or application by the Obligated Group of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Obligated Group under any provision of this Bond Indenture.
- (h) The Bond Trustee, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Issuer or the Obligated Group with the same rights it would have if it were not Bond Trustee.
- (i) All money received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Bond Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Bond Indenture. The Bond Trustee shall be under no

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- Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.
- (f) Except as provided in the Continuing Disclosure Agreement, the Bond Trustee shall not be obligated under any continuing disclosure agreement or other undertaking or to take any other action as may be required to cause compliance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.
  - (g) The Bond Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Bond Indenture shall likewise extend to the Bond Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Bond Trustee's rights to compensation, shall survive the Bond Trustee's resignation or removal, the discharge of this Bond Indenture and the final payment of the Bonds.
  - (i) Except as provided in Section 705, if the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Owners of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Bond Indenture, then the Bond Trustee shall follow any direction received from the Bondholder Representative, or, in the absence of direction from the Bondholder Representative, the Bond Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.
  - (u) Whether or not expressly so provided, each provision of this Bond Indenture relating to the conduct or affecting the liability of or affording protection to the Bond Trustee is subject to this Section 802.
  - (v) The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Bond Indenture or the other Bond Documents arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Bond Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.
  - (w) The Bond Trustee shall have the right to accept and act upon directions or instructions given pursuant to the Bond Documents and delivered using Electronic Means (defined below). If the Obligated Group Representative elects to give the Bond Trustee directions or instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such directions or instructions, the Bond Trustee's understanding of such directions or instructions shall be deemed controlling. The Obligated Group Representative understands and agrees that the Bond Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Bond Trustee shall conclusively presume that directions or instructions that purport to have been sent by an authorized representative of the Obligated Group Representative listed on the incumbency certificate provided to the Bond Trustee have been sent by such authorized representative of the Obligated Group Representative. The Obligated Group Representative shall be responsible for ensuring that only the Obligated Group Representative transmit such directions or

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liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer or the Obligated Group.

- (j) The Bond Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.
- (k) The Bond Trustee may elect not to proceed in accordance with the directions of the Owners without incurring any liability to the Owners if in the opinion of the Bond Trustee such direction may result in liability to the Bond Trustee, in its capacity as bond trustee or in an individual capacity, for which the Bond Trustee has not received indemnity pursuant to Section 802(e) from the Owners, and the Bond Trustee may rely upon an Opinion of Counsel addressed to the Issuer and the Bond Trustee in determining whether any action directed by Owners or the Issuer may result in such liability.
- (l) Notwithstanding any other provision of this Bond Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Bond Trustee shall be interpreted to include any action of the Bond Trustee whether it is deemed to be in its capacity as Bond Trustee, Bond Registrar or Paying Agent.
- (m) The Bond Trustee shall not be liable to the Obligated Group, any holder, any Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with this Bond Indenture. The Bond Trustee shall not be liable to the Obligated Group for any loss suffered as a result of or in connection with any investment of funds made by the Bond Trustee in good faith as instructed by or approved by the Obligated Group Representative. The Bond Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Owner in the nature of a preliminary or final placement memorandum, Limited Offering Memorandum, offering circular or similar disclosure document.
- (n) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture or the Loan Agreement shall not be construed as duties. The Bond Trustee shall only be responsible for the performance of the duties expressly set forth herein and shall not be answerable for other than its negligence or bad faith in the performance of those express duties.
- (o) The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in this Bond Indenture.
- (p) The Bond Trustee shall have no duty to verify the truthfulness or accuracy of the certifications made by the Obligated Group Representative with respect to the Bond Trustee's disbursements for costs of the Project in accordance with the Bond Documents.
- (q) Without limiting the duties of the Bond Trustee expressly set forth herein, the Bond Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of any of the Bonds or the interest thereon; (ii) the consequences of the investment or non investment of any funds or accounts relating to the Bonds under

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instructions to the Bond Trustee and that each authorized representative of the Obligated Group Representative treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. "Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords or authentication keys, or another method or system specified by the Bond Trustee as available for use in connection with its services hereunder.

**Section 803. Notice of Defaults.** The Bond Trustee shall not be required to take notice or be deemed to have notice of any default with respect to Bonds hereunder, except for (i) Events of Default specified in Section 701(a) or (b), (ii) the failure of the Obligated Group to make any payments due to the Bond Trustee under the Continuing Covenants Agreement, the Master Trust Indenture or the Loan Agreement, (iii) the failure of the Obligated Group to file any financial statements, certificates or documents specifically required to be filed with the Bond Trustee by a certain date pursuant to the provisions of the Loan Agreement or the Continuing Covenants Agreement, or (iv) any other event of which an officer of the Bond Trustee with responsibility for administration of this Indenture has actual knowledge and which, with the giving of notice or lapse of time or both would constitute an Event of Default with respect to such Bonds under this Bond Indenture or the Continuing Covenants Agreement or the Loan Agreement, unless specifically notified by written direction (i) by the Issuer or the Obligated Group Representative, (ii) the annual written certificate of the Obligated Group Representative required by Section 415(c) of the Master Indenture, or (iii) the Bondholder Representative or the Owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any default hereunder of which the Bond Trustee is required to take notice or has received notice as provided in this Section, the Bond Trustee shall give written notice of such default by first-class mail to the Bondholder Representative, and if there is no Bondholder Representative, to all Owners of Bonds as shown on the bond register maintained by the Bond Trustee, unless such default shall have been cured or waived; provided that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Bond Trustee shall be protected in withholding such notice if and so long as the Bond Trustee in good faith determines in consultation with the Bondholder Representative, that the withholding of such notice is in the interests of the Bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

**Section 804. Compensation and Reimbursement.** The Bond Trustee shall be entitled to payment or reimbursement from the Obligated Group:

- (a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- (b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Bond Trustee in accordance with any provision of this Bond Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Bond Trustee's negligence or bad faith; and

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- (c) to indemnify the Bond Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All such payments and reimbursements shall be made by the Obligated Group with interest at the rate of interest per annum equal to the Prime Rate.

The Bond Trustee shall promptly notify the Obligated Group Representative in writing of any claim or action brought against the Bond Trustee in respect of which indemnity may be sought against the Obligated Group, setting forth the particulars of such claim or action, and the Obligated Group Representative will assume the defense thereof, including the employment of counsel satisfactory to the Bond Trustee and the payment of all expenses. The Bond Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Obligated Group unless such employment has been specifically authorized by the Obligated Group Representative. The Bond Trustee and the Bondholder Representative may, however, retain their own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Obligated Group if the Bond Trustee and/or the Bondholder Representative believe in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Obligated Group and which the Bond Trustee and/or the Bondholder Representative believes in good faith cannot be effectively asserted by common counsel.

Pursuant to the Loan Agreement, the Obligated Group has agreed to pay to the Bond Trustee all reasonable fees, charges, advances and expenses of the Bond Trustee, and the Bond Trustee has agreed to look only to the Obligated Group for the payment of all reasonable fees, charges, advances and expenses of the Bond Trustee and any Paying Agent as provided in the Loan Agreement. The Bond Trustee agrees that the Issuer shall have no liability for any fees, charges and expenses of the Bond Trustee.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Bond Trustee shall be secured under this Bond Indenture, only upon an Event of Default, by a lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under Article IV.

**Section 805. Corporate Trustee Required; Eligibility.** There shall at all times be a Bond Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority and must have a combined capital and surplus of at least \$50,000,000 or must provide a guaranty of the full and prompt performance by the Bond Trustee of its obligations under this Bond Indenture and any other agreements made in connection with the Bonds by a guarantor with such assets. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Bond Trustee shall cease to be eligible in accordance with this Section, it shall resign immediately in the manner and with the effect specified in this Article.

**Section 806. Resignation and Removal of Bond Trustee.**

- (a) The Bond Trustee may resign at any time by giving written notice thereof to the Issuer, the Bondholder Representative, the Obligated Group Representative and each Owner of Bonds

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- (f) No resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under Section 807 and the approval of such successor Bond Trustee by the Bondholder Representative.
- (g) Notwithstanding any provision herein to the contrary, the Issuer shall have no obligation to monitor the qualifications of the Bond Trustee or request the removal of the Bond Trustee.

**Section 807. Appointment of Successor Bond Trustee.** If the Bond Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Bond Trustee for any cause, (a) the Obligated Group Representative (so long as no event of default hereunder or under the Loan Agreement has occurred and is continuing), with the approval of the Bondholder Representative, or (b) the Bondholder Representative or the Owners of a majority in principal amount of Bonds Outstanding (if an event of default hereunder or under the Loan Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered personally or sent by first class mail, postage prepaid, to the Issuer and the retiring Bond Trustee, shall promptly appoint a successor Bond Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument with consent of the Bondholder Representative, may similarly appoint a temporary successor to fill such vacancy until a new Bond Trustee shall be so appointed by the Obligated Group Representative, the Bondholder Representative or the Bondowners. If a successor Bond Trustee shall be appointed in the manner herein provided, the successor Bond Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Bond Trustee and supersede the retiring Bond Trustee and any temporary successor Bond Trustee appointed by such receiver or trustee. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, no successor Bond Trustee shall have been so appointed and accepted appointment in the manner herein provided, any Bondowner, the Bondholder Representative or the Bond Trustee may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Bond Trustee appointed pursuant to this Section shall be a bank with trust powers or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article and be acceptable to the Bondholder Representative.

**Section 808. Acceptance of Appointment by Successor.** Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Bond Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Bond Trustee shall become effective and such successor Bond Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Bond Trustee; but, on request of the successor Bond Trustee, such retiring Bond Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Bond Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Bond Trustee, and shall duly assign, transfer and deliver to such successor Bond Trustee all property and money held by such retiring Bond Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 804. Upon request of any such successor Bond Trustee, the Issuer may execute any and all instruments reasonably required for more fully and certainly vesting in and confirming to such successor Bond Trustee all such estates, properties, rights, powers and trusts.

No successor Bond Trustee shall accept its appointment unless at the time of such acceptance such successor Bond Trustee shall be qualified and eligible under this Article.

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Outstanding that has not designated a Bondholder Representative as their names and addresses appear in the Bond Register maintained by the Bond Trustee. If an instrument of acceptance by a successor Bond Trustee shall not have been delivered to the Bond Trustee within 30 days after the giving of such notice of resignation, the resigning Bond Trustee may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee.

- (b) If the Bond Trustee has or shall acquire any conflicting interest, it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Obligated Group Representative (so long as the Obligated Group is not in default under this Bond Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in **Subsection (a)**.
- (c) The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Bond Trustee and signed by the Bondholder Representative or Owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Obligated Group is not in default under the Loan Agreement, by the Obligated Group Representative with the consent of the Bondholder Representative. The Issuer, the Obligated Group Representative, the Bondholder Representative or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Bond Trustee.
- (d) If at any time:
- (1) the Bond Trustee shall fail to comply with **Subsection (b)** after written request therefor by the Obligated Group Representative, the Bondholder Representative or by any Bondowner, or
  - (2) the Bond Trustee shall cease to be eligible under **Section 805** and shall fail to resign after written request therefor by the Obligated Group Representative, the Bondholder Representative or any such Bondowner, or
  - (3) the Bond Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Bond Trustee or of its property shall be appointed or any public officer shall take charge or control of the Bond Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Obligated Group Representative or the Bondholder Representative may remove the Bond Trustee, or (ii) the Obligated Group Representative, the Bondholder Representative or any Bondowner may petition any court of competent jurisdiction for the removal of the Bond Trustee and the appointment of a successor Bond Trustee.

- (e) The successor Bond Trustee shall give notice of such resignation or such removal of the Bond Trustee and such appointment of a successor Bond Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Bondholder Representative and the Registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Bond Trustee. Each notice shall include the name of the successor Bond Trustee and the address of its principal corporate trust office.

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**Section 809. Merger, Consolidation and Succession to Business.** Any corporation or association into which the Bond Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Bond Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bond Trustee, shall be the successor of the Bond Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that written notice thereof shall be provided to the Issuer, the Obligated Group Representative, and the Bondholder Representative. In case any Bonds shall have been authenticated, but not delivered, by the Bond Trustee then in office, any successor by merger or consolidation to such authenticating Bond Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Bond Trustee had itself authenticated such Bonds.

**Section 810. Co-Bond Trustees and Separate Bond Trustees.** At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Bond Trustee, or any other action which may be desirable or necessary in connection therewith, the Bond Trustee shall have power to appoint with the consent of the Bondholder Representative, and, upon the written request of the Bondholder Representative or the Owners of at least 25% in principal amount of the Bonds Outstanding, the Bond Trustee shall appoint one or more Persons acceptable to the Bond Trustee and the Bondholder Representative to act as co-trustee, jointly with the Bond Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section.

Should any written instrument from the Issuer be reasonably required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments may, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Bond Trustee hereunder, shall be exercised solely, by the Bond Trustee.
- (b) The rights, powers, duties and obligations hereby conferred or imposed upon the Bond Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Bond Trustee or by the Bond Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Bond Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.
- (c) The Bond Trustee at any time, by an instrument in writing executed by it, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section.

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Upon the written request of the Bond Trustee, the Issuer shall join with the Bond Trustee in the execution, delivery and performance of all instruments and agreements reasonably necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

- (d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Bond Trustee, or any other trustee hereunder.
- (e) Any request, demand, authorization, direction, notice, consent, waiver or other act of the Bondholder Representative or the Bondowners delivered to the Bond Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

**Section 811. Designation of Paying Agents.** The Bond Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Obligated Group Representative may, in its discretion, cause the necessary arrangements to be made through the Bond Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds, or at the designated corporate trust office of said alternate Paying Agents. In the event of a change in the office of Bond Trustee, the predecessor Bond Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Bond Trustee shall become such Bond Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Obligated Group Representative in connection with the appointment of any successor Bond Trustee.

**Section 812. Advances by Bond Trustee or Bondholder Representative.** If the Obligated Group shall fail to make any payment or perform any of its covenants in the Loan Agreement, the Master Trust Indenture or the Continuing Covenants Agreement, the Bond Trustee or the Bondholder Representative may, at any time and from time to time, use and apply any moneys held by it under this Bond Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the Obligated Group. All moneys so used or advanced by the Bond Trustee or the Bondholder Representative, together with interest at Prime Rate, shall be repaid by the Obligated Group upon demand and such advances shall be secured under this Bond Indenture prior to the Bonds. For the repayment of all such advances the Bond Trustee shall have the right to use and apply any moneys at any time held by it under this Bond Indenture but no such use of moneys or advance shall relieve the Obligated Group from any default hereunder.

**Section 813. Required Reporting to the Issuer.** The Bond Trustee shall keep, or cause to be kept, proper books of records and accounts in which complete and accurate entries shall be made of all funds and accounts established by or pursuant to this Bond Indenture, which shall at all reasonable times be subject to the inspection by the Issuer, the Bondholder Representative or Registered Owners (or a designated representative thereof).

**Section 814. Bond Trustee Entitled to Indemnity.** The Bond Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Bond Indenture or any other Bond Document, or to enter any appearance in or in any way defend against any suit, in which it may be made a defendant (except in the case of the Bond Trustee's own negligence or willful misconduct), or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder or under any other Bond Document, until it shall be indemnified to its satisfaction (including, without limitation, a satisfactory indemnity bond) against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Bond Trustee may,

nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the Obligated Group shall reimburse the Bond Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Obligated Group shall fail to make reimbursement, the Bond Trustee may reimburse itself from any moneys in its possession under the provisions of this Bond Indenture and shall be entitled to a preference over any of the Bonds. The indemnifications and reimbursement obligation set forth herein shall survive the termination of this Bond Indenture and/or the resignation or removal of the Bond Trustee.

**Section 815. Limitations on Liability.** The Bond Trustee shall not be under any obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Members of the Obligated Group, or to report, or make or file claims or proof of loss for, any loss or damage insured against or which may occur. The Bond Trustee shall not have responsibility in respect of the sufficiency of the security provided by this Bond Indenture. The Bond Trustee shall not be under any obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall not be under any liability for failure to see that any such duties or covenants are so done or performed. The Bond Trustee shall not be liable because of the loss of any moneys arising through the insolvency or the act or default or omission of any other depository in which such moneys shall have been deposited under the provisions of this Bond Indenture. The Bond Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made by it in accordance with the provisions of this Bond Indenture. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to their respective directors, members, attorneys, officers, employees, advisors, consultants, and agents.

**Section 816. Bond Trustee Acknowledgement and Agreement.** For the avoidance of doubt, the Bond Trustee acknowledges and agrees that this Bond Indenture requires actions to be taken, including without limitation, the exercise of remedies and the entry into Supplemental Bond Indentures, at the direction of the Bondholders of either a majority or 2/3<sup>rd</sup> of the aggregate principal amount of the outstanding Bonds or their Bondholder Representative (and in the case of the Bondholder Representative, even when it does not represent the Bondholders of 100% of the aggregate principal amount of the Outstanding Bonds). In the case that the Bond Trustee is directed by the Bondholders of the applicable percentage of Bonds or their Bondholder Representative and indemnified in accordance with Article VIII, the Bond Trustee acknowledges and agrees that it shall follow such direction without any requirement for (i) an order from any court pursuant to any state statute, and (ii) disclosure of the names of any clients of the initial Bondholder Representative.

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## ARTICLE IX

### SUPPLEMENTAL BOND INDENTURES

**Section 901. Supplemental Bond Indentures Not Requiring Consent of Bondowners.** The Issuer, at the written request of the Obligated Group Representative, and the Bond Trustee may from time to time, with the consent of the Bondholder Representative but without the consent of or notice to any of the Bondowners, enter into such Supplemental Bond Indenture or Supplemental Bond Indentures, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Bond Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake as certified by the Obligated Group Representative;
- (b) To grant to or confer upon the Bond Trustee for the benefit of the Bondowners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondowners or the Bond Trustee or either of them;
- (c) To subject to this Bond Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Bond Indenture or any indenture supplemental thereto in such manner as to permit the qualification of this Bond Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;
- (e) To provide for the refunding or advance refunding of any Bonds;
- (f) To evidence the appointment of a separate trustee or the succession of a new trustee hereunder;
- (g) To preserve the tax-exempt status of the Tax-Exempt Bonds or to maintain any rating on the Bonds;
- (h) To modify, amend or supplement this Bond Indenture in such manner as required to prevent this Bond Indenture or any fund, account or deposit created, established or made pursuant hereto from being deemed an "investment company" as such term is defined in Section 3 of the Investment Company Act of 1940, as amended, or otherwise subject to registration under Section 8 of such Act;
- (i) To issue Additional Bonds pursuant to Section 212; or
- (j) To make any other change which does not materially adversely affect the interests of the Bondowners.

**Section 902. Supplemental Bond Indentures Requiring Consent of Bondowners.** With the consent of the Bondholder Representative or the Owners of not less than a majority in principal amount of the Bonds then Outstanding, and with the written consent of the Obligated Group Representative, the Issuer, at the written request of the Obligated Group Representative, and the Bond Trustee may from time to time enter into such other Supplemental Bond Indenture or Supplemental Bond Indentures as shall be deemed necessary or desirable by the Bond Trustee for the purpose of modifying, amending, adding to or rescinding,

in any particular, any of the terms or provisions contained in this Bond Indenture or in any Supplemental Bond Indenture; provided that nothing in this Section contained shall permit or be construed as permitting without the written consent of the Bondowners of at least 2/3<sup>rd</sup> in principal amount of the Bonds Outstanding or the Bondholder Representative:

- (a) a change of the maturity date of the principal of any Bond, any mandatory sinking fund redemption schedule for any of the Bonds, the scheduled date of payment of interest on any Bond or the earliest optional redemption date for any Bond, or
- (b) a reduction in the principal amount, redemption premium or any interest payable on any Bond, or
- (c) with consent of the Bondowners of 100% of the principal amount of the Bonds Outstanding or the Bondholder Representative, a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or
- (d) with consent of the Bondowners of 100% of the principal amount of the Bonds Outstanding or the Bondholder Representative, a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Bond Indenture, or
- (e) the modification of the rights, duties or immunities of the Bond Trustee, without the written consent of the Bond Trustee.

If at any time the Obligated Group Representative shall request the Bond Trustee and the Issuer to enter into any such Supplemental Bond Indenture for any of the purposes of this Section, the Bond Trustee shall cause notice of the proposed execution of such Supplemental Bond Indenture to be sent to (a) with respect to any Registered Owner of Hamlin Investor Bonds, Hamlin Capital and (b) with respect to each Registered Owner of Bonds that are not Hamlin Investor Bonds, to each such Registered Owner. Such notice shall briefly set forth the nature of the proposed Supplemental Bond Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Bond Trustee for inspection by all Bondowners and the Bondholder Representative. If within 60 days following the mailing of such notice, the Bondholder Representative or Owners of the applicable percentage of aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Bond Indenture shall have consented to and approved the execution thereof as herein provided, no Owner 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 the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Bond Indenture as in this Section permitted and provided, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 903. Obligated Group's Consent to Supplemental Bond Indentures.** Anything herein to the contrary notwithstanding, so long as the Obligated Group is not in default under the Loan Agreement, a Supplemental Bond Indenture under this Article which affects any rights of the Obligated Group shall not become effective unless and until the Obligated Group Representative shall have consented in writing to the execution and delivery of such Supplemental Bond Indenture. In this regard, the Bond Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Bond Indenture, together with a copy of the proposed Supplemental Bond Indenture, to be mailed by first-class mail to the Obligated Group Representative at least 15 days prior to the proposed date of execution and delivery of any such Supplemental Bond Indenture.

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**Section 904. Amendment by Written Consent.** Notwithstanding any other provision in this Bond Indenture, the Issuer and the Bond Trustee may enter into any indenture supplemental to this Bond Indenture upon receipt of the written consent of the Bondholder Representative or the requisite amount of Owners of the Bonds then Outstanding pursuant to **Section 902**, as applicable, the Opinion of Bond Counsel required by **Section 905** (unless waived pursuant to the terms thereof) and, if required by **Section 903**, the consent of the Obligated Group Representative.

**Section 905. Amendment without Consent of Issuer.** In the event the Issuer is unwilling or unable to enter into any supplemental indenture permitted by this **Article IX**, the Bond Trustee may, without the consent of the Issuer but with the consent of the Bondholder Representative and receipt of an Opinion of Bond Counsel as may be requested by the Bond Trustee, unless such opinion has been waived by the Bondholder Representative, amend or supplement this Bond Indenture in any manner otherwise permitted by this **Article IX** so long as such amendment or supplement does not adversely affect the rights of the Issuer.

**Section 906. Opinion of Bond Counsel.** Notwithstanding anything to the contrary in **Sections 901** or **902**, before the Issuer and the Bond Trustee enter into any Supplemental Bond Indenture pursuant to **Section 901** or **902**, there shall have been delivered to the Issuer and the Bond Trustee an Opinion of Bond Counsel stating that such Supplemental Bond Indenture is authorized or permitted by this Bond Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on the Tax-Exempt Bonds. The Issuer and the Bond Trustee may conclusively rely on such opinion when executing and consenting to such supplement. The Bondholder Representative shall have the right to waive the requirement of the Bond Counsel opinion provided for in this Section.

#### **ARTICLE X**

##### **SUPPLEMENTAL LOAN AGREEMENTS**

**Section 1001. Supplemental Loan Agreements Not Requiring Consent of Bondowners.** The Issuer, at the written request of the Obligated Group Representative, and the Bond Trustee may, with the consent of the Bondholder Representative but without the consent of or notice to the Bondowners, consent to the execution of any Supplemental Loan Agreements by the Issuer and the Obligated Group Representative as may be required:

- (a) by the Loan Agreement and this Bond Indenture;
- (b) for the purpose of curing any ambiguity or formal defect or omission in the Loan Agreement;
- (c) to grant to or confer upon the Issuer or the Bond Trustee, for the benefit of the Bondowners, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Issuer or the Bond Trustee;
- (d) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including, without limitation, as may be necessary to preserve the tax-exempt status of the Tax-Exempt Bonds or to maintain any rating on the Bonds;

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#### **ARTICLE XI**

##### **SATISFACTION AND DISCHARGE OF BOND INDENTURE**

**Section 1101. Bonds Deemed To Be Paid.** Any Bond or Bonds shall be deemed to be paid and no longer Outstanding under this Bond Indenture and shall cease to be entitled to any lien, benefit or security under this Bond Indenture if the Bonds are paid in full or provision for the payment of such Bond or Bonds has been made in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bond or Bonds, as and when the same become due and payable;
- (b) by delivering and surrendering to the Bond Trustee, for cancellation by it, such Bond or Bonds; or
- (c) by depositing with the Bond Trustee, in trust, (1) moneys or Defeasance Obligations in such amounts and with maturities as the Bond Trustee shall determine will be, together with other moneys deposited therein and together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, fully sufficient to pay or redeem (when redeemable) and discharge the debt on such Bond or Bonds at or before their respective maturity dates and to pay the interest thereon as it comes due, and (2) in the case of Bonds which do not mature or will not be redeemed within 90 days of the deposit referred to in (1) above, a verification report of an independent certified public accounting firm as to the adequacy of the trust funds to fully pay the Bonds deemed to be paid.

Notwithstanding the foregoing, in the case of any Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (c) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption shall have been given in accordance with **Article III** or irrevocable written instructions shall have been given to the Bond Trustee to give such notice.

Notwithstanding any provisions of any other Section of this Bond Indenture which may be contrary to this Section, all moneys or Defeasance Obligations set aside and held in trust pursuant to this Section for the payment of Bonds (including redemption premium thereon, if any) shall be held irrevocably in trust for the Owners of such Bonds and applied to and used solely for the payment of the particular Bonds (including redemption premium thereon, if any) with respect to which such moneys and Defeasance Obligations have been so set aside in trust.

**Section 1102. Satisfaction and Discharge of the Bond Indenture.** If the principal of, redemption premium, if any, and interest on all of the Bonds shall have been paid in accordance with their terms, or provision has been made for such payment as provided in **Section 1101**, and provision shall also be made for paying all other sums payable hereunder, including the payment of any rebuttable arbitrage to the United States and the fees, charges and expenses of the Issuer, the Bondholder Representative, the Bond Trustee and any Paying Agent to the date of retirement of the Bonds, then the right, title and interest of the Bond Trustee in respect hereof shall thereupon cease, determine and be void, and thereupon the Bond Trustee, upon Written Request of the Obligated Group Representative, and upon receipt by the Bond Trustee and the Issuer of an Opinion of Bond Counsel to the effect that all conditions precedent to the satisfaction and discharge of this Bond Indenture have been complied with, shall cancel, discharge and release this Bond Indenture and shall execute, acknowledge and deliver to the Issuer such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and

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- (e) to permit the issuance of Additional Bonds as set forth in **Section 212**; or
- (f) in connection with any other change therein which does not materially adversely affect the interests of the Bondowners.

The Issuer and the Bond Trustee shall, with the prior written consent of the Bondholder Representative but 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, this Bond Indenture pursuant to **Section 901(h)**.

**Section 1002. Supplemental Loan Agreements Requiring Consent of Bondowners.** With the consent of the Bondholder Representative or the Owners of not less than a majority in principal amount of the Bonds then Outstanding, the Bond Trustee may consent to the execution of any Supplemental Loan Agreements by the Issuer, at the written request of the Obligated Group Representative; provided that no such Supplemental Loan Agreement shall be entered into which permits, without the written consent of the Bondowners of at least 2/3<sup>rd</sup> in principal amount of the Bonds Outstanding or the Bondholder Representative:

- (a) an extension of the maturity of the principal of or the interest on the Bond Note, or
- (b) a reduction in the principal amount of the Bond Note or the premium or rate of interest payable thereon.

If at any time the Obligated Group Representative shall request the consent of the Bond Trustee to any such proposed Supplemental Loan Agreement, the Bond Trustee shall cause notice of such proposed Supplemental Loan Agreement to be mailed in the same manner as provided by **Section 902** with respect to Supplemental Bond Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Loan Agreement and shall state that copies of the same are on file at the principal corporate office of the Bond Trustee for inspection by all Bondowners. If within 60 days following the mailing of such notice, the Bondholder Representative or the Owners of not less the applicable percentage of the aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Loan Agreement shall have consented to and approved the execution thereof as herein provided, no Owner 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 the same or from taking any action pursuant to the provisions thereof.

**Section 1003. Opinion of Bond Counsel.** Anything to the contrary in **Sections 1001** or **1002** notwithstanding, before the Issuer executes and the Bond Trustee consents to any Supplemental Loan Agreement, there shall have been delivered to the Issuer and the Bond Trustee an Opinion of Bond Counsel stating that such amendment is authorized or permitted by this Bond Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Issuer (if the Issuer is a party thereto) in accordance with its terms and will not adversely affect the validity of the Bonds or the exclusion from federal gross income of interest on the Tax-Exempt Bonds. The Issuer and the Bond Trustee may conclusively rely on such opinion when executing and consenting to such supplement. The Bondholder Representative shall have the right to waive the requirement of the Bond Counsel opinion provided for in this Section.

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discharge of this Bond Indenture, and shall assign and deliver to the Issuer, the Obligated Group Representative or other Person entitled thereto as their respective interests may appear, any property and revenues at the time subject to this Bond Indenture which may then be in its possession, other than moneys or obligations held by the Bond Trustee for the payment of the principal of and interest and redemption premium, if any, due or to become due on the Bonds.

The Issuer is hereby authorized to accept a certificate by the Bond Trustee that the whole amount of the principal and interest and redemption premium, if any, so due and payable upon all of the Bonds then Outstanding and all other amounts required to be paid hereunder have been paid or such payment has been provided for in accordance with **Section 1101** as evidence of satisfaction of this Bond Indenture, and upon receipt thereof shall cancel and erase the inscription of this Bond Indenture from its records.

Upon provision for the payment of all Outstanding Bonds in accordance with this Section, and compliance with the other payment requirements of **Section 1101**, and subject to this Section, this Bond Indenture may be discharged in accordance with the provisions hereof; provided that the obligation of the Issuer in respect of such Bonds shall nevertheless continue but the Owners thereof shall thereafter be entitled to payment only out of the moneys or Defeasance Obligations deposited with the Bond Trustee as aforesaid.

Provision for payment of the Bonds Outstanding hereunder may not be made as aforesaid nor may this Bond Indenture be discharged if under any circumstances the interest on such Tax-Exempt Bonds is thereby made subject to federal income taxation. In determining the foregoing, the Bond Trustee and the Issuer may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Tax-Exempt Bonds will not cause the interest on the Tax-Exempt Bonds to be subject to federal income taxation under Section 103(a) of the Internal Revenue Code, notwithstanding the satisfaction and discharge of this Bond Indenture.

**Section 1103. Payment of Bonds After Discharge.** Notwithstanding the discharge of the lien hereof as in this Article provided, the Bond 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 Bonds and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Bond Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for one year after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group and the Owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Obligated Group for payment thereof and all liability of the Bond Trustee or any Paying Agent or the Issuer with respect to such moneys shall thereupon cease.

#### **ARTICLE XII**

##### **MISCELLANEOUS PROVISIONS**

**Section 1201. Consents and Other Instruments by Bondowners.** Any consent, request, direction, approval, objection or other instrument required by this Bond Indenture (other than the assignment of any Bond) to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the

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purposes of this Bond Indenture, and shall be conclusive in favor of the Bond Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Indenture, Bonds owned by the Obligated Group or any Affiliate shall be disregarded and deemed not to be Outstanding under this Bond Indenture, except that, in determining whether the Bond Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Bond Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bond Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not a Member of the Obligated Group or any Affiliate.

Any action taken by the Bond Trustee pursuant to this Bond Indenture 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 shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

**Section 1202. Limitation of Rights Under the Bond Indenture.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied by this Bond Indenture or the Bonds is intended or shall be construed to give any Person other than the parties hereto, the Bondholder Representative and the Owners of the Bonds, any right, remedy or claim under or in respect to this Bond Indenture, and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Bondholder Representative, and the Owners of the Bonds as herein provided.

**Section 1203. Notices.** Except as otherwise provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper required by this Bond Indenture to be given to or filed with the Issuer, the Bond Trustee, Master Trustee, the Obligated Group, the Bondholder Representative or the Bondholders if the same shall be duly sent by prepaid overnight delivery service or duly mailed by certified, registered or first-class mail, postage prepaid, addressed:

(a) To the Issuer at: Tarrant County Cultural Education  
Facilities Finance Corporation  
c/o Brown Pruitt Wambsganss Dean Forman & Moore,  
P.C.  
201 Main Street  
Suite 801  
Fort Worth, Texas 76102  
Attention: Secretary, Randal L. Dean

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**Section 1204. Suspension of Mail Service.** If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Bond Trustee shall constitute a sufficient notice.

**Section 1205. Immunity of Officers, Employees and Members of Issuer.** No recourse shall be had for the payment of the principal or of redemption premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Bond Indenture contained against any past, present or future officer, director, member, employee or agent of the Issuer, or of any successor public corporation, as such, either directly or through the Issuer or any successor public corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issuance of such Bonds.

**Section 1206. Limitation on Issuer Obligations.** In addition to Section 601 and any other term or provision in this Bond Indenture, in the Bond Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Issuer or its members, officers, agents, employees, representatives, advisors or assigns, whether under this Bond Indenture or any of the Bond Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

(i) Bond proceeds and investments therefrom; and

(ii) Payments derived from the Bonds, this Bond Indenture (including the Trust Estate to the extent provided in this Bond Indenture), the Loan Agreement (except for the fees and expenses of the Issuer and the Issuer's right to indemnification under the Loan Agreement or as otherwise expressly limited therein) and the Bond Note.

The above provisions (i) and (ii) are collectively referred to as the "exclusive sources of the Obligations."

(b) In no event shall any member, officer, agent, employee, representative or advisor of the Issuer, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(c) In no event shall this Bond Indenture be construed as:

(i) depriving the Issuer of any right or privilege; or

(ii) requiring the Issuer or any member, officer, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else

which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

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(b) To the Bond Trustee at: UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

(c) To the Master Trustee at: UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

(d) To the Obligated Group at: Meadow Lake, LLC  
c/o Lifespace Communities, Inc.  
4201 Corporate Drive  
West Des Moines, Iowa 50266  
Attention: Chief Financial Officer

With a copy to its counsel: Dorsey & Whitney LLP  
801 Grand Avenue, Suite 3900  
Des Moines, Iowa 50309  
Attention: David D. Grossklau

(e) To the Bondholder Representative at: Hamlin Capital Management, LLC  
640 Fifth Avenue, 11<sup>th</sup> Floor  
New York, New York 10019  
Attention: Joseph J. Bridy

With a copy to the Original Purchaser at: Odeon Capital Group LLC  
Municipals Department  
750 Lexington Avenue, 27th Floor  
New York, New York 10022  
Attention: Scott Kayesen

(f) To the Bondholders: Addressed to each of the Owners of Bonds at the time Outstanding, as shown by the Bond Register.

A duplicate copy of each demand, notice, approval, request, consent, opinion or other communication given hereunder (i) by either the Issuer or the Bond Trustee to the other shall also be given to the Obligated Group Representative and the Bondholder Representative and (ii) to the Bondholder Representative shall also be given to the Original Purchaser. The Issuer, the Obligated Group Representative, the Bond Trustee, the Bondholder Representative and the Original Purchaser 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 the same shall be directed.

Any such communication also may be transmitted to the appropriate party by telephone, facsimile or other electronic transmission capable of producing a written record 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.

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(d) At no time and in no event will the Obligated Group permit, suffer or allow any of the proceeds of the Bonds or the Bond Note to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

(e) The Issuer shall not be required to take any action not expressly provided for herein. In addition, the Issuer shall have no obligation to review, control or oversee the activities of the Bond Trustee in (i) collecting any amounts payable under the Bond Documents or (ii) making any payments on the Bonds. Furthermore, the Issuer shall not be obligated to take any action which might in its reasonable judgment involve it in any expense or liability or require it to risk its funds unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for costs, expenses and liabilities of the Issuer, its officers, directors, members, agents and employees.

**Section 1207. Fees, Charges and Expenses of the Bond Trustee, the Bond Registrar, the Bondholder Representative and the Issuer.** The Bond Trustee, the Bond Registrar, the Bondholder Representative and the Issuer shall be entitled to payment and reimbursement for reasonable fees for their respective services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Bond Trustee, the Bond Registrar, the Bondholder Representative and the Issuer in connection with such services and in connection with entering into this Bond Indenture, including any such fees and expenses incurred in connection with action taken hereunder.

**Section 1208. Severability.** If any provision of this Bond Indenture shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this Bond Indenture contained shall not affect the remaining portions of this Bond Indenture, or any part thereof.

**Section 1209. Execution in Counterparts; Electronic Transactions.** This Bond Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. The transaction described herein may be conducted and related documents may be sent, received and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 1210. Governing Law.** This Bond Indenture is governed by the laws of the State of Texas, without regard to the choice of law rules of the State of Texas. Venue for any action under this Bond Indenture to which the Issuer is a party shall lie within the district courts of the State of Texas, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

**Section 1211. Bondholder Representative Deemed Owner.** For all purposes herein, so long as the Bondholders have designated a Bondholder Representative within the meaning of this Bond Indenture, such entity shall be deemed to be the Owner of such Bonds and entitled to provide all consents, directions, and waivers and control all remedies with respect thereto to the exclusion of such Bondholders so long as such Bondholder Representative is duly authorized and designated.

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**Section 1212. Notice to Bondholder Representative.**

(a) For so long as there is a Bondholder Representative, no notices shall be sent to the Registered Owner of the Bonds (except that the Trustee may send routine balancing and payment processing notices to the Securities Depository (or its nominee) at such time as the Securities Depository (or its nominee) is the Registered Owner of the Bonds) or to any Beneficial Owner represented by the Bondholder Representative. The Bond Trustee may post any such notices on EMMA.

(b) Copies of any consent, approval, direction, agreement or waiver given to or sent by the Bond Trustee shall also be provided to the Bondholder Representative and be posted on EMMA.

IN WITNESS WHEREOF, the TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION has caused these presents to be signed in its name and on its behalf by its President and, to evidence its acceptance of the trusts hereby created, UMB BANK, NATIONAL ASSOCIATION has caused these presents to be signed in its name and behalf by one of its duly authorized officers, all as of the day and year first above written.

TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION

By: \_\_\_\_\_  
 Title: President  
 Name: William E. Alexander

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Bond Trust Indenture (CMW Obligated Group)

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UMB BANK, NATIONAL ASSOCIATION,  
 as Bond Trustee

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Name: \_\_\_\_\_

EXHIBIT A  
 TO BOND TRUST INDENTURE

(FORM OF BOND)

[Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co., or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

Registered  
 No. R-\_\_

Registered  
 \$ \_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF TEXAS

TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION

[TAXABLE] [ENTRANCE FEE] REVENUE BONDS  
 (CMW Obligated Group)  
 SERIES 2022[A][B][C]

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
[5.00][5.50]%	[July 15][January 15], 2027	July __, 2022	

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION, a nonstock nonprofit cultural educational facilities finance corporation duly organized and existing under the laws of the State of Texas (herein called the "Issuer"), for value received, promises to pay, but solely from the sources hereinafter referred to, to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said Principal Amount at the Interest Rate per annum specified above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date specified above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on January

15 and July 15, in each year beginning January 15, 2023 (each an "Interest Payment Date"), until said Principal Amount is paid.

The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the Registered Owner at the maturity or redemption date hereof upon presentation and surrender of this Bond at the designated corporate trust office of UMB Bank, National Association (the "Bond Trustee"). The interest payable on this Bond on any Interest Payment Date shall be paid by the Bond Trustee to the Registered Owner appearing on the registration books of the Issuer (the "Bond Register") maintained by the Bond Trustee, as Bond Registrar, at the close of business on the Record Date for such interest, which shall be the last day (whether or not a business day) of the calendar month next preceding such Interest Payment Date, and shall be paid by check or draft of the Bond Trustee mailed to such Registered Owner at his address as it appears on such Bond Register or at such other address furnished in writing by such Registered Owner to the Bond Trustee. Upon the request and at the expense of any Bondowner of at least \$1,000,000 in principal amount of the Bonds, payments of principal of and premium, if any, and interest on the Bonds shall be made by wire transfer to an account designated by that Bondowner.

This Bond is one of a duly authorized series of bonds of the Issuer designated "[Taxable][Entrance Fee] Revenue Bonds (CMW Obligated Group), Series 2022[A][B][C]" in the aggregate principal amount of \$[53,310,000][52,580,000][5,000,000] (the "Series 2022[A][B][C] Bonds"), issued under the Bond Trust Indenture dated as of July 1, 2022 (said Bond Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Bond Indenture"), between the Issuer and the Bond Trustee, simultaneously with the Issuer's [Taxable] [Entrance Fee] Revenue Bonds (CMW Obligated Group), Series 2022[A][B][C] (the "Series 2022[A][B] Bonds") and the Issuer's [Taxable] [Entrance Fee] Revenue Bonds (CMW Obligated Group), Series 2022 [B][C] (the "Series 2022[B][C] Bonds," and together with the Series 2022[A][B] Bonds and the Series 2022[B][C] Bonds, the "Bonds").

*Capitalized terms used herein and not defined herein are used with the meanings given to them in the Bond Indenture.*

The Bonds are being issued for the purpose of making a loan, jointly and severally, to **CRAIG AMARILLO, LLC**, a Texas limited liability company ("**Craig Amarillo, LLC**"), **MEADOW LAKE, LLC**, a Texas limited liability company ("**Meadow Lake, LLC**"), and **WESLEY COURT, LLC**, a Texas limited liability company ("**Wesley Court, LLC**," together with Craig Amarillo, LLC and Meadow Lake, LLC, each a "**Member of the Obligated Group**" and collectively the "**Obligated Group**" ), pursuant to a Loan Agreement dated as of July 1, 2022 (said Loan Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Loan Agreement"), between the Issuer and the Obligated Group Representative, to provide funds, together with other funds, to (1) finance the acquisition, renovations and construction of Meadow Lake, The Craig, and Wesley Court (each as defined in the Bond Indenture, and together, the "Project"), (2) fund a debt service reserve fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds, secured by the CMW Obligated Group Master Indenture Note, Series 2022A, of the Obligated Group issued in the principal amount of \$110,890,000 (the "Bond Note") to be issued as provided in the Loan Agreement, delivered to the Issuer and pledged and assigned to the Bond Trustee pursuant to the terms of a Master Trust Indenture dated as of July 1, 2022 among the Obligated Group Representative, the other Members of the Obligated Group, such other persons as from time to time are Members of the Obligated Group and UMB Bank, National Association, as master trustee (the "Master Trustee"), and a Supplemental Master Trust Indenture No. 1 dated as of July 1, 2022, between the Obligated Group Representative and the Master Trustee.

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Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Trustee and the Securities Depository.

This Bond is transferable, as provided in the Bond Indenture, only upon the Bond Register at the above-mentioned office of the Bond Trustee, as Bond Registrar, by the Registered Owner hereof in person or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Bond or Bonds in the same series and aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Bond Indenture, and upon payment of the charges therein prescribed. The Issuer, the Bond Trustee and any paying agent may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds are issuable in the form of fully registered Bonds without coupons in Authorized Denominations. Subject to the conditions and upon the payment of the charges provided in the Bond Indenture, the owner of this Bond may surrender the same (together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of Bonds of the same series, in Authorized Denominations.

The Registered Owner of this Bond shall have no right to enforce 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 the 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 the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Bonds or the Bond Indenture may be made only to the extent and in the circumstances permitted by the Bond Indenture.

The Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special, limited obligations of the Issuer secured by the Loan Agreement and the Bond Note and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Bond Note (except to the extent paid out of moneys attributable to proceeds of the Bonds or the income from the temporary investment thereof), and shall always be a valid claim of the Owner thereof only against the revenues and income derived from the Loan Agreement and the Bond Note, which revenues and income shall be used for no other purpose than to pay the principal installments of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Bond Indenture and in the Loan Agreement.

NEITHER THE STATE OF TEXAS NOR TARRANT COUNTY, TEXAS SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE BONDS ISSUED UNDER THE BOND INDENTURE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND RESOURCES OF THE ISSUER PLEDGED TO THEIR PAYMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NONE OF THE BONDS OF THE ISSUER ISSUED UNDER THE BOND INDENTURE SHALL BE CONSTRUED OR CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR AN INDEBTEDNESS OR OBLIGATION (SPECIAL, MORAL OR GENERAL) OF THE STATE OF TEXAS OR TARRANT COUNTY, TEXAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

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The Bonds are issued under and are equally and ratably secured and entitled to the protection given by the Bond Indenture, pursuant to which Bond Indenture the rights of the Issuer (except certain rights of the Issuer) under the Loan Agreement and the Bond Note are pledged and assigned by the Issuer to the Bond Trustee as security for the Bonds.

Reference is hereby made to the Bond Indenture for the definitions of those terms, a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Bond Trustee and the Owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Bond Indenture with respect thereto may be made and upon which the Bond Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Pursuant to the Loan Agreement, Loan Payments sufficient for the prompt payment when due of the principal of, redemption premium, if any, and interest on the Bonds are to be paid by the Obligated Group directly to the Bond Trustee for the account of the Issuer and deposited in a special account created by the Bond Indenture and designated "Tarrant County Cultural Education Facilities Finance Corporation Debt Service Fund – CMW Obligated Group" and all Loan Payments under the Loan Agreement have been duly pledged and assigned to the Bond Trustee for that purpose.

The Bonds are subject to redemption and payment prior to maturity and purchase in lieu of redemption as provided in the Bond Indenture.

Notice of redemption, unless waived, is to be given by the Bond Registrar by mailing an official redemption notice by first-class, registered or certified mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless there shall be a default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are being issued by means of a Book-Entry System with no physical distribution of bond certificates to be made except as provided in the Bond Indenture. One Bond certificate with respect to each series and date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The Book-Entry System will evidence positions held in the Bonds by the Securities Depository's Participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such Participants. Transfers of ownership shall be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The Issuer and the Bond Trustee will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to Participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such beneficial owners. The Issuer and the Bond Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this

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No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Bond Indenture contained, against any past, present or future officer, director, member, employee or agent of the Issuer, or any incorporator, officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Issuer or any successor corporation or body politic, as such, either directly or through the Issuer or any successor corporation or body politic, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Indenture and the issuance of any of the Bonds.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the Certificate of Authentication hereon shall have been executed by the Bond Trustee.

**IT IS HEREBY CERTIFIED AND DECLARED** that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman or its President and the manual or facsimile signature of its Secretary or Assistant Secretary and its corporate seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

**TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION**

By: \_\_\_\_\_  
President

[SEAL]

\_\_\_\_\_  
Secretary

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Bond Indenture.

**UMB BANK, NATIONAL ASSOCIATION,  
as Bond Trustee**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**(FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE)  
(To be attached to initial Bonds only)**

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.**

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(END OF FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE)

**(FORM OF ASSIGNMENT)**

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

\_\_\_\_\_  
(Please Print or Typewrite Name, Address and Social Security  
Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
Attorney

to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed By:

\_\_\_\_\_  
(Name of Eligible Guarantor Company as defined by SEC Rule 17Ad-15 (12 CFR 240.17Ad-15) or any similar rule which the Bond Trustee deems applicable)

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT B  
TO BOND TRUST INDENTURE**

**(FORM OF WRITTEN REQUEST – ISSUANCE COSTS FUND)**

**WRITTEN REQUEST**

**(§ 403 – ISSUANCE COSTS FUND)**

Request No: \_\_\_\_\_  
Date: \_\_\_\_\_

To: UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

Re: Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds  
(CMW Obligated Group), Series 2022

Ladies and Gentlemen:

You are hereby authorized and directed as Bond Trustee under the Bond Trust Indenture dated as of July 1, 2022 (the "Bond Indenture") between the Tarrant County Cultural Education Facilities Finance Corporation and you, as Bond Trustee, to pay the following items from moneys in the Issuance Costs Fund pursuant to **Section 403** of the Bond Indenture:

<u>Pavee</u>	<u>Amount</u>	<u>Description</u>
--------------	---------------	--------------------

The amount of this requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper Issuance Costs incurred in connection with the issuance of the Bonds.

With respect to this requisition, the Obligated Group Representative (i) certifies it has reviewed the wire instructions set forth herein to confirm such wire instructions are accurate, and (ii) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

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MEADOW LAKE, LLC,  
as Obligated Group Representative

EXHIBIT C  
TO BOND TRUST INDENTURE  
(FORM OF WRITTEN REQUEST – PROJECT FUND)

By: \_\_\_\_\_  
Jesse Jantzen  
President

**WRITTEN REQUEST**  
(§ 407 – PROJECT FUND)

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

Request No: \_\_\_\_\_  
Date: \_\_\_\_\_

**APPROVED BY :**

**HAMLIN CAPITAL MANAGEMENT, LLC,**  
as Bondholder Representative

To: UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

Re: Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds  
(CMW Obligated Group), Series 2022

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Ladies and Gentlemen:

You are hereby requested and directed as Bond Trustee under the Bond Trust Indenture dated as of July 1, 2022 (the "Bond Indenture"), between the Tarrant County Cultural Education Facilities Finance Corporation and you, as Bond Trustee, to pay from moneys in the Project Fund, pursuant to **Section 407** of the Bond Indenture, to the following payees the following amounts in payment or reimbursement for the following Project Costs (as defined in the Bond Indenture):

<u>Payee</u>	<u>Amount</u>	<u>Description</u>
--------------	---------------	--------------------

The undersigned Obligated Group Representative hereby states and certifies that:

- Each item listed above are proper Project Costs that were incurred in the acquisition, construction, renovation, remodeling, expansion, completion or equipping of portions of the Project in accordance with the construction contracts and plans and specifications therefor.
- These Project Costs have been incurred by the Obligated Group and are presently due and payable or have been paid by the Obligated Group and are reasonable costs that are payable or reimbursable under the Bond Indenture and each item thereof is a proper charge against the Project Fund.

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- Each item listed above has not previously been paid or reimbursed from moneys in the Project Fund and no part thereof has been included in any other Written Request previously filed with the Bond Trustee under the provisions of the Bond Indenture or reimbursed to the Obligated Group from Bond proceeds.
- There has not been filed with or served upon the Obligated Group or any Member thereof any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested in accordance with the provisions of the Loan Agreement.
- All necessary permits and approvals required for the portion of the work on the Project for which this withdrawal is to be made have been issued and are in full force and effect.
- Lien waivers for Project Costs for which payment is hereby requested have been received and are on file with the Obligated Group Representative and will be delivered upon request.
- Each item listed above is consistent with the representations, warranties and covenants contained in the Tax Agreement, and such disbursement will not cause any of such representations, warranties or covenants to be untrue.
- Each item listed above has been incurred with respect to items constituting a portion of the Project.
- If the Obligated Group Representative is requested to be the payee for any amount, it or a Member of the Obligated Group has paid that amount to the appropriate person for the Project Costs indicated, which reimbursement is made in accordance with the Tax Compliance Agreement.
- With respect to this requisition, the Obligated Group Representative (i) certifies it has reviewed the wire instructions set forth herein to confirm such wire instructions are accurate, and (ii) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

MEADOW LAKE, LLC,  
as Obligated Group Representative

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**APPROVED BY :**

**HAMLIN CAPITAL MANAGEMENT, LLC,**  
as Bondholder Representative

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**EXHIBIT D  
TO BOND TRUST INDENTURE**

**FORM OF BONDHOLDER REPRESENTATIVE INVESTMENT LETTER**

Tarrant County Cultural Education  
Facilities Finance Corporation  
c/o Brown Pruitt Wambsgans Dean  
Forman & Moore, P.C.  
201 Main Street, Suite 801  
Fort Worth, Texas 76102  
Attention: Secretary, Randal L. Dean

Gilmore & Bell, P.C.  
Bond Counsel  
2405 Grand Boulevard  
Suite 1100  
Kansas City, Missouri 64108  
Attention: Bill Burns

UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

Odeon Capital Group LLC  
Municipals Department  
750 Lexington Avenue, 27th Floor  
New York, NY 10022  
Attention: Scott Kaysen

Ladies and Gentlemen:

The undersigned, an officer of Hamlin Capital Management, LLC (the "Bondholder Representative"), is entering into this Investment Letter in connection with the investment by the Owners (as defined herein) of the Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,890,000, consisting of \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A (the "Series 2022A Bonds"), \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B (the "Series 2022B Bonds"), and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (the "Series 2022C Bonds," and together with the Series 2022A Bonds and the Series 2022B Bonds, the "Bonds"), issued by Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer"). The Bonds are authorized and issued pursuant to the Bond Trust Indenture, dated as of July 1, 2022, as supplemented and amended (the "Bond Indenture"), between the Issuer and UMB Bank, National Association (the "Bond Trustee"). Proceeds of the Bonds are being loaned to Meadow Lake, LLC, a Texas limited liability company, as Obligated Group Representative ("Meadow Lake" or the "Obligated Group Representative"), Craig Amarillo, LLC, a Texas limited liability company ("Craig Amarillo, LLC"), and Wesley Court, LLC, a Texas limited liability company ("Wesley Court, LLC," together with Craig Amarillo, LLC and Meadow Lake, LLC, each a "Member of the Obligated Group" and collectively the "Obligated Group"), pursuant to a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), between the Issuer and the Obligated Group Representative on behalf of itself and the other Members of the Obligated Group, to (1) finance a portion of the costs of the Project, as defined in the Bond Indenture, (2) fund a debt service reserve fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds. Odeon Capital Group LLC (the "Underwriter") is acting as the underwriter of the Bonds, which are being offered by the Offering Memorandum, dated \_\_\_\_\_, 20\_\_\_\_, including the appendices thereto (the "Offering Memorandum"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Indenture. The Bondholder Representative does hereby represent and agree as follows:

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investment in the Bonds by the Owners. The Bondholder Representative has based its decision to recommend an investment in the Bonds on the Offering Memorandum and its own investigation, including (without limitation) its review of the aforementioned documents, records, reports, financial statements and other information concerning the Obligated Group and the Project, discussions with representatives of the Obligated Group and discussions with the Underwriter based upon information about the Obligated Group and the Project provided by the Obligated Group Representative to the Underwriter and/or the Bondholder Representative. The Bondholder Representative has been afforded the opportunity to ask such questions as it has deemed necessary in making its investment decisions, and such questions have been answered to the satisfaction of the Bondholder Representative. The Bondholder Representative acknowledges and agrees that none of the Issuer, the Bond Trustee or their respective representatives or attorneys have any liability for the failure by the Obligated Group Representative and its representatives to provide any information or for the accuracy or completeness of any such information provided by or on behalf of the Obligated Group and its representatives. The Bondholder Representative acknowledges that all information and documents about the Obligated Group and the Project which the Underwriter forwarded to or discussed with the Bondholder Representative was received from the Obligated Group and its representatives, and that the Underwriter has made no representation or guarantee to the Bondholder Representative with respect to the accuracy or completeness of such information or documents. The Underwriter has represented to the Bondholder Representative that nothing has come to the attention of the Underwriter that would lead the Underwriter to believe that the information or documents provided by the Obligated Group about the Project or the Obligated Group was incorrect or incomplete in any material respect. The Bondholder Representative acknowledges that the Underwriter is acting as underwriter in connection with the sale of the Bonds and the transactions contemplated by the Offering Memorandum and that the Underwriter is not acting as an advisor to or fiduciary of the Bondholder Representative. In its evaluation of the investment for the Owners in the Bonds, the Bondholder Representative has relied on its own expertise and investigation and that of its representatives, attorneys and advisors.

9. The Bondholder Representative is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations to be (a) able to evaluate the risks and merits of the investment represented by the purchase by the Owners of the Bonds, and (b) capable of making and has made its own investigation of the Obligated Group and the Project in connection with its decision for the Owners to purchase the Bonds.

10. The Bonds are purchased by every Owner for the purpose of investment and each Owner intends to hold the Bonds for its own account as a long term investment, without a current view to any distribution or sale of the Bonds. Each Owner is informed that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

11. The Bondholder Representative acknowledges, on behalf of the Owners, (i) that the Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act or any state securities laws, and that the Bonds may not be resold, transferred, pledged or hypothecated in whole or in part, unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from registration is available, and (ii) that the Bonds will not carry any rating from any rating service.

12. (a) The Bondholder Representative is not recommending any action to the Issuer, Lifespace or any Member of the Obligated Group; (b) the Bondholder Representative is not acting as an advisor to the Issuer, Lifespace or any Member of the Obligated Group and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to such entities with respect to the information and material contained in this letter or the Bond Documents; (c) the Bondholder Representative has not and will not provide financial, legal, tax, accounting or other advice to the Issuer, Lifespace or any Member of the Obligated Group or to any financial advisor or underwriter engaged by the Issuer, Lifespace or any Member of the Obligated

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1. The Bondholder Representative is the duly appointed and retained representative of the beneficial owners of 100% in outstanding aggregate principal amount of the Bonds delivered on the date of this Investment Letter.

2. The Bondholder Representative is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The principal place of business of the Bondholder Representative, and the office location for those representatives of the Bondholder Representative making the decision for the investors to purchase the Bonds, is in the State of New York.

3. The Bondholder Representative is delivering this Investment Letter on behalf of the initial beneficial owners of the Bonds and all other beneficial owners of the Bonds from time to time represented by the Bondholder Representative (collectively, the "Owners"). Each Owner has executed an Investment Advisory Agreement with the Bondholder Representative or is a limited partner in a limited partnership managed by the Bondholder Representative. The Bondholder Representative is authorized by the Owners to make the representations and agreements set forth herein on behalf of the Owners.

4. Each Owner has been informed that the Bonds are not general obligations of the Issuer, but are special, limited obligations payable and secured solely as provided for in the Bond Indenture, the Master Indenture and the other Bond Documents (each as defined in the Bond Purchase Agreement, dated the date of its execution and delivery, among the Issuer, the Obligated Group Members and the Underwriter) and that the Issuer has no taxing power. No funds of the Issuer are pledged to the payment of the Bonds. The Bonds are payable solely from funds provided by the Obligated Group Representative pursuant to the Loan Agreement.

5. Each Owner has retained the Bondholder Representative to advise and represent the Owner regarding the purchase and sale of securities such as the Bonds. Each Owner has the ability to bear the economic risks of an investment in the Bonds, and is and will be an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities and Exchange Commission.

6. The Bondholder Representative has exercised its delegated authority for each Owner to purchase the Bonds. The decision to purchase the Bonds has been made by Hamlin Capital, as Bondholder Representative and not by any Owner. Each Hamlin Investor Bond is held in a managed account of such investor or a commingled investment vehicle managed by Hamlin Capital.

7. The Bondholder Representative has received an Offering Memorandum prepared by the Obligated Group in connection with the limited public offering of the Bonds and hereby represents that the information contained therein, along with all other additional information supplied by the Obligated Group directly to the Bondholder Representative, is sufficient for the Bondholder Representative to decide for the Owners to purchase the Bonds.

8. The Bondholder Representative has reviewed to its satisfaction and is familiar with the Offering Memorandum, including the documents included therein or incorporated therein by reference, and the terms of the transactions contemplated thereby. The Bondholder Representative has made, either alone or together with its advisors (if any), such independent investigation of the Project, the Obligated Group, and related matters as the Bondholder Representative deems, or such advisors (if any) have advised, to be necessary or advisable in connection with advising and representing the Owners as to an investment in the Bonds; and the Bondholder Representative and its advisors (if any) have conducted such due diligence, made such inquiries and received all information and data that the Bondholder Representative and such advisors (if any) believe to be necessary in order to reach an informed decision as to the advisability of an

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Group in connection with the Bonds or the Bond Documents; (d) the Issuer, Lifespace and the Members of the Obligated Group, their financial advisors and underwriters should each seek to obtain any financial, legal, tax, accounting and other advice with regards to the Bonds and the Bond Documents from its own advisors (including as it relates to structure, timing, terms, and similar matters); (e) the transaction contemplated by the Bonds and the Bond Documents are arm's length, commercial transactions in which the Issuer, Lifespace and the Members of the Obligated Group are acting and have acted solely as principals and for their own interests and the Bondholder Representative has not made any recommendations to the Issuer, Lifespace or any Member of the Obligated Group in regard to the transactions related to the Bonds or the Bond Documents; (f) the Bondholder Representative is acting for its own interests and for those of the Owners of the Bonds; and (g) the Issuer, Lifespace and the Members of the Obligated Group should discuss any information and material contained in this letter or the Bond Documents with any and all internal or external advisors and experts that such entity deems appropriate before acting on this information or material.

13. The Bondholder Representative agrees to inform the Issuer, the Obligated Group Representative, the Bond Trustee and the Underwriter at such time, if any, as the Bondholder Representative does not serve as representative of any Owner with respect to any Bonds.

The foregoing representations shall survive the issuance and delivery of the Bonds.

**HAMLIN CAPITAL MANAGEMENT, LLC, as  
Bondholder Representative**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**PROPOSED FORM**

**MASTER TRUST INDENTURE**

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**Dated as of July 1, 2022**

**Among**

**MEADOW LAKE, LLC,  
as Obligated Group Representative and as a Member of the Obligated Group,**

**CRAIG AMARILLO, LLC  
and  
WESLEY COURT, LLC  
as Members of the Obligated Group,**

**SUCH OTHER PERSONS  
AS FROM TIME TO TIME  
ARE MEMBERS OF THE OBLIGATED GROUP**

**and**

**UMB BANK, NATIONAL ASSOCIATION  
St. Louis, Missouri,  
as Master Trustee**

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## MASTER TRUST INDENTURE

**THIS MASTER TRUST INDENTURE** dated as of July 1, 2022 (together with all supplements and amendments hereto, the “**Master Indenture**”), among **MEADOW LAKE, LLC**, a Texas limited liability company (“**Meadow Lake, LLC**,” or the “**Obligated Group Representative**”), **CRAIG AMARILLO, LLC**, a Texas limited liability company (“**Craig Amarillo, LLC**”), **WESLEY COURT, LLC**, a Texas limited liability company (“**Wesley Court, LLC**”) and all other Persons (herein defined) that become Members (herein defined) (each, a “**Member**,” and collectively, the “**Obligated Group**”) and **UMB BANK, NATIONAL ASSOCIATION**, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out under and by virtue of the laws of the United States of America, with its corporate trust office located in St. Louis, Missouri (the “**Master Trustee**”).

### RECITALS

1. Meadow Lake, LLC, Craig Amarillo, LLC, and Wesley Court, LLC are authorized by law, and deem it necessary and desirable, to enter into this Master Indenture to provide for the incurrence of Debt (herein defined) and the issuance of Master Notes (herein defined) under this Master Indenture to evidence Debt in order to allow for the pooling of credit resources and promote efficient and economical financing or refinancing of facilities and other needs and for other lawful and proper corporate purposes.

2. Meadow Lake, LLC, Craig Amarillo, LLC, and Wesley Court, LLC also desire to provide in this Master Indenture for other Persons to become Members.

3. Meadow Lake, LLC, Craig Amarillo, LLC, Wesley Court, LLC and the other Persons that become Members will be related through common corporate control or through common goals and purposes, and recognize the collective and individual benefit and strength in the pooling of credit resources and lowering of borrowing costs gained by the incurrence of Debt and the issuance of Master Notes under this Master Indenture.

4. All acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Master Indenture has been duly authorized, and Meadow Lake, LLC, Craig Amarillo, LLC, and Wesley Court, LLC have duly executed this Master Indenture and may incur Debt and execute, issue and deliver Master Notes hereunder, and all Persons that become Members after the execution and delivery of this Master Indenture, upon execution of a Supplemental Master Indenture, will be bound by this Master Indenture and each Master Note.

### GRANTING CLAUSES

To declare the terms and conditions upon which Master Notes are to be authenticated, issued and delivered and to secure the payment of the Master Notes and the performance and observance of all the covenants and conditions in this Master Indenture and the Master Notes, and in consideration of the premises and of the purchase and acceptance of Master Notes by the Owners thereof, Meadow Lake, LLC, Craig Amarillo, LLC, Wesley Court, LLC and all other Persons that become Members, by these presents, grant a security interest in, pledge, assign and transfer in trust to the Master Trustee, subject to Permitted Encumbrances (herein defined), upon the terms set forth in this Master Indenture for the equal and proportionate benefit and security of all Owners of the Master Notes without priority of any Master Note over any other Master Note, the following property (the “**Trust Estate**”):

- (a) all Gross Revenues of the Members of the Obligated Group;

“**Debt**” means all debt or obligations of any Member for the repayment of borrowed money (including Lease Debt, installment purchase contracts and Guarantees) shown as liabilities on the balance sheet of such Member or which are properly capitalized on the balance sheet of such Member in accordance with GAAP; provided that Debt shall not include:

- (a) obligations of any Member to another Member or guarantees or assumptions by a Member, directly or indirectly, of Debt of another Member;
- (b) any portion of any Debt or any Related Bonds for which cash or Escrow Obligations are irrevocably on deposit in an escrow or trust account with the Master Trustee, the Related Bond Trustee or a third party escrow agent, which cash and Escrow Obligations (including, where appropriate, the earnings or other increments to accrue thereon) are required to be used to pay the principal of such Debt or Related Bonds;
- (c) liabilities incurred by the endorsement for collection or deposit of checks or drafts received in the ordinary course of business or overdrafts to banks to the extent there are immediately available funds sufficient to pay such overdrafts and such overdrafts are incurred and corrected in the normal course of business;
- (d) accounts payable and other current liabilities (other than for the repayment of borrowed money) incurred in the ordinary course of business;
- (e) liabilities payable out of current payments for the funding of employee pension plans, retiree benefits other than pensions, health plans and other benefit programs, contributions to self-insurance or pooled-risk insurance programs and estimated long-term self-insurance liability, and the funding of reserves for deferred taxes, deferred revenues, deferred compensation, and similar such liabilities;
- (f) obligations under contracts for supplies, services or pensions allocated to the current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pensions paid;
- (g) rentals payable under leases that are not Lease Debt;
- (h) Debt of any entity that is not a Member (even though such entity may be a subsidiary of or controlled by or under common control with a Member) except to the extent of any Guarantee by any Member of such Debt or to the extent that Member is otherwise obligated with respect to that Debt;
- (i) any other obligations that do not constitute debt under GAAP;
- (j) liabilities to residents of senior living or similar facilities to refund entrance fees or other fees paid by those residents;
- (k) any Interest Rate Agreement or any Master Note issued to evidence or secure obligations thereunder; and
- (l) Subordinated Debt to an Affiliate.

“**Debt Service**” means, for any period of time for which calculated, the aggregate of the scheduled payments required to be made during such period in respect of principal (whether at maturity or as a result of scheduled mandatory redemption or scheduled mandatory prepayment, but not (i) principal

- (b) all moneys and securities, if any, at any time held by the Master Trustee under the terms of this Master Indenture;
- (c) the interests of the Master Trustee under the Mortgages and all moneys and proceeds therefrom received by the Master Trustee; and
- (d) any and all other real or personal property of every kind and nature from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under this Master Indenture by the Members, or by anyone on their behalf and with their written consent, to the Master Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Master Indenture.

**NOW, THEREFORE**, the Members hereby declare that all Master Notes are to be authenticated and delivered and the Trust Estate is to be held and applied by the Master Trustee upon and subject to the covenants, conditions and trusts set forth in this Master Indenture and hereby covenant and agree with the Master Trustee, for the equal and proportionate benefit of the Owners of the Master Notes, as follows:

## ARTICLE I

### DEFINITIONS, RULES OF CONSTRUCTION

**Section 101. Definitions of Words and Terms.** For all purposes of this Master Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms as used in this Master Indenture have the following meanings:

“**Affiliate**” means any Person which controls, or is controlled by, or is under common control with a Member. For purposes of this definition, a Person controls another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, partnership interests, membership, reserved powers, or the power to appoint members, trustees or directors, by contract, or otherwise.

“**Bondholder Representative**” means (i) Hamlin Capital Management, LLC, so long as a majority in aggregate principal amount of the Outstanding Series 2022 Bonds are beneficially owned by Persons for whom Hamlin Capital Management, LLC, serves as investment advisor; and (ii) at any other time, the designee, if any, of the holders of a majority in aggregate principal amount of the Outstanding Series 2022 Bonds. If there shall be no designee, the term Bondholder Representative shall be disregarded and all notices and consents required of the Bondholder Representative shall be given to and by, respectively, the holders of a majority in aggregate principal amount of Outstanding Series 2022 Bonds.

“**Craig Amarillo, LLC**” means Craig Amarillo, LLC, a Texas limited liability company.

“**Credit Facility**” means with respect to any Master Notes or Related Bonds, any insurance policy, surety bond, letter of credit, line of credit, standby bond purchase agreement, or other form of credit enhancement issued by a bank, trust company, national banking association, insurance company or other credit provider in favor of the Owners of such Master Notes or the owners of such Related Bonds for the purpose of providing a source of funds for the payment of all or a portion of the Obligated Group’s obligations under the related Debt or Related Bonds.

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refinanced with the proceeds of Debt or (ii) purchase price payments for Extendable Debt or Put Debt purchased at the option of the holder thereof, or (iii) optional prepayments of Debt) and interest on Long-Term Debt of the Members (other than Subordinated Debt); provided that payments are calculated in accordance with the terms of the Continuing Covenants Agreement.

“**Deposit Account Control Agreement**” collectively (i) each Account Control Agreement dated as of July 19, 2022 between each Member, the Master Trustee and Bankers Trust Company and (ii) any other deposit account control agreement executed and delivered by a Member in favor of the Master Trustee.

“**Encumbrance**” means any mortgage, pledge or lease of, security interest in or lien, charge, restriction or encumbrance on Property.

“**Entrance Fees**” means fees, other than monthly rentals or monthly service charges, paid to a Member by residents of living units for the purpose of obtaining the right to reside in those living units including any refundable resident deposits described in any lease or similar Residency Agreements with respect to those living units, but shall not include any such amounts held in escrow or otherwise set aside pursuant to (i) the requirements of any such agreement before the occupancy of the living unit covered by such agreement (which amounts shall be included if and when occupancy occurs) or (ii) applicable law.

“**Escrow Obligations**” means

- (a) with respect to any Master Note which secures a series of Related Bonds, the obligations permitted to be used to defease such series of Related Bonds under the Related Bond Documents, and
- (b) with respect to any Master Notes for which there are no Related Bonds and any other Debt,
  - (i) Government Obligations which are not subject to redemption in advance of their maturity dates;
  - (ii) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
    - (A) the obligations are (i) not subject to redemption before maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
    - (B) the obligations are secured by cash or Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
    - (C) such cash and the principal of and interest on such Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
    - (D) such cash and Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

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- (E) such cash and Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
- (F) the obligations are rated in the highest rating category by Moody's (presently "Aaa"), S&P (presently "AAA") or Fitch (presently "AAA"); or
- (iii) other obligations, if any, permitted to be used to discharge the obligor's obligation (except for payment from proceeds of Escrow Obligations) to pay those Master Notes or other Debt by the Supplemental Master Indenture under which those Master Notes were issued or by the document under which the other Debt was issued or secured.

"Event of Default" shall have the meaning set forth in Section 501.

"Excluded Property" means (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, (b) any assets of a self-insurance trust which prohibits any application of such assets for purposes that are not related to claims as defined in the governing trust document, (c) all endowment funds and property derived from gifts, grants, research contracts, bequests, donations and contributions made to or with any Member that are specifically restricted by the donor, testator or grantor to a particular purpose inconsistent with their use to pay Debt Service or operating expenses, and the income and gains derived therefrom to the extent so restricted, (d) the real estate and other property described in Exhibit C and all improvements, fixtures, equipment and other tangible personal property located thereon, (e) the property of any Person that becomes a Member after the date of this Master Indenture that is to be considered Excluded Property as evidenced by an amendment to Exhibit C at the time such Person becomes a Member, provided that such property may be treated as Excluded Property only if such property is real or tangible personal property and the primary operations of such Person are not conducted upon such real property, and (f) any other property which the Obligated Group Representative has established in an Officer's Certificate delivered to the Master Trustee is property upon which none of the primary operations of any Member are conducted and which does not constitute a material or integral part of the primary operations of any Member and is not material in the generation of Gross Revenues.

"Existing Debt" means Debt of a Person that becomes a Member after the date of this Master Indenture that is Outstanding at the time such Person becomes a Member.

"Facility" means a senior living, health care or other facility owned or operated by a Member.

"Fiscal Year" means any period beginning on January 1 of any calendar year and ending on December 31 of that calendar year or such other twelve-month period selected by the Obligated Group Representative as the Obligated Group's fiscal year for financial reporting purposes.

"Fitch" means Fitch, Inc., its successors and assigns.

"GAAP" means accounting principles generally accepted in the United States of America.

"Governing Body" means, with respect to a Member, the board of directors, board of trustees, sole member, or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

"Governing Documents" means, with respect to any corporation or limited liability company, the articles of incorporation or articles of organization, as applicable, bylaws or operating agreement, as

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"Master Noteowner" or "Owner" when used in relation to a Master Note means the registered owner as recorded in the note register maintained by the Master Trustee of any Master Note unless alternative provision is made in the Supplemental Master Indenture pursuant to which such Master Note is issued for establishing ownership of such Master Note, in which case such alternative provision shall control.

"Master Notes" means Master Notes issued, authenticated and delivered under this Master Indenture.

"Master Trustee" means UMB Bank, National Association, St. Louis, Missouri, or any successor trustee under this Master Indenture.

"Meadow Lake, LLC" means Meadow Lake, LLC, a Texas limited liability company, the Obligated Group Representative.

"Meadow Lake" means the community consisting of independent living cottages, independent living units, assisted living units, memory care units, and skilled nursing units located at 16044 CR 165, Tyler, Texas, 75703, known as Meadow Lake Senior Living.

"Member" means each Person that is a Member of the Obligated Group on the date of original execution and delivery of this Master Indenture and each Person that after the date of this Master Indenture becomes a Member of the Obligated Group pursuant to this Master Indenture, and their successors and assigns, other than any Persons that have withdrawn from the Obligated Group pursuant to Section 405.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns.

"Mortgages" means (i) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing between Craig Amarillo, LLC and Israel Lugo, as mortgage trustee, (ii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing between Meadow Lake, LLC and Israel Lugo, as mortgage trustee, (iii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing between Wesley Court, LLC and Israel Lugo, as mortgage trustee, and (iv) any other mortgage or mortgages, deeds of trust, security agreements, pledge agreements, assignments, leases and other documents granting a lien, security interest or other interest in Property of a Member to the Master Trustee to secure the Master Notes.

"Mortgaged Property" means the Property of the Obligated Group subject to the Mortgages.

"Non-Recourse Debt" means Long-Term Debt incurred after the date of execution and delivery of this Master Indenture for the purpose of financing the purchase or acquisition of real or tangible personal property secured by a lien on, or security interest in, the property being purchased or acquired and evidenced by an instrument that expressly provides that upon default in the payment of the principal thereof or interest thereon the obligee thereof may look only to property securing the same and not to the credit of any Member nor to any other Property of any Member; provided that no revenues or funds of a Member have been applied to any payment on the Non-Recourse Debt other than revenues or funds derived from the property securing the Debt.

"Obligated Group" means, initially Meadow Lake, LLC, Craig Amarillo, LLC, Wesley Court, LLC, and all other Persons that have fulfilled the requirements for entry into the Obligated Group set forth in Section 404, but excluding any Persons that have ceased to be Members of the Obligated Group pursuant to Section 405.

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applicable, or other document pursuant to which such corporation or limited liability company is organized and existing.

"Gross Revenues" means, for any period of calculation, the aggregate, calculated in accordance with GAAP, of all operating and non-operating revenues of any Member, including (without limitation), (a) rents (including, without limitation, the Entrance Fees, monthly service fees and other fees payable by or on behalf of residents of the Facilities), (b) resident service revenues, (c) other operating revenues, (d) contributions (other than donor restricted), (e) unrestricted investment income, (f) unrestricted donor income and (g) net proceeds from business interruption insurance, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, investment property or other rights, and the proceeds of such rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, provided, that any calculation of the Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with GAAP (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business).

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of any Debt other than Debt of a Member, including obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Debt or obligation or any Property constituting security therefor; (ii) to advance or supply funds for the purchase or payment of such Debt or obligation; (iii) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Debt or obligation of the ability of the primary obligor to make payment of the Debt or obligation; (iv) to repay amounts drawn upon a letter of credit or other credit facility; or (v) providing assurance of the payment or performance (or payment of damages in the event of non-performance) of any part or all of any Debt other than Debt of a Member. A Guarantee shall not include any agreement solely because such agreement creates a lien on assets of any Person or any agreement providing for indemnification. The amount of a Guarantee shall be the maximum amount of the Debt guaranteed for which the guarantor could be held liable under the Guarantee. A Guarantee may be evidenced or secured by a Master Note if the Guarantee is an obligation of the Obligated Group or a Member.

"Initial Entrance Fees" means Entrance Fees received upon the initial occupancy of any living unit not previously occupied.

"Interest Rate Agreement" means any interest rate exchange agreement or comparable agreement entered into by any Member for a term exceeding one year, pursuant to which such Member is obligated to make interest-like payments to or on behalf of another Person and that Person is obligated to make similar interest-like payments to or on behalf of any Member (both on a different rate of, or formula for, interest), with neither party obligated to repay any principal.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"Lifespace" means Lifespace Communities, Inc., an Iowa nonprofit corporation.

"Master Indenture" means this Master Trust Indenture among the Members and the Master Trustee, as from time to time amended and supplemented by Supplemental Master Indentures.

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"Obligated Group Representative" means Meadow Lake, LLC, acting through its Governing Body, its manager, its president, its treasurer or its other duly authorized officers acting pursuant to duly delegated authority, or any other Member from time to time designated as the Obligated Group Representative in an Officer's Certificate delivered to the Master Trustee and each Related Bond Trustee.

"Officer's Certificate" means a written certificate, request or other instrument of the Obligated Group Representative (or of another Member, if the context so requires) signed by the chairman of its Governing Body, its president, its treasurer or any other duly authorized officer whose authority to execute such certificate is evidenced by a resolution of the Governing Body.

"Opinion of Bond Counsel" means a written opinion of any legal counsel selected by the Obligated Group Representative who is nationally recognized in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

"Opinion of Counsel" means a written opinion of any legal counsel (which may be in-house counsel) who may (except as otherwise expressly provided herein) be counsel to any Obligated Group Member.

"Original Purchaser" means with respect to any series of Master Notes or Related Bonds, the original purchaser or purchasers thereof so designated in any Supplemental Master Indenture or Related Bond Documents authorizing that series of Master Notes or Related Bonds.

"Outstanding" means:

- (a) when used with respect to Master Notes, as of the date of determination, all Master Notes theretofore authenticated and delivered under this Master Indenture, except:
  - (1) Master Notes theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation;
  - (2) Master Notes for whose payment or redemption money or Escrow Obligations in the necessary amount are deposited with the Master Trustee or any Paying Agent in trust for the Owners of such Master Notes, provided that, if such Master Notes are to be redeemed, notice of such redemption is duly given pursuant to this Master Indenture or provision therefor satisfactory to the Master Trustee is made;
  - (3) Master Notes issued in connection with the issuance of a series of Related Bonds, to the extent that such Related Bonds are discharged and no longer deemed outstanding under the Related Bond Documents;
  - (4) Master Notes in exchange for or in lieu of which other Master Notes are authenticated and delivered under this Master Indenture; and
  - (5) Master Notes alleged to be destroyed, lost or stolen which are paid as provided in Section 207; and
- (b) when used in connection with Debt other than Master Notes, all such Debt except Debt with respect to which the obligation to make payments is discharged and no longer deemed outstanding in accordance with the terms of the instrument or instruments creating or evidencing such Debt.

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“**Paying Agent**” means the Master Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Master Indenture as paying agent for any Master Notes at which the principal of, and redemption premium, if any, and interest on such Master Notes shall be payable.

“**Permitted Encumbrances**” means, with respect to Property of any Member as of any particular time, the following:

- (a) the lien and security interest of this Master Indenture on the Trust Estate and any other liens or security interest in Property that equally and ratably secure all of the Master Notes on a parity basis, including the Mortgages;
- (b) liens for ad valorem taxes, special assessments, levies, fees, water and sewer rents or charges not then delinquent;
- (c) any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or the amount or validity of which is being contested and execution thereon stayed;
- (d) any lien arising under Law or by contract with respect to initial deposits made under life care or continuing care contracts;
- (e) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Facilities as do not in the aggregate materially impair the use of property affected thereby for the purposes for which it was acquired or is held by a Member, or the value of such property;
- (f) liens securing Debt permitted by this Master Indenture and the Continuing Covenants Agreement;
- (g) encumbrances identified in the mortgagee’s title insurance policies delivered in connection with the issuance of the Series 2022 Bonds; and
- (h) such other Liens approved in writing by the Bondholder Representative.

“**Person**” means any natural person, firm, joint venture, association, partnership, business trust, corporation, public body, agency or political subdivision thereof or any other similar entity.

“**Property**” means any and all rights, titles and interests of a Member in and to all land, leasehold interests, buildings, fixtures and equipment and any and all other property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired; but does not include Excluded Property.

“**Rating Agency**” means Moody’s, S&P or Fitch or any other nationally recognized securities rating agency designated by the Obligated Group Representative.

“**Related Bond Documents**” means any indenture, bond resolution or similar instrument pursuant to which any series of Related Bonds is issued, and the document or documents (including any loan agreement, lease agreement, installment sale agreement or other financing agreement) pursuant to which any proceeds of any Related Bonds are made available to or for the benefit of any Member or any Affiliate of any Member.

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“**The Craig**” means a community consisting of independent living villas, independent living units, assisted living units, and skilled nursing units, located at 5500 SW 9<sup>th</sup> Avenue, Amarillo, Texas 79106, known as The Craig Senior Living.

“**Trust Estate**” means the property described as the Trust Estate in the Granting Clauses of this Master Indenture that is subject to the lien and security interest of this Master Indenture.

“**Wesley Court, LLC**” means Wesley Court, LLC, a Texas limited liability company.

“**Wesley Court**” means the community consisting of independent living units, independent living cottages, assisted living units, and skilled nursing units, including the construction of additional independent living cottages, located at 2617 Antilley Road, Abilene, Texas 79606, known as Wesley Court Senior Living.

**Section 102. Rules of Construction.** For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for must be made, in accordance with GAAP to the extent applicable.
- (c) All references herein to “GAAP” refer to such principles in effect on the date of the determination, certification, computation or other action taken hereunder using or involving those principles; provided, as applied to any entity with respect to which particular accounting principles from time to time shall have been generally adapted or modified, the term “GAAP” shall include the adaptations or modifications, as described in the notes to the audited financial statements of such entity.
- (d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Master Indenture unless otherwise indicated.
- (e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision.
- (f) The Articles and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word “include” or “including,” such listing is not intended to be a listing that excludes items not listed.
- (h) References to “interest” on Master Notes includes amounts to be paid that are a percentage of a notional amount and any other interest-like amounts to be paid by a Member under an Interest Rate Agreement that are evidenced or secured by a Master Note. References to “principal” of Master Notes include, as of any date of determination, all other amounts (e.g., termination payments) that would be payable as of such date by a Member if the Interest Rate Agreement evidenced or secured by a Master Note were terminated as of such date. In addition, any Master Note securing an Interest Rate Agreement shall be equally and ratably secured by any lien created under this Master

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“**Related Bond Issuer**” means any issuer of a series of Related Bonds.

“**Related Bond Trustee**” means any trustee under any Related Bond Document and any successor trustee thereunder or, if no trustee is appointed under a Related Bond Document, the Related Bond Issuer.

“**Related Bonds**” means any revenue bonds or similar obligations issued by any state of the United States or any municipal corporation or other political subdivision formed under the laws thereof or any constituted authority, agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, the proceeds of which are loaned or otherwise made available to any Member in consideration, whether in whole or in part, of the execution, authentication and delivery of a Master Note or Master Notes to such governmental issuer.

“**Residency Agreement**” means any written agreement or contract, as amended from time to time, between a Member and a resident or potential resident of a Facility giving the resident or potential resident certain rights of occupancy in the Facility, including independent living units, assisted living units, memory support units, nursing beds or specialty care beds, and providing for certain services to such resident, including any reservation agreement or other agreement or contract reserving rights of occupancy.

“**S&P**” means S&P Global Ratings, its successors and assigns.

“**Series 2022 Bonds**” means the Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,825,000, consisting of \$53,280,000 Revenue Bonds (CMW Obligated Group) Series 2022A, \$52,545,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B, and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C.

“**Subordinated Bonds**” means the \$11,090,000 principal amount CMW Obligated Group Subordinated Bonds, Series 2022, dated July 19, 2022, issued pursuant to the Subordinated Bond Trust Indenture dated as of July 1, 2022, between Meadow Lake, LLC, as Obligated Group Representative, and UMB Bank, National Association, as bond trustee.

“**Subordinated Debt**” means Debt of a Member that by the terms thereof is specifically junior and subordinate to the Master Notes with respect to payment of principal and interest thereon and that is evidenced by an instrument containing provisions substantially the same as those set forth in **Exhibit B**.

“**Supplemental Master Indenture**” means an indenture amending or supplementing this Master Indenture entered into pursuant to **Article VII**.

“**Supplemental Mortgage**” means any document amending or supplementing a Mortgage entered into pursuant to **Article VIII**.

“**Support Agreement**” means the Support Agreement dated as of July 1, 2022 by and between Lifespace, as support provider, and the Bond Trustee, as amended and supplemented from time to time pursuant to its terms.

“**Tax-Exempt Organization**” means a nonprofit organization organized under the laws of the United States of America or any state thereof that is an organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, or corresponding provisions of federal income tax laws from time to time in effect.

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Indenture with all other Outstanding Master Notes; however, unless otherwise provided in the Supplemental Master Indenture relating to the Master Note for such Interest Rate Agreement, each holder of a Master Note securing an Interest Rate Agreement shall be deemed a holder of a Master Note only for purposes of receiving payment under this Master Indenture and the exercise of remedies under **Article V** hereof and shall not be entitled to exercise any consent or other rights hereunder.

- (j) All rating agency ratings category criteria are without regard to any refinement or gradation of rating category by numerical modifier or otherwise within the category specified.

Unless stated otherwise, where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Obligated Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the date of execution and delivery of this Master Indenture, if in the case of clause (ii) the Obligated Group Representative delivers an Officer’s Certificate to the Master Trustee describing why then-current GAAP is inconsistent with the intent of the parties on the date of execution and delivery of this Master Indenture; provided that the requirements set forth herein shall prevail if inconsistent with GAAP. In all cases, intercompany balances and liabilities among the Members shall be disregarded.

## ARTICLE II

### THE MASTER NOTES

**Section 201. Authorization, Amount and Designation of Master Notes.** Master Notes may be issued hereunder to evidence or secure any type of Debt (other than Non-Recourse and Subordinated Debt), including a Guarantee, or the obligations of any Member pursuant to an Interest Rate Agreement or a Credit Facility. If any Debt issued under and secured by this Master Indenture is not issued directly in the form of a Master Note, a Master Note must be issued hereunder and pledged as security for the payment of such Debt in lieu of directly issuing or incurring such Debt as a Master Note.

The Obligated Group Representative may issue Master Notes on behalf of any Member, and any Member may issue Master Notes with the consent of the Obligated Group Representative, without further authority or approval from the other Members, but subject to this Master Indenture and any Supplemental Master Indenture authorizing the issuance of Master Notes. No Master Notes may be issued under this Master Indenture except in accordance with this Article. The total principal amount of Master Notes, the number of Master Notes and the series of Master Notes that may be issued under this Master Indenture are not limited, except with respect to any series of Master Notes as provided in the Supplemental Master Indenture providing for the issuance thereof, and except as limited by law.

Each series of Master Notes must be issued pursuant to a Supplemental Master Indenture authorized by the Governing Body of the Obligated Group Representative. The Supplemental Master Indenture providing for the issuance of Master Notes will set forth the principal amount of such Master Notes, the date of such Master Notes, the rate or rates, or the method of determining the rate or rates, at which such Master Notes shall bear interest, the date or dates upon which principal of and premium, if any, and interest on such Master Notes are payable, the form of such Master Notes and the conditions precedent to the delivery of such Master Notes and any other terms and provisions of such Master Notes

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(which terms shall not be inconsistent with this Master Indenture). Master Notes may differ as between series in any respect not in conflict with this Master Indenture and as prescribed in the Supplemental Master Indenture authorizing such series. Each series of Master Notes must be designated so as to differentiate the Master Notes of such series from the Master Notes of any other series.

**Section 202. Conditions to Issuance of Master Notes.** Master Notes, duly executed as herein provided, may be delivered to the Master Trustee for authentication, and thereupon the Master Trustee shall authenticate such Master Notes and deliver them to the Owner thereof upon receipt by the Master Trustee of the following:

- (a) A copy, certified by the Secretary or Assistant Secretary of the Obligated Group Representative, of the resolution adopted by the Governing Body of the Obligated Group Representative authorizing the issuance of the Master Notes and the execution of the Supplemental Master Indenture;
- (b) An original executed counterpart of the Supplemental Master Indenture providing for the issuance of such Master Notes, the purpose for which the Master Note is being incurred, the principal amount, maturity date or dates, interest rate or rates and the other pertinent terms of the Master Note;
- (c) A request and authorization to the Master Trustee on behalf of the Obligated Group, executed by the Obligated Group Representative, to authenticate the Master Notes and deliver said Master Notes to the Person therein identified upon satisfaction of the conditions specified in this Section;
- (d) An Officer's Certificate stating (1) that no Event of Default under this Master Indenture is occurring or will result from the issuance of such Master Notes; (2) that the Obligated Group Representative and the Member on whose behalf such Master Notes are being issued have authorized or approved the issuance of such Master Notes; (3) the provision of this Master Indenture under which the Master Note is being issued, and that the opinions and certifications, if any, required by such section are being delivered, and that the requirements of such section have been met and any limitations imposed by such section will not be exceeded; (4) that the Supplemental Master Indenture authorizing such Debt has been duly authorized and complies with **Article VII**; (5) that any lien granted to secure the Debt is a Permitted Encumbrance; and (6) that all conditions precedent provided for in this Master Indenture relating to the authentication and delivery of such Master Notes have been complied with;
- (e) An Opinion of Counsel to the effect that (1) all requirements and conditions precedent to the issuance, authentication and delivery of those Master Notes set forth in this Master Indenture and the Supplemental Master Indenture have been complied with and satisfied, (2) such Master Notes, when duly executed, authenticated and delivered in accordance with this Master Indenture, will be the valid and binding obligations of the Obligated Group, enforceable in accordance with their terms, subject to the customary exceptions, and entitled to the benefits of and secured by the lien of this Master Indenture equally and ratably with all other Outstanding Master Notes, and (3) registration of such Master Notes under the Securities Act of 1933, as amended, is not required (or that such Master Notes have been so registered if registration is required) and issuance of such Master Notes will not subject this Master Indenture to the qualification provisions of the Trust Indenture Act of 1939, as amended (or that this Master Indenture has been so qualified if qualification is required); and

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Master Indenture pursuant to which such additional Master Notes are issued, in each case with such appropriate variations, omissions and insertions as are permitted or required by this Master Indenture or deemed necessary by the Master Trustee to reflect the terms and conditions thereof as established by any Supplemental Master Indenture. Unless Master Notes of a series have been registered under the Securities Act of 1933, as amended, each Master Note of such series shall be endorsed with a legend which shall read substantially as follows: "This Master Note has not been registered under the Securities Act of 1933, as amended." The Master Notes of each series shall be distinguished from the Master Notes of other series in such manner as may be determined by the Supplemental Master Indenture authorizing a particular series of Master Notes.

The Master Notes of each series shall be issuable and shall be numbered as provided in the Supplemental Master Indenture authorizing such series of Master Notes. In the absence of any such provision with respect to the Master Notes of any particular series, Master Notes shall be numbered R-1 and upward.

The Master Notes of each series shall be dated as provided in the Supplemental Master Indenture authorizing such series of Master Notes. In the absence of any such provision with respect to the Master Notes of any particular series, the Master Notes of such series shall be dated the date of their authentication.

**Section 205. Execution and Authentication of Master Notes.** The Master Notes must be executed by the Obligated Group Representative on behalf of a Member, or by a Member with the approval of the Obligated Group Representative, in each case by the manual or, if permitted by law, facsimile signature of a duly authorized officer of the Obligated Group Representative or applicable Member as specified in the Supplemental Master Indenture authorizing such Master Notes. If any officer whose manual or facsimile signature appears on the Master Notes shall cease to hold office before the authentication and delivery of such Master Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if that officer had remained in office until delivery.

No Master Note may be secured by, or be entitled to any lien, right or benefit under, this Master Indenture or be valid or obligatory for any purpose, unless there appears on such Master Note a certificate of authentication substantially in the form provided for in **Exhibit A**, executed by the Master Trustee by manual signature of an authorized officer or signatory of the Master Trustee, and such certificate upon any Master Note will be conclusive evidence, and the only evidence, that such Master Note has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Master Indenture, the Obligated Group Representative or a Member may deliver Master Notes executed by the Obligated Group Representative or a Member to the Master Trustee for authentication and the Master Trustee shall authenticate and deliver such Master Notes as in this Master Indenture provided and not otherwise.

**Section 206. Registration, Transfer and Exchange.** The Master Trustee shall keep at its designated corporate trust office a register (herein sometimes referred to as the "note register") in which, subject to such reasonable regulations as it may prescribe, the Master Trustee shall provide for the registration, transfer and exchange of Master Notes as herein provided. The Master Trustee is hereby appointed "note registrar" for the purpose of registering Master Notes and transfers of Master Notes as herein provided.

Upon surrender for transfer or exchange of any Master Note at the designated corporate trust office of the Master Trustee, the Obligated Group Representative or Member issuing such Master Note shall execute, and the Master Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Master Notes of the same series and maturity and of a like aggregate principal amount.

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- (f) Any other certificates, statements, receipts, opinions and documents required by the Supplemental Master Indenture authorizing the Master Notes.

**Section 203. Method of Payment of Master Notes.** Unless otherwise provided in the Supplemental Master Indenture under which any Master Notes are issued, payment of the Master Notes shall be made as follows:

- (a) The principal of, premium, if any, and interest on the Master Notes are payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts.
- (b) The principal of and premium, if any, on the Master Notes are payable by check or draft at the designated corporate trust office of the Master Trustee or at the office of any alternate Paying Agent named in any such Master Notes or in a Related Bond Document.
- (c) The interest on the Master Notes is payable to the Persons in whose name the Master Notes are registered on the note register (kept in the designated corporate trust office of the Master Trustee) at the close of business on the record date for such interest specified in the Supplemental Master Indenture authorizing such Master Notes and shall be paid by check or draft mailed to such Persons at the addresses that appear on the note register; provided that any Supplemental Master Indenture creating any Master Note may provide that interest on such Master Note may be paid, upon the written request of the Owner of such Master Note in form satisfactory to the Master Trustee, by electronic transfer. The foregoing notwithstanding, if a Member so elects, payments on such Master Note may be made directly by such Member, by check or draft hand delivered to the Owner thereof or its designee or may be made by such Member by electronic transfer to such Owner, in either case delivered on or before the date on which such payment is due. Such Member shall maintain a record of such payments made and, upon request of the Master Trustee, give notice of any such payment to the Master Trustee concurrently with the making thereof, specifying the amount paid and identifying the Master Note or Master Notes with respect to which such payment was made by series designation, number and Owner. The Master Trustee may conclusively rely upon and be fully protected in relying upon the Obligated Group Representative's written direction as to any investment.
- (d) Except with respect to Master Notes directly paid, the Members agree to deposit with the Master Trustee before each due date of the principal of, premium, if any, or interest on any of the Master Notes a sum sufficient to pay such principal, premium, if any, or interest so becoming due. Such moneys shall be invested upon direction of the Obligated Group Representative set forth in an Officer's Certificate in such investments as shall be specified therein. The foregoing notwithstanding, amounts deposited with the Master Trustee to provide for the payment of Master Notes pledged to the payment of Related Bonds shall be invested in accordance with the Related Bond Documents.
- (e) Subject to the foregoing provisions of this Section, each Master Note delivered under this Master Indenture upon transfer of or in exchange for or in lieu of any other Master Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Master Note and each such Master Note shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**Section 204. Form, Numbering and Dating of Master Notes.** The Master Notes issued under this Master Indenture shall be substantially in the form set forth in **Exhibit A** and the Supplemental

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All Master Notes surrendered upon any exchange or transfer provided for in this Master Indenture shall be promptly cancelled by the Master Trustee and thereafter disposed in accordance with applicable law.

All Master Notes issued upon any transfer or exchange of Master Notes shall evidence the same debt, and be entitled to the same security and benefits under this Master Indenture, as the Master Notes surrendered upon such transfer or exchange.

Every Master Note presented or surrendered for transfer or exchange must be accompanied by a written assignment or other instrument of transfer in form satisfactory to the Master Trustee, as note registrar, duly executed by the Owner thereof or his attorney duly authorized in writing.

No service charge may be made for any registration, transfer or exchange of Master Notes, but the Master Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Master Notes.

Unless contrary provision is made in a Supplemental Master Indenture authorizing any Master Note, the Master Trustee shall not be required (a) to transfer or exchange any Master Note during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Master Note and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Master Note so selected for redemption in whole or in part, during a period beginning at the opening of business on any record date for such Master Note and ending at the close of business on the relevant interest payment date thereof.

The Members, the Master Trustee and any agent of the Master Trustee or any Member may treat the Person in whose name any Master Note is registered on the note register maintained by the Master Trustee as the owner of such Master Note for the purpose of receiving payment of principal of and premium, if any, and interest on such Master Note and for all other purposes whatsoever, except as otherwise provided in this Master Indenture, whether or not such Master Note is overdue, and, to the extent permitted by law, none of any Member, the Master Trustee or any such agent shall be affected by notice to the contrary.

At reasonable times and under reasonable regulations established by the Master Trustee, the note register may be inspected and copied by any Member, any Master Noteowner or the authorized representative thereof, provided that the ownership of such Owner and the authority of any such designated representative must be evidenced to the satisfaction of the Master Trustee.

**Section 207. Mutilated, Destroyed, Lost and Stolen Master Notes.** If (a) any mutilated Master Note is surrendered to the Master Trustee or the Obligated Group Representative and the Master Trustee receive evidence to the Obligated Group Representative's and the Master Trustee's satisfaction of the destruction, loss or theft of any Master Note, and (b) there is delivered to the Obligated Group Representative and the Master Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Obligated Group Representative or the Master Trustee that such Master Note has been acquired by a bona fide purchaser, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Master Note, a new Master Note of the same series and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

If any such mutilated, destroyed, lost or stolen Master Note has become or is about to become due and payable, the Obligated Group Representative in its discretion may, instead of issuing a new Master Note, pay such Master Note.

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Upon the issuance of any new Master Note under this Section, the Obligated Group Representative and the Master Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Master Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Master Note, shall constitute an original additional contractual obligation of the Members, whether or not the mutilated, destroyed, lost or stolen Master Note shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Master Indenture equally and ratably with all other Outstanding Master Notes.

This Section is exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Master Notes.

**Section 208. Cancellation of Master Notes.** All Master Notes surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Master Trustee, shall be promptly cancelled by the Master Trustee, and, if surrendered to any Paying Agent other than the Master Trustee, shall be delivered to the Master Trustee and, if not already cancelled, shall be promptly cancelled by the Master Trustee. Any Member may at any time deliver to the Master Trustee for cancellation any Master Notes previously authenticated and delivered hereunder, which such Member may have acquired in any manner whatsoever, and all Master Notes so delivered shall be promptly cancelled by the Master Trustee. No Master Note shall be authenticated in lieu of or in exchange for any Master Note cancelled as provided in this Section, except as expressly provided by this Master Indenture. The Master Trustee shall execute and deliver to the Obligated Group Representative a certificate describing the Master Notes so cancelled. All cancelled Master Notes held by the Master Trustee shall be disposed of as required by applicable law.

**Section 209. Security for Master Notes.** All Master Notes issued and Outstanding under this Master Indenture are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate under the Granting Clauses of this Master Indenture.

Any series of Master Notes may be secured by additional security (including liens on Property, security interests in debt service or depreciation reserves or similar funds, or a Credit Facility), so long as any liens created in connection therewith constitute Permitted Encumbrances. Such security need not extend to any other Debt (including any other Master Notes or series of Master Notes) unless required hereunder. The Supplemental Master Indenture pursuant to which any Master Note is issued may provide for such security and permit realization upon such security solely for the benefit of the Master Notes entitled thereto, and as are not inconsistent with the intent hereof; provided that, except as otherwise expressly provided herein, all Master Notes shall be equally and ratably secured by any lien created pursuant to or constituting a part of the Trust Estate under this Master Indenture.

**Section 210. Uniform Commercial Code; Rights of Secured Creditor.** To the extent any of the property included in the Trust Estate under this Master Indenture consists of property, rights or interests covered by the Uniform Commercial Code in each applicable jurisdiction, this Master Indenture constitutes a security agreement and is intended to create a security interest in such property in favor of the Master Trustee. During the continuance of any Event of Default under this Master Indenture or any other document or instrument evidencing, securing or otherwise relating to the Debt hereby secured, the Master Trustee shall have all the rights of and remedies with regard to such property available to a secured creditor under the Uniform Commercial Code in each applicable jurisdiction. This Master Indenture shall be self-operative with respect to such property, but each Member agrees to execute and deliver such security agreements, deposit control agreements, financing statements, continuation statements and other documents, and agrees to prepare and file (and authorizes the Master Trustee to

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Any money deposited with the Master Trustee or any Paying Agent, or then held by the Obligated Group Representative, in trust for the payment of the principal and premium, if any, or interest, if any, on any Master Note of any series and remaining unclaimed for one year after such principal and premium, if any, or interest has become due and payable shall be paid to the Obligated Group Representative on its written request, or (if then held by the Obligated Group Representative) shall be discharged from such trust; and the Owner of such Master Note shall thereafter, as an unsecured general creditor, look only to the Obligated Group for payment thereof, and all liability of the Master Trustee or such Paying Agent with respect to such trust money, and all liability of the Obligated Group Representative as trustee thereof, shall thereupon cease.

**Section 212. Master Notes Securing Interest Rate Agreements.** A Supplemental Master Indenture authorizing a Master Note to secure an Interest Rate Agreement may provide for the exclusion of the liability of any Member with respect to that Master Note or any other provisions, not inconsistent with this Master Indenture, necessary or desirable to permit the Interest Rate Agreement to be entered into by the Obligated Group in accordance with the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended, and any successor statute, including any rules or regulations promulgated thereunder, any order of the Commodity Futures Trading Commission relating thereto, or the application or official interpretation of any of the foregoing.

## ARTICLE III

### PREPAYMENT OR REDEMPTION OF MASTER NOTES

**Section 301. Prepayment or Redemption of Master Notes.** The Master Notes of each series shall be subject to optional and mandatory prepayment or redemption in whole or in part and may be prepaid or redeemed before maturity on such dates and at such prices as provided in this Master Indenture and the Supplemental Master Indenture pertaining to such series of Master Notes. The Master Trustee shall call Master Notes for redemption or prepayment as provided herein or in the Supplemental Master Indenture pursuant to which such Master Notes are issued and, unless waived by the Owner of a Master Note, shall give notice of redemption or prepayment as provided herein or in such Supplemental Master Indenture.

Unless contrary provision is made in the Supplemental Master Indenture pursuant to which any series of Master Notes is issued, the Master Notes are callable for redemption before maturity, at the option of the Obligated Group Representative, at any time in the event of damage, destruction or condemnation of the facilities of any Member or any part thereof, but only to the extent provided in the Continuing Covenants Agreement. If called for redemption in such events, such Master Notes may be redeemed, in whole or in part, and if in part then by series and maturities or portions thereof designated by the Obligated Group Representative (and, if less than all of a maturity is being redeemed, by lot in such equitable manner as determined by the Master Trustee), at the principal amount thereof plus accrued interest to the redemption date and without premium.

To the extent not otherwise provided herein or in a Supplemental Master Indenture pursuant to which any series of Master Notes is issued, a Related Bond Document, or other document evidencing such Debt, the Obligated Group shall have the right to prepay or redeem all or such portion of the Master Notes of any particular series as necessary to effect the payment, redemption, refunding or advance refunding of the Debt or series of Related Bonds secured by such Master Notes or any portion thereof in the manner provided in the Supplemental Master Indenture, a Related Bond Document or other document evidencing such Debt. If called for prepayment or redemption in such events, the Master Notes of such series may be redeemed in such amount, and at such times, in the manner and with the premium necessary to effect the refunding, advance refunding or redemption of all or the portion of the Debt or

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prepare and file) such financing statements, continuation statements and other documents, as are necessary or appropriate or as the Master Trustee requests to perfect a security interest in such property in order to impose or continue the lien and security interest hereof more specifically in any such property. If the Obligated Group Representative fails to execute any of such instruments within 10 days after demand to do so, each Member irrevocably appoints the Master Trustee as its attorney-in-fact and in its name, place and stead so to do. The Master Trustee shall file the continuation statements required by Section 407, but nothing contained herein shall obligate the Master Trustee to prepare or file any financing statements with respect to the Trust Estate or any lien thereon created by this Master Indenture.

**Section 211. Money for Master Note Payments to be Held in Trust; Repayment of Unclaimed Money.** If the Obligated Group Representative shall at any time act as its own Paying Agent with respect to any series of Master Notes, it will, on or before each due date of the principal and premium, if any, or interest, if any, on any of the Master Notes of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and premium, if any, or interest, if any, so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Master Trustee of its action or failure so to act.

Whenever the Obligated Group Representative shall have one or more Paying Agents for any series of Master Notes, it will, on or before each due date of the principal and premium, if any, or interest, if any, on any Master Notes of that series, deposit with a Paying Agent a sum sufficient to pay the principal and premium, if any, or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Master Trustee) the Obligated Group Representative will promptly notify the Master Trustee of its action or failure so to act.

If there is to be a Paying Agent for any series of Master Notes other than the Master Trustee, the Obligated Group Representative shall cause such Paying Agent to execute and deliver to the Master Trustee an instrument in which such Paying Agent shall agree with the Master Trustee, subject to this Section, that such Paying Agent will:

- (1) hold all sums held by it for the payment of the principal and premium, if any, or interest, if any, on Master Notes of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (2) give the Master Trustee notice of any default by the Obligated Group Representative (or any other obligor upon the Master Notes of that series) in the making of any payment of principal and premium, if any, or interest, if any, on the Master Notes of that series; and
- (3) at any time during the continuance of any such default, upon the written request of the Master Trustee, forthwith pay to the Master Trustee all sums so held in trust by such Paying Agent.

The Obligated Group Representative may at any time, for the purpose of obtaining the satisfaction and discharge of this Master Indenture or for any other purpose, pay, or direct any Paying Agent to pay, to the Master Trustee all sums held in trust by the Obligated Group Representative or such Paying Agent, such sums to be held by the Master Trustee upon the same trusts as those upon which such sums were held by the Obligated Group Representative, that other Member or that Paying Agent; and, upon such payment by any Paying Agent to the Master Trustee, such Paying Agent shall be released from all further liability with respect to such money.

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series of Related Bonds to be refunded, advance refunded or redeemed. The Supplemental Master Indenture or other document evidencing such Debt, in such case, may provide that the giving of notice of redemption of such Debt or Related Bonds in accordance with the terms of the Related Bond Document or other document evidencing such Debt shall, without further notice or action by the Master Trustee, or the Obligated Group Representative, constitute notice of redemption of the corresponding amounts of principal on the corresponding Master Notes and the same shall, thereby, become due and payable on the date of redemption of such Related Bonds or Debt at a redemption price equal to the redemption price payable with respect to such Related Bonds or Debt.

Any Master Notes with respect to which a sinking fund has been established shall be prepaid or redeemed by the Master Trustee pursuant to such sinking fund and Master Notes to be mandatorily prepaid or redeemed or paid at maturity shall be prepaid or redeemed or paid at maturity, as the case may be, in accordance herewith and with any Supplemental Master Indenture pursuant to which such Master Notes are issued, in both cases without any notice from or direction of the Obligated Group.

**Section 302. Notice of Prepayment or Redemption.** Except as permitted by Section 301 or unless contrary provision is made with respect to any particular Master Notes in the Supplemental Master Indenture pursuant to which such Master Notes are issued, notice of the call for any such prepayment or redemption identifying the Master Notes to be prepaid or redeemed shall be given by mailing a copy of such notice by registered, certified or first class mail to each Related Bond Issuer whose Related Bonds are to be prepaid or redeemed, each Related Bond Trustee for those Related Bonds and to the Owners of Master Notes to be prepaid or redeemed to the addresses shown on the note register maintained by the Master Trustee no later than the date on which notice of prepayment or redemption of any Related Bonds is required to be given or, if no Related Bonds are involved, not less than 10 days before the prepayment or redemption date; provided that failure to give such notice by mailing or a defect in the notice or the mailing to any particular Owner will not affect the validity of the prepayment or redemption of any other Master Note. Upon the happening of the above conditions and if sufficient moneys are deposited with the Master Trustee and are available to pay the principal and premium, if any, and interest on the Master Notes to be prepaid or redeemed to the prepayment or redemption date, the Master Notes, or portions thereof, thus called shall not bear interest after the applicable prepayment or redemption date, shall no longer be protected by this Master Indenture and shall not be deemed to be Outstanding under this Master Indenture.

**Section 303. Partial Prepayment or Redemption of Master Notes.** Upon surrender of any Master Note for prepayment or redemption in part only, the Obligated Group Representative (or other Member issuing such Master Note) shall execute and the Master Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Obligated Group, a new registered Master Note or Master Notes of the same series and maturity in an aggregate principal amount equal to the unpaid portion of the Master Note surrendered. The Obligated Group Representative and the Master Trustee may agree with the Owner of any Master Note that such Owner may, in lieu of surrendering the same for a new registered Master Note, endorse on such Master Note a notice of such partial prepayment or redemption to be made on a schedule that shall be typed or printed on such Master Note. Such partial prepayment or redemption shall be valid upon payment of the amount thereof to the Owner of any such Master Note 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 such Master Note by the Owner thereof and irrespective of any error or omission in such endorsement.

**Section 304. Effect of Call for Prepayment or Redemption.** Master Notes called for prepayment or redemption will become and be due and payable on the prepayment or redemption date at the prepayment or redemption price provided for prepayment or redemption of such Master Notes on such date. If on the prepayment or redemption date moneys for payment of the prepayment or redemption

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price and accrued interest are held by the Master Trustee or any other Paying Agent as provided herein, interest on such Master Notes so called for prepayment or redemption shall cease to accrue, such Master Notes shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Master Trustee or other Paying Agent and the amount of such Master Notes so called for prepayment or redemption shall be deemed paid and no longer Outstanding.

#### ARTICLE IV

##### GENERAL COVENANTS AND PROVISIONS

**Section 401. Representations and Warranties.** Each Member represents and warrants with respect to itself as follows:

- (a) *Organization and Authority.* The Member is duly incorporated or organized under the laws of its state of incorporation or organization, is in good standing and duly qualified to conduct its business and affairs in its state of incorporation or organization and in each jurisdiction where its ownership of Property or the conduct of its business or affairs require such qualification, is duly authorized and has full power under the laws of its state of incorporation or organization and of each state where its primary operations are conducted and all other applicable provisions of law and its Governing Documents to enter into, execute and deliver this Master Indenture and to authorize, issue, execute and deliver the Master Notes and all corporate action on its part necessary for the valid execution and delivery of this Master Indenture has been duly and effectively taken; and before the issuance of each Master Note under this Master Indenture, all corporate action required for the authorization and issuance of each Master Note will be duly and effectively taken by the Member, and the Master Notes in the hands of the Owners thereof will be the legal and valid obligations of the Obligated Group.
- (b) *No Defaults or Violation of Law.* The execution and delivery of this Master Indenture, the Master Notes, the consummation of the transactions contemplated hereby, and the fulfillment of the terms and conditions hereof do not and will not conflict with or result in a breach of any of the terms or conditions of any corporate or limited liability company restriction or of any agreement or instrument to which it is now a party, except for any such conflict or breach that could not have a material adverse effect on its financial condition, 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 Encumbrances.
- (c) *Warranty of Title.* The Member has good and marketable title to all of its Property subject to no Encumbrances except Permitted Encumbrances. The easements, rights-of-way, liens, encumbrances, conditions, restrictions, exceptions, minor defects and irregularities of title, if any, now existing with respect to its Property do not materially adversely affect the value of the Property currently affected thereby, or materially impair or interfere with the operation and use of such Property thereof for the purposes for which it is held by the Member. Its Property does not violate any applicable zoning, land use, environmental or similar law or restriction, which violation would materially, adversely affect its operation and use of such Property.
- (d) *Licenses and Permits.* The Member has all necessary licenses and permits required to occupy and operate its existing Property, except construction building permits and permits for future operations not yet being conducted that are not currently obtainable,

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**Section 404. Entrance into the Obligated Group.** Any Person that is not a Member may become a Member if the following conditions are met:

- (a) Such Person shall execute and deliver to the Master Trustee a Supplemental Master Indenture acceptable to the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Representative, and which shall contain (1) the agreement of such Person to become a Member and thereby to become subject to compliance with all provisions of this Master Indenture, (2) the unconditional and irrevocable agreement of such Person (subject to the right of such Person to cease its status as a Member pursuant to the terms and conditions of **Section 405**) to jointly and severally make payments upon each Master Note at the times and in the amounts provided in each such Master Note, and (3) representations and warranties by such Person substantially similar to those set forth in **Section 401** other than those contained in **Section 401(e)** if such Person is not a Tax-Exempt Organization;
- (b) The Obligated Group Representative, by appropriate action of its Governing Body, approves and consents to the admission of such Person to the Obligated Group; and
- (c) The Bondholder Representative approves and consents to the admission of such Person to the Obligated Group.
- (d) If all amounts due or to become due on all Related Bonds which bear interest that is not includible in gross income for federal income tax purposes have not been paid to the owners thereof, the Master Trustee, each Related Bond Trustee and each Related Bond Issuer for such Related Bonds receives an Opinion of Bond Counsel to the effect that, under then existing law, the admission of such Person to the Obligated Group would not cause the interest on such Related Bonds to become includible in gross income for federal income tax purposes.

**Section 405. Withdrawal from the Obligated Group.** No Member shall take any action, corporate or otherwise, which will cause it or any successor thereto into which it is merged or consolidated under the terms of this Master Indenture to not be a Member, and no Member shall cease to be a Member, unless the following terms and conditions are satisfied:

- (a) The Obligated Group Representative, by appropriate action of its Governing Body, approves and consents to the withdrawal of such Person from the Obligated Group;
- (b) The Bondholder Representative approves and consents to the withdrawal of such Person from the Obligated Group; and
- (c) If all amounts due or to become due on all Related Bonds which bear interest that is not includible in gross income for federal income tax purposes have not been paid to the owners thereof, the Master Trustee, each Related Bond Trustee and each Related Bond Issuer for such Related Bonds receives an Opinion of Bond Counsel to the effect that, under then existing law, the withdrawal of the Member from the Obligated Group would not cause the interest on such Related Bonds to become includible in gross income for federal income tax purposes.

Upon satisfaction of the foregoing provisions for a Member to withdraw from the Obligated Group, the Master Trustee shall execute and deliver such appropriate instruments as reasonably requested by the Obligated Group Representative evidencing that such Member has withdrawn from the Obligated

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which permits in each case the Member reasonably expects to obtain in the ordinary course at or before the time the permits are required.

- (e) *Tax-Exempt Status.* Unless the Member represents that it is not a Tax-Exempt Organization at the time it becomes a Member in the Supplemental Master Indenture executed pursuant to **Section 404(a)** or has ceased to be a Tax-Exempt Organization in accordance with **Section 406(h)**, each Member either (a) has received a determination letter from the Internal Revenue Service to the effect that it is a Tax-Exempt Organization, which letter is still in full force and effect or (b) is a disregarded entity with respect to an entity that has received such a determination letter; and it has no "unrelated business taxable income" as defined in Section 512 of the Internal Revenue Code which could have an adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise of such Member. For each Member that is a limited liability company, its sole member has received a determination letter from the Internal Revenue Service to the effect that it is a Tax-Exempt Organization which letter is still in full force and effect; and its sole member has no "unrelated business taxable income" as defined in Section 512 of the Internal Revenue Code which could have an adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise of its sole member.

**Section 402. Performance of Covenants.** Each Member shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Continuing Covenants Agreement, this Master Indenture, and in each and every Master Note executed, authenticated and delivered hereunder.

##### Section 403. Payment of Master Notes.

- (a) *Payment of Principal, Premium, Interest and Other Amounts.* The Members shall duly and punctually pay the principal of and premium, if any, and interest on all Master Notes, and any other payments required by the terms of the Master Notes, on the dates, at the times and at the places and in the manner provided in such Master Notes, the applicable Supplemental Master Indenture and this Master Indenture, when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise.
- (b) *Joint and Several Obligations.* This Master Indenture, the Master Notes and the obligations hereunder and thereunder are the joint and several obligations of the Members.
- (c) *Obligations Absolute and Unconditional.* The obligations of the Members under this Master Indenture are absolute and unconditional and will remain in full force and effect until the entire debt of all Master Notes is paid or provision is made for such payment, and the Members shall perform such obligations without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, discrimination or defense or any right of termination or cancellation arising from any circumstances whatsoever, whether now existing or hereafter arising, and regardless of the invalidity of any portion of this Master Indenture, and, to the extent permitted by law, each Member waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Master Indenture or which releases or purports to release any Member therefrom.

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Group and has ceased to be a Member and releasing such Member from its liabilities and obligations under this Master Indenture and the Master Notes, except as otherwise provided in the next sentence.

##### Section 406. Covenants as to Legal Existence, Maintenance of Property, and Similar Matters.

- (a) *Maintenance of Legal Existence.* Except as otherwise expressly provided herein, each Member shall (1) preserve its corporate or other separate legal existence, and (2) be and remain in good standing and duly qualified to conduct its business and affairs in the state of its incorporation or organization and in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification. If a Member changes its state of incorporation, changes its form of organization, changes its name, or takes any other action that could affect the proper location for filing Uniform Commercial Code financing statements or continuation statements or which could render existing filings seriously misleading or invalid, that Member shall immediately provide written notice of the change to the Master Trustee, and thereafter promptly file or cause to be filed such amendments and/or replacement financing statements, and deliver a copy thereof to the Master Trustee together with an Opinion of Counsel to the effect that those amendments and/or replacement financing statements have been properly filed so as to create a perfected security interest in the collateral securing this Master Indenture affected by the change to the extent the same may be perfected by filing, and such additional information or documentation regarding the change as the Master Trustee may reasonable request.
- (b) *Maintenance and Use of Property.* Each Member shall cause all its Property used or useful in the conduct of its business and operations to be maintained, preserved and kept in good repair, working order and condition and in as safe condition as its operations will permit and make all proper repairs, renewals, replacements and improvements thereof necessary for the efficient, proper and advantageous conduct of its business and operations; provided that nothing herein contained shall be construed (1) to prevent it from discontinuing the operation of any of its Property or from removing or demolishing any building or buildings, if such discontinuance is, in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its Governing Body), desirable in the conduct of its business and not disadvantageous in any material respects to the Owners of the Master Notes or if any such removal or demolishing is in connection with a construction or remodeling project, or (2) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business. So long as the Member is in full compliance with this Master Indenture, the Member may possess, use and enjoy its Property and appurtenances thereto free of claims of the Master Trustee.
- (c) *Compliance with Laws and Regulations.* Each Member shall comply in all material respects with all valid laws, ordinances, orders, decrees, decisions, rules, regulations and requirements of every duly constituted governmental authority, commission and court applicable to any of its affairs, business, operations and Property, which, if violated, would have a material adverse operational or financial impact on its business, except as permitted by **Subsection (j)** or where such noncompliance would not materially impair the ability of the Member to meet its obligations under this Master Indenture or any Related Bond Document and would not materially adversely affect its financial condition.

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- (d) *Payment of Taxes and Other Charges.* Each Member shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon such Member or its Property or any part thereof or upon any income therefrom, and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments and other governmental charges lawfully levied, assessed or imposed upon the lien or interest of the Master Trustee or of the Master Noteowners in the Trust Estate, so that (to the extent aforesaid) the lien of this Master Indenture shall at all times be wholly preserved at the cost of the Members and without expense to the Master Trustee or the Master Noteowners, except as permitted by **Subsection (j)**.
- (e) *Payment of Obligations.* Each Member shall promptly pay or otherwise satisfy and discharge all of its obligations and Debt and all demands and claims against it as and when the same become due and payable, that if not so paid, satisfied or discharged would constitute a default or an event of default under **Section 501** hereof, except as permitted by **Subsection (j)**.
- (f) *Encumbrances.* Each Member shall not create or incur or permit to be created or incurred or to exist any Encumbrance upon its Property except Permitted Encumbrances, and shall promptly discharge or terminate all Encumbrances on its Property that are not Permitted Encumbrances. Each Member shall at all times comply in all material respects with all terms, covenants and provisions contained in any Encumbrance at such time existing upon its Property or any part thereof or securing any of its Debt or other obligations, except as permitted by **Subsection (j)** or where such noncompliance would not materially impair the ability of the Member to meet its obligations under this Master Indenture or any Related Bond Document and would not materially adversely affect its financial condition.
- (g) *Licenses and Permits.* Each Member shall procure and maintain all necessary or desirable licenses and permits and, so long as reasonably deemed by its Governing Body to be in the best interests of the Obligated Group and the Owners of Master Notes, use its best efforts to maintain the status of its applicable business and affairs (other than those not currently having such status or not having such status on the date the Person owning or operating such facilities becomes a Member hereunder) as providers of services eligible for payment or reimbursement under those third-party payment programs that its Governing Body determines are appropriate.
- (h) *Maintenance of Tax-Exempt Status.* Each Member or the sole member of each Member that is a limited liability company (except any Member that has represented that it is not a Tax-Exempt Organization at the time it becomes a Member in the Supplemental Master Indenture executed pursuant to **Section 404(a)**) or has ceased to be a Tax-Exempt Organization in accordance with this Section), so long as all amounts due or to become due on all Related Bonds have not been fully paid to the Owners thereof, shall take no action, fail to take any action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status or its sole member's status as a Tax-Exempt Organization, that could cause the interest on any Related Bond to become includible in gross income for federal income tax purposes. The foregoing notwithstanding, any Member, or the sole member of any Member that is a limited liability company, may cease to be a Tax-Exempt Organization, or take actions which could result in the alteration or loss of its status as a Tax-Exempt Organization if prior thereto there is delivered to the Master Trustee, each Related Bond Trustee and each Related Bond Issuer an Opinion of Bond Counsel to the effect that such action would not

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(including attorneys' fees and expenses in connection therewith) as a result of such contest and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable therein, together with all penalties, fines, interests, costs and expenses thereon or incurred in connection therewith. The Member engaging in such a contest shall give the Master Trustee prompt written notice of any such contest. If the Master Trustee shall notify such Member that, in the Opinion of Counsel, by nonpayment of any of the foregoing items the Property of such Member or any material part thereof will be subject to imminent loss or forfeiture, then such Member shall promptly pay all such unpaid items and cause them to be satisfied and discharged.

**Section 407. Trust Estate, Further Assurances.** All Property constituting the Trust Estate or any part thereof hereafter acquired by a Member, immediately upon such acquisition, and without any further mortgage, conveyance or assignment, shall become and be part of the Trust Estate and shall be subject to the lien and security interest of this Master Indenture.

Nevertheless, the Members shall do, execute, acknowledge and deliver, all such further acts, financing statements, conveyances, mortgages, assignments, transfers and assurances as the Master Trustee shall require for the better assuring, assigning and confirming unto the Master Trustee, the lien and security granted in the Trust Estate.

The Obligated Group Representative and each Member will cause this Master Indenture and all Supplemental Master Indentures and other instruments of further assurance, including all financing statements and continuation statements covering security interests in the Trust Estate to be promptly recorded and filed, and at all times to be kept recorded and filed, and will execute and file such financing statements and cause to be issued and filed such continuation statements, all in such manner and in such places as may be required by law fully to preserve and protect the rights of the Owners of the Master Notes and the Master Trustee to all property comprising the Trust Estate.

Pursuant to this Master Indenture, each Member has granted a security interest in its Gross Revenues to the Master Trustee. Each Member will enter into and maintain in existence depository agreements with the banking institutions where its Gross Revenues are being deposited in accounts other than holding accounts constituting payroll or similar accounts to the extent necessary to perfect the Master Trustee's security interest therein.

**Section 408. Appointment of Obligated Group Representative.** Each Member, by its execution hereof or of any Supplemental Master Indenture by which it becomes a Member and by becoming a Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (1) full and exclusive power to execute Supplemental Master Indentures authorizing amendments or supplements to this Master Indenture, including the issuance of Master Notes, (2) full and exclusive power to cause the issuance of the Subordinated Bonds as the joint and several obligation of the Members of the Obligated Group, and (3) full power to prepare, or authorize the preparation of, the Master Notes, all Related Bond Documents, all continuing disclosure agreements, all bond or note purchase agreements including any indemnification provisions, and any and all other documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Master Notes hereunder, or Related Bonds associated therewith, and to execute and deliver all such items to the appropriate parties in connection therewith.

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adversely affect the exemption from federal income taxation of interest payable on any Related Bond otherwise entitled to such exemption and an Opinion of Counsel to the effect that such action will not subject any Master Notes to the registration provisions of the Securities Act of 1933, as amended (or that such Master Notes have been so registered if registration is required), will not subject this Master Indenture to the qualification provisions of the Trust Indenture Act of 1939, as amended (or that this Master Indenture has been so qualified if qualification is required), and will not adversely affect the enforceability in accordance with their terms of this Master Indenture and the Master Notes against any Member.

- (i) *Advances.* If any Member fails (i) to pay any tax, charge, assessment or imposition to the extent required hereunder, (ii) to remove any lien or terminate any lease to the extent required hereunder, (iii) to maintain its Property in repair to the extent required hereunder, (iv) to procure the insurance required hereby, in the manner herein described, or to provide adequate proof of the existence of such insurance, or (v) to make any other payment or perform any other act required to be performed hereunder, and is not contesting the same in accordance with **Subsection (j)**, then and in each case the Master Trustee may (but shall not be obligated to) remedy such failure for the account of such Member and make advances for that purpose. No such performance or advance shall operate to release such Member from any such failure and any sums so advanced by the Master Trustee shall be repayable by such Member on demand and shall bear interest at the Master Trustee's announced prime rate plus 2% per annum from time to time in effect, from the date of the advance until repaid. The Master Trustee shall have the right of entry on such Member's Property or any portion thereof, in order to effectuate the purposes on this Section, subject to the permission of a court of competent jurisdiction, if required by law. Any insurance purchased hereunder at the cost of any Member, as provided above, may, but need not, protect the interests of such Member. The coverage that the Master Trustee purchases, may, but need not, pay any claim that such Member may make or that is made against such Member in connection with the Property of the Member.
- (j) *Contests.* No Member of the Obligated Group shall be required to pay any tax, levy, charge, fee, rate, assessment or imposition referred to in this **Section 406**, to remove any Encumbrance required to be removed under this **Section 406**, pay or otherwise satisfy and discharge its obligations, Debt (other than any Master Notes), demands and claims against it or to comply with any Encumbrance, law, ordinance, rule, order, decree, decision, regulation or requirement referred to in this **Section 406**, so long as such Member shall contest, in good faith and at its cost and expense, in its own name and behalf, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, levy, charge, fee, rate, assessment, imposition, obligation, Debt, demand, claim or Encumbrance so contested, and the sale, forfeiture, or loss of its Property or any material part thereof, provided that no such contest shall subject any Related Bond Issuer, any Related Bond Trustee, any Master Noteowner or the Master Trustee to the risk of any liability. While any such matters are pending, such Member shall not be required to pay, remove or cause to be discharged the tax, levy, charge, fee, rate, assessment, imposition, obligation, Debt, demand, claim or Encumbrance being contested unless such Member agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of such Member engaging in such a contest to settle such contest), and in any event the Members shall save all Related Bond Issuers, all Related Bond Trustees, all Master Noteowners and the Master Trustee harmless from and against all losses, judgments, decrees and costs

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## ARTICLE V

### DEFAULTS AND REMEDIES

**Section 501. Events of Default.** The term "Event of Default," wherever used in this Master Indenture, means any one of the following events (whatever the reason for such event and whether it is voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Master Note when such interest becomes due and payable; or
- (b) default in the payment of the principal of (or premium, if any, on) any Master Note when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of any Member in this Master Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section) or the Continuing Covenants Agreement, and continuance of such default or breach for a period of 60 days after there has been given to such Member and the Obligated Group Representative by the Master Trustee or to such Member, the Obligated Group Representative and the Master Trustee by the Owners of at least 25% in principal amount of the Master Notes Outstanding a written notice specifying such default or breach and requiring it to be remedied or such longer period as shall be required to remedy such default if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, and the Member shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; provided that such default or breach must be cured in 90 days; or
- (d) any representation or warranty made by any Member in this Master Indenture or in any written statement or certificate furnished to the Master Trustee or the purchaser of any Master Note in connection with the sale of any Master Note or Related Bonds or furnished by any Member pursuant to this Master Indenture proves untrue in any material respect as of the date of the issuance or making thereof and, if the same may be corrected or brought into compliance so that the interests of the Master Trustee, all Related Bond Trustees, all Related Bond Issuers and all Master Noteowners are not materially adversely affected by such untruth, shall not be corrected or brought into compliance within 60 days after there has been given to such Member and the Obligated Group Representative by the Master Trustee or to such Member, the Obligated Group Representative and the Master Trustee by the Owners of at least 25% in principal amount of the Master Notes Outstanding, a written notice specifying such untruth and requiring it to be remedied or such longer period as shall be required to remedy such untruth if such untruth cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, and the Member shall immediately upon receipt of such notice commence the curing of such untruth and shall thereafter prosecute and complete the same with due diligence and dispatch; provided that such default or breach must be cured in 90 days; or
- (e) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of any Member, or adjudging any Member as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in

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respect of any Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for any Member or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

- (f) the commencement by any Member of a voluntary case, or the institution by it of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any Member or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by any Member in furtherance of any such action; or
- (g) declaration of the principal of any Master Note to be due and payable as the result of a default or event of default under any Related Bond Document or other instrument related to that Master Note.

Promptly after any officer of the Obligated Group Representative may reasonably be deemed to have knowledge of a default hereunder, the Obligated Group Representative will deliver to the Master Trustee a written notice specifying the nature and period of existence thereof and the action the Obligated Group Representative is taking and proposes to take with respect thereto.

**Section 502. Acceleration of Maturity; Rescission and Annulment.** If an Event of Default occurs and is continuing, then and in every such case the Master Trustee may, and if requested by the Owners of not less than 25% in principal amount of the Master Notes Outstanding shall, by written notice to the Obligated Group Representative, declare the principal of all the Master Notes and the interest accrued thereon to be due and payable immediately, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Master Notes has been obtained by the Master Trustee as hereinafter in this Article provided, the Owners of a majority in principal amount of the Master Notes Outstanding may, by written notice to the Obligated Group Representative and the Master Trustee, rescind and annul such declaration and its consequences if:

- (a) the Members have deposited with the Master Trustee a sum sufficient to pay:
  - (1) all overdue installments of interest on all Master Notes,
  - (2) the principal of and premium, if any, on any Master Notes which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Master Notes,
  - (3) interest upon overdue installments of interest at the rate or rates prescribed therefor in the Master Notes, and

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- (e) **Appointment of Receiver.** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Master Trustee and of the Master Noteowners, the Master Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (f) **Suits to Protect the Trust Estate.** The Master Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Master Indenture and to protect its interests and the interests of the Master Noteowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Master Noteowners or the Master Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Master Noteowners in any judicial proceeding to which any Member is a party and which in the judgment of the Master Trustee has a substantial bearing on the interests of the Master Noteowners.
- (g) **Enforcement Without Possession of Master Notes.** All rights of action under this Master Indenture or any of the Master Notes may be enforced and prosecuted by the Master Trustee without the possession of any of the Master Notes or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, and subject to **Section 507**, be for the equal and ratable benefit of the Owners of the Master Notes in respect of which such judgment has been recovered.
- (h) **Restoration of Positions.** If the Master Trustee or any Master Noteowner has instituted any proceeding to enforce any right or remedy under this Master Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Master Noteowner, then and in every case the Members, the Master Trustee and the Master Noteowners shall, subject to any determination in such proceeding, be restored to their former positions and rights hereunder, and thereafter all rights and remedies of the Master Trustee and the Master Noteowners shall continue as though no such proceeding had been instituted.

**Section 504. Master Trustee May File Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Member or any other obligor upon the Master Notes or the property of any Member or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Master Notes shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Master Trustee shall have made any demand on any Member for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

- (a) to file and prove a claim for the whole amount of principal and premium, if any, and interest owing and unpaid in respect of the Outstanding Master Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the compensation, expenses,

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- (4) all sums paid or advanced by the Master Trustee hereunder and the compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel; and
- (b) all Events of Default, other than the non-payment of the principal of Master Notes which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in **Section 510**.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

**Section 503. Exercise of Remedies by the Master Trustee.** Upon the occurrence and continuance of any Event of Default, unless the same is waived as provided in this Master Indenture, the Master Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Master Indenture or by law:

- (a) **Uniform Commercial Code Remedies; Mortgages.** With respect to the Gross Revenues, and any other Property that is subject to a security interest securing the Master Notes and that is subject to the Uniform Commercial Code in the state where the Property is located, the Master Trustee may exercise any and all remedies available under the applicable Uniform Commercial Code or other applicable law. With respect to the Mortgages, exercise any and all rights and remedies available under the Mortgages (including foreclosure).
- (b) **Lockbox.** The Master Trustee may direct the Members to (and upon such direction the Members shall) deposit or cause to be deposited, as directed by the Master Trustee, all Gross Revenues with the Master Trustee or a depository designated by the Master Trustee to hold the same on behalf of the Master Trustee. All amounts so deposited shall be applied in accordance with **Section 507** provided that such amounts may be used to pay expenses of the Obligated Group if and to the extent the Master Trustee determines in consultation with a majority of Master Noteowners that it is in the best interests of the Master Noteowners to do so.
- (c) **Right to Bring Suit, Etc.** The Master Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and premium, if any, and interest on the Master Notes Outstanding, including interest on overdue principal and premium, if any, and on overdue installments of interest, and any other sums due under this Master Indenture, to realize on, or to foreclose, any of its interests or liens under this Master Indenture, to enforce and compel the performance of the duties and obligations of the Members as set forth in this Master Indenture and to enforce or preserve any other rights or interests of the Master Trustee under this Master Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (d) **Exercise of Remedies at Direction of Master Noteowners.** If requested in writing to do so by the Owners of not less than 25% in principal amount of Master Notes Outstanding and if indemnified as provided in **Section 602(e)**, the Master Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Master Trustee shall deem most expedient in the interests of the Owners of the Master Notes.

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- (b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Master Noteowner to make such payments to the Master Trustee, and if the Master Trustee shall consent to the making of such payments directly to the Master Noteowners, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under **Section 604**.

Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Master Noteowner any plan of reorganization, arrangement, adjustment or composition affecting the Master Notes or the rights of any Owner thereof, or to authorize the Master Trustee to vote in respect of the claim of any Master Noteowner in any such proceeding.

**Section 505. Limitation on Suits by Master Noteowners.** No Owner of any Master Note shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Master Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

- (a) such Owner has previously given written notice to the Master Trustee of a continuing Event of Default;
- (b) the Owners of not less than 25% in principal amount of the Master Notes Outstanding shall have made written request to the Master Trustee to institute proceedings in respect of such Event of Default in its own name as Master Trustee hereunder;
- (c) such Owner or Owners have offered to the Master Trustee indemnity as provided in **Section 602(e)** against the fees, costs, expenses and liabilities including agents' and counsels' fees and expenses to be incurred in compliance with such request;
- (d) the Master Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Master Trustee during such 30-day period by the Owners of a majority in principal amount of the Outstanding Master Notes;

it being understood and intended that no one or more Owners of Master Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the lien of this Master Indenture or the rights of any other Owners of Master Notes, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Master Notes.

Notwithstanding the foregoing or any other provision in this Master Indenture, however, the Owner of any Master Note shall have the right which is absolute and unconditional to receive payment of the principal of and premium, if any, and interest on such Master Note on the respective stated maturities expressed in such Master Note (or, in the case of redemption, on the redemption date) and nothing

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contained in this Master Indenture shall affect or impair the right of any Owner to institute suit for the enforcement of any such payment.

**Section 506. Control of Proceedings by Master Noteowners.** The Owners of a majority in principal amount of the Master Notes Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity pursuant to **Section 602(e)** has been provided to the Master Trustee:

- (a) to require the Master Trustee to proceed to enforce this Master Indenture or the Mortgages or both, either by judicial proceedings for the enforcement of the payment of the Master Notes and the foreclosure of this Master Indenture or the Mortgages or both, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee hereunder, *provided that*:
  - (1) such direction shall not be in conflict with any rule of law or this Master Indenture, and
  - (2) the Master Trustee may take any other action deemed proper by the Master Trustee that is not inconsistent with such direction, and
  - (3) the Master Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction, and
  - (4) the Master Trustee has not received an Opinion of Counsel to the effect that exercising such trust or power may be in conflict with the terms of this Master Indenture, the Master Notes or any applicable law.

**Section 507. Application of Moneys Collected.** Any moneys collected by the Master Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys except as otherwise provided in **Section 503(b)**) together with any other sums then held by the Master Trustee as part of the Trust Estate (including amounts received pursuant to the Deposit Account Control Agreements), shall be applied in the following order, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, upon presentation of the Master Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid, with moneys received pursuant to any Deposit Account Control Agreements being applied before any other moneys:

- (a) First: To the payment of all amounts due the Master Trustee under **Section 604**;
- (b) Second: To the payment of the whole amount then due and unpaid upon the Outstanding Master Notes for principal and premium, if any, and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Master Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Master Notes) on overdue principal and premium, if any, and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Master Notes, then to the payment of such principal, premium and interest, without any preference or priority, ratably according to the aggregate amount so due;

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Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

## ARTICLE VI

### THE MASTER TRUSTEE

**Section 601. Acceptance of Trusts; Certain Duties and Responsibilities.** The Master Trustee accepts and agrees to execute the trusts imposed upon it by this Master Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default under this Master Indenture,
  - (1) the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee; and
  - (2) in the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Master Indenture.
- (b) If an Event of Default has occurred and is continuing,
  - (1) the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances; and
  - (2) in the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Master Indenture.
- (c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, except that
  - (1) this Subsection shall not be construed to limit the effect of **Subsection (a)** of this Section;

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- (c) Third: To the payment of any other sums required to be paid by any Member under this Master Indenture, the Master Notes or the Mortgages; and
- (d) Fourth: To the payment of the remainder, if any, to the Obligated Group Representative or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

The Master Trustee may cooperate with any Related Bond Trustee in such manner as the Master Trustee in its sole discretion considers appropriate in connection with the payment of any moneys held by that Related Bond Trustee for distribution to pay amounts due and unpaid upon Outstanding Master Notes.

Whenever moneys are to be applied by the Master Trustee pursuant to this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any unpaid Note until such Note shall be presented to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Notes and interest thereon have been paid under this Section and all compensation, expenses, disbursements and advances 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 Obligated Group Representative on behalf of the Members.

**Section 508. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Master Trustee or to the Master Noteowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 509. Delay or Omission Not Waiver.** No delay or omission of the Master Trustee or of any Owner of any Master Note to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Master Trustee or to the Master Noteowners may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Master Noteowners, as the case may be.

**Section 510. Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Master Trustee as provided in this Article, the Owners of a majority in principal amount of the Master Notes Outstanding may, by written notice delivered to the Master Trustee and the Obligated Group Representative, on behalf of the Owners of all the Master Notes waive any past default hereunder and its consequences, except a default

- (a) in the payment of the principal of or premium, if any or interest on any Master Note, or
- (b) in respect of a covenant or provision hereof which under **Article VII** cannot be modified or amended without the consent of the Owner of each Outstanding Master Note affected.

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- (2) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in principal amount of the Outstanding Master Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture;
- (3) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and
- (4) the Master Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be provided that the Master Trustee was grossly negligent in ascertaining the pertinent facts.
- (d) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or conveying rights and duties or affording protection to the Master Trustee, whether in its capacity as Master Trustee, Paying Agent or any other capacity, shall be subject to this Article.

**Section 602. Certain Rights of Master Trustee.** Except as otherwise provided in this Master Indenture:

- (a) The Master Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (b) The Master Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the Obligated Group Representative or any Member mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the Governing Body of the Obligated Group Representative or any such Member has been duly adopted, and is in full force and effect.
- (c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate.
- (d) The Master Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Master Trustee hereunder in good faith and in reliance thereon.
- (e) Notwithstanding any provision of this Master Indenture to the contrary, the Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture whether at the request or direction of any of the Master Noteowners pursuant to this Master Indenture or otherwise and unless the Master Noteowners shall

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have offered to the Master Trustee security or indemnity reasonably satisfactory to it against the rights or powers, costs, expenses and liabilities (including liability related to environmental contamination and the clean-up thereof and fees and expenses of attorneys) which might be incurred by it in connection with such rights or powers.

- (f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Obligated Group, personally or by agent or attorney.
- (g) The Master Trustee assumes no responsibility for the correctness of the recitals contained in this Master Indenture and in the Master Notes, except the certificate of authentication on the Master Notes. The Master Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Master Indenture or of the Master Notes. The Master Trustee shall not be accountable for the use or application by the Obligated Group of any of the Master Notes or the proceeds thereof or of any money paid to or upon the order of the Obligated Group under any provision of this Master Indenture.
- (h) The Master Trustee, in its individual or any other capacity, may become the owner or pledgee of Master Notes and may otherwise deal with the Obligated Group with the same rights it would have if it were not Master Trustee.
- (i) All money received by the Master Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Master Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Master Indenture. The Master Trustee shall be under no liability for interest on any money received by it hereunder except as to interest received on investments authorized and directed pursuant to this Master Indenture. The Master Trustee may conclusively rely upon and be fully protected in relying upon the Obligated Group Representative's written direction as to any investment direction.
- (j) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.
- (k) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty, and the Master Trustee shall not be answerable for other than its negligence or willful misconduct. Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) shall, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.
- (l) The Master Trustee shall not be required to give any bond surety in respect of the execution of the trusts hereunder and monies or otherwise in respect of the Trust Estate.

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Trustee has been advised of the likelihood of such loss or damage and regardless of the form of actions.

**Section 603. Notice of Defaults.** The Master Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder, except for (i) Events of Default specified in **Section 501(a)** or **(b)**, or (ii) any other event of which an officer of the Master Trustee with responsibility for administration of this Master Indenture has actual knowledge and which, with the giving of notice or lapse of time or both would constitute an Event of Default with respect to such Master Notes under this Master Indenture, unless specifically notified by written direction (i) by the Issuer or the Obligated Group Representative or (ii) the Bondholder Representative or the Owners of at least 10% in principal amount of all Master Notes Outstanding, and in the absence of such notice so delivered, the Master Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any default hereunder of which the Master Trustee is required to take notice or has received notice as provided in this Section, the Master Trustee shall give written notice of such default by first-class mail to the Bondholder Representative, and if there is no Bondholder Representative, to all Owners of Master Notes as shown on the register maintained by the Master Trustee, unless such default shall have been cured or waived; provided that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Master Note, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines in consultation with the Bondholder Representative, that the withholding of such notice is in the interests of the Master Noteowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

**Section 604. Compensation and Reimbursement.** Each Member shall:

- (a) pay to the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- (b) reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Master Trustee's negligence, willful misconduct or bad faith; and
- (c) indemnify the Master Trustee for, and hold it harmless against, any loss, liability, cost, claim, damage or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim, action, suit, demand, judgment or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All such overdue payments and reimbursements shall be made with interest at the rate of interest per annum equal to the Master Trustee's publicly announced prime rate plus 8% announced from time to time by the Master Trustee.

Such indemnity shall extend to each person, if any, who "controls" the Master Trustee within the meaning of Section 15 of the Securities Act of 1933, as amended, including its officers, directors, employees, officials and agents. The Master Trustee shall promptly notify the Obligated Group Representative in writing of any claim or action brought against the Master Trustee in respect of which indemnity may be sought against any Member, setting forth the particulars of such claim or action, and

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- (m) In the event the Master Trustee receives 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 Obligations Outstanding, the Master Trustee, in consultation with Bondholder Representative, may determine what action, if any, shall be taken.
- (n) The Master Trustee's immunities and protections from liability in connection with the performance of its duties under this Master Trust Indenture shall extend to the Master Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Master Trustee's right to compensation, shall survive the Master Trustee's resignation or removal and final payment of the Obligations.
- (o) 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.
- (p) Notwithstanding anything contained herein or in the Mortgages to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action with respect to real property and which may subject the Master Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Master Trustee may require that an environmental survey be provided and a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action and the Master Trustee shall not be required to take such foreclosure or similar action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure or similar action.
- (q) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Master Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.
- (r) Notwithstanding the effective date of this Master Trust Indenture or anything to the contrary in this Master Trust Indenture, the Master Trustee shall have no liability or responsibility for any act or event relating to this Master Trust Indenture which occurs prior to the date the Master Trustee formally executes this Master Trust Indenture and commences acting as Master Trustee hereunder.
- (s) Except for damages arising out of the Master Trustee's negligence or willful misconduct, the Master Trustee shall not be responsible or liable for punitive, special, indirect, or consequential loss or damage of any kind whatsoever irrespective of whether the Master

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the Obligated Group Representative will assume the defense thereof, including the employment of counsel satisfactory to the Master Trustee and the payment of all expenses. The Master Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Members unless such employment has been specifically authorized by the Members, or, unless such separate counsel is necessary to avoid a conflict of interest or other counsel employed by the Members has failed to diligently pursue the defense thereof.

As security for the performance of the obligations of the Members under this Section the Master Trustee shall be secured under this Master Indenture by a lien on the Trust Estate before the lien thereof only upon and after an Event of Default which has occurred or is continuing securing the Master Notes, and for the payment of such compensation, advances, expenses, reimbursements and indemnity the Master Trustee shall have the right to use and apply any trust moneys held by it hereunder. The indemnity set forth herein shall survive the termination of this Master Indenture and the resignation or removal of the Master Trustee.

**Section 605. Corporate Master Trustee Required; Eligibility.** There shall at all times be a Master Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority. The Master Trustee must have a combined capital and surplus of at least \$50,000,000 or must provide a guaranty of the full and prompt performance by the Master Trustee of its obligations under this Master Indenture and any other agreements made in connection with Master Notes by a guarantor with such assets. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee ceases to be eligible in accordance with this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

**Section 606. Resignation and Removal of Master Trustee.** The Master Trustee may resign or may be removed as follows:

- (a) The Master Trustee may resign at any time by giving written notice thereof to the Bondholder Representative, the Obligated Group Representative and to all Owners of Outstanding Master Notes. If an instrument of acceptance by a successor Master Trustee is not delivered to the Master Trustee within 30 days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.
- (b) If the Master Trustee has or shall acquire any conflicting interest (as defined in the Trust Indenture Act of 1939, as amended), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Obligated Group Representative (so long as the Obligated Group is not in default under this Master Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in **Subsection (a)**.
- (c) The Master Trustee may be removed at any time by an instrument or concurrent instruments in writing signed by the Owners of a majority in principal amount of the Outstanding Master Notes, delivered to the Master Trustee and to the Obligated Group Representative, with the consent of the Bondholder Representative.

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- (d) The Master Trustee may be removed at any time (so long as no Event of Default or condition that with the giving of notice or passage of time, or both, would constitute an Event of Default, has occurred and is continuing under this Master Indenture) by an instrument in writing signed by the Obligated Group Representative and delivered to the Master Trustee and the Owners of the Outstanding Master Notes, with the consent of the Bondholder Representative.
- (e) If at any time:
- (1) the Master Trustee shall fail to comply with **Subsection (b)** after written request therefor by the Obligated Group Representative or by any Master Noteowner, or
  - (2) the Master Trustee shall cease to be eligible under **Section 605** and shall fail to resign after written request therefor by the Obligated Group Representative or by any such Master Noteowner, or
  - (3) the Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Master Trustee or of its property shall be appointed or any public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group Representative may remove the Master Trustee pursuant to **Subsection (d)**, or (B) the Obligated Group Representative or any Master Noteowner may petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of a successor Master Trustee.

The Master Trustee shall give written notice at the expense of the Obligated Group of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee to the Owners of all Master Notes. Each notice shall include the name of the successor Master Trustee and the address of its designated corporate trust office.

No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Master Trustee under **Section 607**.

**Section 607. Appointment of Successor Master Trustee.** If the Master Trustee resigns, is removed or becomes incapable of acting, or if a vacancy occurs in the office of Master Trustee for any cause, then the Obligated Group Representative (so long as the Obligated Group is not in default hereunder) or the Owners of a majority in principal amount of Master Notes Outstanding (if the Obligated Group is in default hereunder), by an instrument or concurrent instruments in writing delivered to the Obligated Group Representative, the retiring Master Trustee and all Owners of Outstanding Master Notes, shall promptly appoint a successor Master Trustee. If all or substantially all of the Trust Estate is in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a successor to fill such vacancy until a new Master Trustee is so appointed by the Master Noteowners. If a successor Master Trustee is appointed in the manner herein provided, the successor Master Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by such receiver or trustee. If no successor Master Trustee is so appointed and accepted appointment in the manner herein provided within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, any Master Noteowner or the Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee, until a successor shall have been appointed as above

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join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default under this Master Indenture has occurred and is continuing, the Master Trustee alone shall have power to make such appointment.

Should any written instrument from the Obligated Group be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Obligated Group Representative.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Master Notes shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Master Trustee hereunder, shall be exercised solely, by the Master Trustee.
- (b) The rights, powers, duties and obligations hereby conferred or imposed upon the Master Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Master Trustee or by the Master Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Master Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.
- (c) The Master Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Obligated Group Representative, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default under this Master Indenture has occurred and is continuing, the Master Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Obligated Group Representative. Upon the written request of the Master Trustee, the Obligated Group Representative shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.
- (d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Master Trustee, or any other such trustee hereunder.
- (e) Any request, demand, authorization, direction, notice, consent, waiver or other action of Master Noteowners delivered to the Master Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

**Section 611. Designation of Paying Agents.** The Master Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Master Notes. The Obligated Group Representative may, in its discretion, cause the necessary arrangements to be made through the Master Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of principal of and premium, if any, and interest on any Master Notes, at the designated corporate trust office or other designated office of said alternate

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provided. The successor so appointed by such court will immediately and without further act be superseded by any successor appointed as above provided. Every such successor Master Trustee appointed pursuant to this Section must be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

**Section 608. Acceptance of Appointment by Successor.** Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group Representative and to the retiring Master Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and such successor Master Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Master Trustee and the duties and obligations of the retiring Master Trustee shall cease and terminate; and, on request of the Obligated Group Representative or the successor Master Trustee, such retiring Master Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Master Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Master Trustee, and shall duly assign, transfer and deliver to such successor Master Trustee all property and money held by such retiring Master Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 604**. Upon request of any such successor Master Trustee, the Obligated Group Representative shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such estates, properties, rights, powers and trusts.

No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article.

**Section 609. Merger, Conversion, Consolidation and Succession to Business.** Any corporation or association into which the Master Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Master Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor of the Master Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Master Notes shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Master Notes so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Master Notes.

**Section 610. Co-Master Trustees and Separate Master Trustees.** At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise of any of the powers, rights or remedies herein granted to the Master Trustee, or any other action which may be desirable or necessary in connection therewith, the Master Trustee shall have power to appoint, and, upon the written request of the Master Trustee or of the Owners of at least 25% in principal amount of the Master Notes Outstanding, the Obligated Group Representative shall for such purpose join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Master Trustee either to act as co-trustee, jointly with the Master Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, right, immunity, protection or power deemed necessary or desirable, subject to the other provisions of this Section. If the Obligated Group Representative does not

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Paying Agents. In the event of a change in the office of Master Trustee, the predecessor Master Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Master Notes, and the successor Master Trustee shall become such Paying Agent unless a separate Paying Agent or Agents are appointed by the Obligated Group Representative in connection with the appointment of any successor Master Trustee.

**Section 612. Maintenance of Records.** The Master Trustee shall maintain records with respect to any and all moneys or investments held by the Master Trustee pursuant to this Master Indenture and will provide statements of such transactions and assets held to the Obligated Group Representative annually, as of the end of each Fiscal Year of the Obligated Group.

## ARTICLE VII

### SUPPLEMENTAL MASTER INDENTURES

**Section 701. Supplemental Master Indentures without Consent of Master Noteowners.** Without the consent of or notice to the Owners of any Master Notes but with the consent of the Bondholder Representative, the Members and the Master Trustee may from time to time enter into one or more Supplemental Master Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of this Master Indenture, or better to assure, convey and confirm unto the Master Trustee any property subject or required to be subjected to the lien of this Master Indenture, or to subject to the lien of this Master Indenture additional property; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Master Notes, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) to authorize the issuance of Master Notes and make such other provisions as provided in **Section 201**; or
- (d) to modify or eliminate any of the terms of this Master Indenture; *provided that*
  - (1) such Supplemental Master Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Master Note Outstanding created before the execution of such Supplemental Master Indenture; and
  - (2) the Master Trustee may, in its discretion, decline to enter into any such Supplemental Master Indenture which, in its opinion, may not afford adequate protection to the Master Trustee when the same becomes operative; or
- (e) to evidence the succession of another corporation to a Member and the assumption by any such successor of the obligations and covenants of the Member contained herein and in the Master Notes; or
- (f) to add to the covenants of the Members or to the rights, powers and remedies of the Master Trustee for the benefit of the Owners of all or any series of Master Notes or to surrender any right or power herein conferred upon the Members; or

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- (g) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or to make any other provisions, with respect to matters or questions arising under this Master Indenture, which shall not be inconsistent with this Master Indenture, provided such Supplemental Master Indenture shall not, in the judgment of the Master Trustee, materially adversely affect the interests of the Owners of the Master Notes; or
- (h) to modify, eliminate or add to this Master Indenture to such extent as shall be necessary to effect the qualification of this Master Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, or to permit the qualification of any Master Notes for sale under the securities laws of the United States or any state of the United States; or
- (i) to effect the addition of a Member to or withdrawal of a Member from the Obligated Group (including the addition or deletion of any Excluded Property of such new or withdrawing Member set forth in **Exhibit C**); or
- (j) to make any modification, amendment or supplement to this Master Indenture in such a manner as to establish or maintain the exclusion of interest on any Related Bonds from gross income for federal income tax purposes; or
- (k) to make any other change which, in the judgment of the Master Trustee, does not materially adversely affect the interests of Owners of the Master Notes and, in the judgment of each Related Bond Trustee, does not materially adversely affect the owners of the Related Bonds with respect to which it acts as trustee.

**Section 702. Supplemental Master Indentures with Consent of Master Noteowners.** With the consent of (i) the Owners of not less than a majority in principal amount of all Master Notes then Outstanding affected by such Supplemental Master Indenture and (ii) the Bondholder Representative, the Members and the Master Trustee may enter into one or more Supplemental Master Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any provision of this Master Indenture or of modifying in any manner the rights of the Owners of the Master Notes under this Master Indenture; provided that no such Supplemental Master Indenture shall, without the consent of the Owner of each Outstanding Master Note affected thereby,

- (a) change the stated maturity of the principal of, or any installment of interest on, any Master Note, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Master Note, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or
- (b) reduce the percentage in principal amount of the Outstanding Master Notes, the consent of whose Owners is required for any such Supplemental Master Indenture, or the consent of whose Owners is required for any waiver provided for in this Master Indenture of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences; or
- (c) modify the obligation of the Members to make payment on or provide funds for the payment of any Master Note; or

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this Article may, and if required by the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplemental Master Indenture. If the Obligated Group Representative shall so determine, new Master Notes so modified as to conform, in the opinion of the Master Trustee and the Obligated Group Representative, to any such Supplemental Master Indenture may be prepared and executed by the Obligated Group Representative or the applicable Member and authenticated and delivered by the Master Trustee in exchange for Outstanding Master Notes.

**Section 706. Substitution of Master Notes.**

(a) The Owner of a Master Note issued hereunder (an “**Existing Master Note**”) shall surrender the Existing Master Note to the Master Trustee upon presentation to the Owner and if applicable, any Related Bond Issuer of the following (the “**Obligated Group Transaction**”):

- (1) A certified copy of the Master Trust Indenture dated as of November 1, 2010, together with all supplements and amendments thereto then in effect (as so supplemented and amended, the “**Lifespace Master Indenture**”), among Lifespace Communities, Inc., any other members of the obligated group created under the Lifespace Master Indenture (collectively, the “**Lifespace Obligated Group**”) and U.S. Bank Trust Company, National Association, as master trustee, or any successor master trustee (the “**New Master Trustee**”);
- (2) An original replacement master note or similar obligation issued by or on behalf of the Obligated Group Representative on behalf of the Lifespace Obligated Group (the “**Lifespace Master Note**”) under and pursuant to and secured by the Lifespace Master Indenture, registered in the name of the Owner of the Existing Master Note to be surrendered and cancelled, which Lifespace Master Note evidences or secures the obligations of the Related Bonds or other Debt secured by the Existing Master Note, and has been duly authenticated by the New Master Trustee under the terms of the Lifespace Master Indenture;
- (3) Evidence from each Rating Agency, if any, maintaining a rating or ratings for any Existing Master Note or the Debt secured thereby that such rating or ratings will not be reduced or withdrawn upon the consummation of the Obligated Group Transaction;
- (4) An Opinion of Counsel addressed to the Owner and any Related Bond Issuer to the effect that:
  - (i) the Lifespace Master Indenture has been duly authorized, executed and delivered by each member of the Lifespace Obligated Group, the Lifespace Master Note has been duly authorized, executed and delivered by or on behalf of a member of the Lifespace Obligated Group and the Lifespace Master Indenture and the Lifespace Master Note are legal, valid and binding obligations of each member of the Lifespace Obligated Group enforceable in accordance with their terms, subject in each case to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors’ rights and application of general principles of equity;
  - (ii) all requirements and conditions to the issuance of the Lifespace Master Note set forth in the Lifespace Master Indenture have been complied with and satisfied, including the perfection of any security interest created thereunder to the extent the same can be perfected by filing of a UCC financing statement; and
  - (iii) the issuance of the Lifespace Master Note will not require any Related Bonds or the Lifespace Master Note to become subject to the registration requirements of the Securities Act of 1933, as amended (or that the Lifespace Master Note or the Related Bonds have been so registered to the extent required);

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- (d) modify this Section, except to increase any percentage set forth in this Section or to provide that certain other provisions of this Master Indenture cannot be modified or waived without the consent of the Owner of each Master Note affected thereby; or
- (e) permit the creation of any lien ranking before or on a parity with the lien of this Master Indenture with respect to any of the Trust Estate or terminate the lien of this Master Indenture on any Property at any time subject hereto or deprive the Owner of any Master Note of the security afforded by the lien of this Master Indenture.

The Master Trustee may in its discretion determine whether or not any Master Notes would be affected by any Supplemental Master Indenture and any such determination shall be conclusive upon the Owners of all Master Notes, whether theretofore or thereafter authenticated and delivered hereunder. The Master Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of Master Noteowners under this Section to approve the particular form of any proposed Supplemental Master Indenture, but it shall be sufficient if such Master Noteowners shall approve the substance thereof.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any such Supplemental Master Indenture for any of the purposes of this Section, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail notice of the proposed execution of such Supplemental Master Indenture by first class mail postage prepaid to the Owners of all Master Notes or, in case less than all of the Master Notes are affected thereby, of the Master Notes affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Master Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Master Noteowners. The Master Trustee shall not, however, be subject to any liability to any Master Noteowner by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Master Indenture when consented to and approved as provided in this Section. If the requisite Master Noteowner consent required as described above is obtained, no Owner of any Master Note 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 Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof.

**Section 703. Execution of Supplemental Master Indentures.** In executing, or accepting the additional trusts created by, any Supplemental Master Indenture permitted by this Article or the modification thereby of the trusts created by this Master Indenture, the Master Trustee shall be entitled to receive, and, subject to **Section 601**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Master Indenture is authorized or permitted by and in compliance with this Master Indenture. The Master Trustee may, but shall not, except to the extent required in the case of Supplemental Master Indenture entered into under **Section 701(h)**, be obligated to, enter into any such Supplemental Master Indenture which affects the Master Trustee’s own rights, duties or immunities under this Master Indenture or otherwise.

**Section 704. Effect of Supplemental Master Indentures.** Upon the execution of any Supplemental Master Indenture under this Article, this Master Indenture shall be modified in accordance therewith and such Supplemental Master Indenture shall form a part of this Master Indenture for all purposes; and every Owner of Master Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

**Section 705. Reference in Master Notes to Supplemental Master Indentures.** Master Notes authenticated and delivered after the execution of any Supplemental Master Indenture pursuant to

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(5) An opinion of Bond Counsel addressed to the Related Bond Trustee and the Related Bond Issuer to the effect that the surrender of any Existing Master Note and the acceptance by the Owner of the Lifespace Master Note will not adversely affect the validity of any Related Bonds or the exclusion from gross income for federal income tax purposes to which interest on any Related Bonds would otherwise be entitled; and

(6) An Officer’s Certificate of the Obligated Group Representative to the effect that, following entry into the Lifespace Obligated Group, the Lifespace Obligated Group could have incurred at least \$1.00 of additional long-term debt applying the debt incurrence test of the Lifespace Master Indenture and treating the members of the Lifespace Obligated Group as if they had become members of the Obligated Group as of the beginning of the relevant test periods.

- (b) Any Existing Master Note that is not surrendered to the Master Trustee for cancellation simultaneously with the issuance and delivery of the Lifespace Master Note shall be deemed cancelled and no longer outstanding under this Master Indenture without any further action, consent, endorsement or acknowledgment of the Owner of the Existing Master Note.
- (c) The Obligated Group Representative shall give written notice of the occurrence of an Obligated Group Transaction to each Required Information Recipient promptly upon the occurrence thereof.

**ARTICLE VIII**

**SUPPLEMENTAL MORTGAGES; RELEASE OF MORTGAGES**

**Section 801. Supplemental Mortgages without Consent of Master Noteowners.** Without the consent of or notice to the Owners of any Master Notes but with the consent of the Bondholder Representative, any Member and the Master Trustee may from time to time enter into one or more Supplemental Mortgages for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of a Mortgage, or better to assure, convey and confirm unto the Master Trustee any property subject or required to be subjected to the lien of a Mortgage, or to subject to the lien of a Mortgage additional property; or
- (b) to release from the lien of a Mortgage any Property to be released from that lien in accordance with the terms of that Mortgage or this Master Indenture; or
- (c) in connection with the issuance of Master Notes to the extent, if any, to have the lien of a Mortgage extend to those Master Notes; or
- (d) to modify or eliminate any of the terms of a Mortgage; *provided that*
  - (1) such Supplemental Mortgage shall expressly provide that any such modifications or eliminations shall become effective only when there is no Master Note Outstanding created before the execution of such Supplemental Mortgage; and
  - (2) the Master Trustee may, in its discretion, decline to enter into any such Supplemental Mortgage which, in its opinion, may not afford adequate protection to the Master Trustee when the same becomes operative; or

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- (e) to evidence the succession of another corporation to a Member and the assumption by any such successor of the obligations and covenants of the Member contained herein and in a Mortgage; or
- (f) to add to the covenants of the Members or to the rights, powers and remedies of the Master Trustee for the benefit of the Owners of all or any series of Master Notes or to surrender any right or power herein conferred upon the Members; or
- (g) to cure any ambiguity, to correct or supplement any provision therein which may be inconsistent with any other provision therein or to make any other provisions, with respect to matters or questions arising under a Mortgage, which shall not be inconsistent with a Mortgage, provided such Supplemental Mortgage shall not, in the judgment of the Master Trustee, materially adversely affect the interests of the Owners of the Master Notes; or
- (h) to make any modification, amendment or supplement to a Mortgage in such a manner as to establish or maintain the exclusion of interest on any Related Bonds from gross income for federal income tax purposes; or
- (i) to make any other change which, in the judgment of the Master Trustee, does not materially adversely affect the interests of Owners of the Master Notes and, in the judgment of each Related Bond Trustee, does not materially adversely affect the owners of the Related Bonds with respect to which it acts as trustee.

**Section 802. Supplemental Mortgages with Consent of Master Noteowners.** With the consent of (i) the Owners of not less than a majority in principal amount of all Master Notes then Outstanding affected by such Supplemental Mortgage and (ii) the Bondholder Representative, the Members and the Master Trustee may enter into one or more Supplemental Mortgages for the purpose of adding any provisions to or changing in any manner or eliminating any provision of a Mortgage or of modifying in any manner the rights of the Owners of the Master Notes under a Mortgage.

The Master Trustee may in its discretion determine whether or not any Master Notes would be affected by any Supplemental Mortgage and any such determination shall be conclusive upon the Owners of all Master Notes, whether theretofore or thereafter authenticated and delivered hereunder. The Master Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of Master Noteowners under this Section to approve the particular form of any proposed Supplemental Mortgage, but it shall be sufficient if such Master Noteowners shall approve the substance thereof.

If at any time the Obligated Group Representative shall request the Master Trustee to enter into any such Supplemental Mortgage for any of the purposes of this Section, the Master Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail notice of the proposed execution of such Supplemental Mortgage by first class mail postage prepaid to the Owners of all Master Notes or, in case less than all of the Master Notes are affected thereby, of the Master Notes affected thereby. Such notice shall briefly set forth the nature of the proposed Supplemental Mortgage and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Master Noteowners. The Master Trustee shall not, however, be subject to any liability to any Master Noteowner by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Mortgage when consented to and approved as provided in this Section. If the requisite Master Noteowner consent required as described above is obtained, no Owner of any Master Note shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or

determine) to the Persons entitled thereto, of the principal and premium, if any, and interest for whose payment such moneys have been deposited with the Master Trustee.

**Section 902. Satisfaction and Discharge of Master Indenture.** This Master Indenture and the liens, rights and interests created hereby will cease, terminate and become null and void (subject to **Section 903** and except as to any surviving rights of transfer or exchange of Master Notes herein provided for) if the following conditions are met:

- (a) The principal of and premium, if any, and interest on all Master Notes is paid or is deemed to be paid and discharged by meeting the conditions of **Section 901**; and
- (b) The Obligated Group has paid or caused to be paid all other sums payable hereunder by the Obligated Group with respect to such Master Notes.

Thereupon the Master Trustee, upon written request of the Obligated Group Representative, and upon receipt by the Master Trustee of an Officer's Certificate and an Opinion of Counsel, each to the effect that all conditions precedent to the satisfaction and discharge of this Master Indenture have been complied with, shall forthwith execute proper instruments requested by the Obligated Group Representative acknowledging satisfaction and discharge of this Master Indenture and the lien hereof. The satisfaction and discharge of this Master Indenture shall be without prejudice to the rights of the Master Trustee to indemnification and to charge and be reimbursed by the Obligated Group for any expenditures which it may thereafter incur in connection herewith.

Any moneys, funds, securities, or other property remaining on deposit under this Master Indenture (other than said Escrow Obligations or other moneys deposited in trust as above provided) shall, upon the full satisfaction of this Master Indenture, forthwith be transferred, paid over and distributed to the Obligated Group Representative.

**Section 903. Satisfaction of Related Bonds.** **Section 901** and **Section 902** notwithstanding, any Master Note which secures a Related Bond will not be deemed paid and will 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 Document pursuant to the provisions thereof.

**ARTICLE X**

**NOTICES, CONSENTS AND OTHER ACTS**

**Section 1001. Notices.** Except as otherwise provided herein, it will be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Master Indenture to be made, given or furnished to or filed with the following Persons, if the same shall be delivered in person or duly sent by prepaid overnight delivery service or duly mailed by certified, registered or first-class mail, postage prepaid, at the following addresses; except that notice to the Master Trustee by any means shall be effective only upon receipt:

- (a) To the Master Trustee:  
  
UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Global Corporate Trust

in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Members from executing the same or from taking any action pursuant to the provisions thereof.

**Section 803. Execution of Supplemental Mortgages.** In executing, or accepting the additional trusts created by, any Supplemental Mortgage permitted by this Article or the modification thereby of the trusts created by a Mortgage, the Master Trustee shall be entitled to receive, and, subject to **Section 601**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Mortgage is authorized or permitted by and in compliance with a Mortgage. The Master Trustee may, but shall not be obligated to, enter into any such Supplemental Mortgage which affects the Master Trustee's own rights, duties or immunities under a Mortgage or otherwise.

**Section 804. Release of a Mortgage.** The Master Trustee shall at the written request of the Obligated Group Representative execute a release presented to it by the Obligated Group Representative and approved by the Bondholder Representative to discharge the lien of any Mortgage on any Property.

**ARTICLE IX**

**SATISFACTION AND DISCHARGE**

**Section 901. Payment, Discharge and Defeasance of Master Notes.** The Master Notes of a particular series or a portion of such series (subject to **Section 903**) will be deemed to be paid and discharged and no longer Outstanding under this Master Indenture and will cease to be entitled to any lien, benefit or security under this Master Indenture if the Obligated Group has paid or provided for the payment of the entire debt on such Master Notes in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and premium, if any, and interest on such Master Notes, as and when the same become due and payable;
- (b) by delivering such Master Notes to the Master Trustee for cancellation; or
- (c) by depositing with the Master Trustee or other Paying Agent, in trust, moneys and Escrow Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, that the Obligated Group Representative certifies to the Master Trustee is sufficient to pay or redeem (when redeemable) and discharge the debt on such Master Notes at or before their respective maturity dates (including the payment of the principal of and premium, if any, and interest payable on such Master Notes to the maturity or redemption date thereof), provided that, if any such Master Notes are to be redeemed before the maturity thereof, notice of such redemption is given in accordance with the requirements of this Master Indenture or provisions satisfactory to the Master Trustee are made for the giving of such notice and any requirements of a Related Bond Indenture (including provision of a verification report) secured by such Master Note are satisfied.

The foregoing notwithstanding, the liability of the Obligated Group in respect of such Master Notes will continue, but the Owners thereof will thereafter be entitled to payment only out of the moneys or Escrow Obligations deposited with the Master Trustee as aforesaid. Moneys so deposited with the Master Trustee pursuant to this Section will not be a part of the Trust Estate but will constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys shall be applied by the Master Trustee to the payment (either directly or through any Paying Agent, as the Master Trustee may

With a copy to the Bondholder Representative:

Hamlin Capital Management, LLC  
640 Fifth Avenue, 11th Floor  
New York, New York 10019  
Attention: Joseph J. Brady

- (b) To the Obligated Group Representative, or to any other Member c/o the Obligated Group Representative:

Meadow Lake, LLC  
4201 Corporate Drive  
West Des Moines, Iowa 50266  
Attention: Treasurer

With a copy to:

Dorsey & Whitney LLP  
801 Grand Avenue, Suite 3900  
Des Moines, Iowa 50309  
Attention: David D. Grossklauss, Esq.

- (c) To the Owners of Master Notes:

The addresses of the respective Owners as shown on the note register maintained by the Master Trustee under this Master Indenture.

- (d) To any Related Bond Issuer, Related Bond Trustee or other party involved with a series of Related Bonds:

The address of such party set forth in the Related Bond Documents.

- (e) To the issuer of a Credit Facility with respect to any Master Notes or Related Bonds:

The address set forth in the Supplemental Master Indenture entered into with respect to such Master Notes or Related Bonds.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof made with the approval of the Master Trustee will constitute a sufficient notice.

If any notice to Master Noteowners is to be given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Master Noteowner shall affect the sufficiency and effectiveness of such notice with respect to other Owners. Where this Master Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Master Noteowners shall be filed with the Master Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

The Master Trustee shall provide the Bondholder Representative a copy of any notice required to be provided to any other party under this Master Indenture.

**Section 1002. Acts of Master Noteowners.** Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Master Indenture to be given or taken by Master Noteowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Owners in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee, and, where it is hereby expressly required, to the Obligated Group Representative or any other Member. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Master Notes (except the assignment of the ownership of a Master Note) shall be sufficient for any purpose of this Master Indenture and conclusive in favor of the Obligated Group and the Master Trustee, if made in the following manner:

- (a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.
- (b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Master Trustee deems sufficient; and the Master Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.
- (c) The ownership of Master Notes shall be proved by the note register maintained by the Master Trustee (subject to **Section 1003**).

In determining whether the Owners of the requisite principal amount of Master Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Master Notes registered in the note register in the name of or beneficially owned by any Member or any Affiliate of any Member shall be disregarded and deemed not to be Outstanding, except that the Master Trustee shall only be required to disregard Master Notes as beneficially owned by a Member or any Affiliate if and to the extent set forth in a Certificate of the Obligated Group Representative as to any Master Note that may be beneficially owned by any Member or any Affiliate of any Member.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any Master Note shall bind every future Owner of the same Master Note and the Owner of every Master Note issued upon the transfer thereof or in exchange thereof or in lieu thereof, in respect of anything done or suffered to be done by the Master Trustee or any Member in reliance thereon, whether or not notation of such action is made upon such Master Note.

**Section 1003. Persons Deemed To Be Master Noteowners.** Unless a contrary provision is made in a Related Bond Document, each Related Bond Trustee shall be deemed the Owner of the Master Note or Master Notes pledged to secure the Related Bonds with respect to which such Related Bond Trustee is acting as trustee, for purposes of any right of such Owner under **Article V** to direct or consent to any action or remedy to be undertaken by the Master Trustee pursuant to this Master Indenture and any right of such Owner under **Article VII** to consent to the execution of any Supplemental Master Indenture. If a Related Bond Document so provides or the Supplemental Master Indenture which authorizes the issuance of the Master Notes so provides, then either (a) the registered owners of each series of Related Bonds shall be deemed the Owners of the Master Notes to the extent of the principal amount of the Master Notes to which their Related Bonds relate, or (b) the issuer of a Credit Facility for any Master

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- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

**Section 1006. Documents to Bondholder Representative.** The Master Trustee shall provide the Bondholder Representative copies of any certificates, reports, or other documents it receives or sends pursuant to the terms of this Master Indenture.

#### ARTICLE XI

#### MISCELLANEOUS PROVISIONS

**Section 1101. Immunity of Officers, Employees and Members.** No recourse shall be had for the payment of the principal of or premium or interest on any of the Master Notes or for any claim based thereon or upon any obligation, covenant or agreement contained in this Master Indenture against any past, present or future officer, director, employee, member or agent of any Member, either directly or through any Member, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, employees, members or agents is hereby expressly waived and released as a condition of and consideration for the execution of this Master Indenture and the issuance of the Master Notes.

**Section 1102. Payments or Acts on Non-Business Days.** If the date for making any payment, performing any act, or exercising any right under this Master Indenture, is a Saturday, Sunday, or legal holiday on which banking institutions are not open to the public for the conduct of their banking operations, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the nominal date provided in this Master Indenture.

**Section 1103. Benefit of Master Indenture.** This Master Indenture shall inure to the benefit of and shall be binding upon each Member and the Master Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. Nothing in this Master Indenture or in the Master Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any separate trustee or co-trustee appointed under **Section 610** and the Owners of Outstanding Master Notes, any benefit or any legal or equitable right, remedy or claim under this Master Indenture.

**Section 1104. Severability.** If any provision in this Master Indenture or in the Master Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 1105. Execution in Counterparts; Electronic Transactions.** This Master Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. In addition, the transaction described herein may be conducted and this Master Indenture and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original

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Note or Related Bonds shall be deemed the Owner of such Master Note or the Master Note pledged as security for such Related Bonds to the extent of the principal amount of that Master Note to which the series of Related Bonds secured by that Credit Facility relate for purposes of any right of an Owner under **Article V** to direct or consent to any action or remedy to be undertaken by the Master Trustee pursuant to this Master Indenture and any right of an Owner under **Article VII** to consent to the execution of any Supplemental Master Indenture so long as the issuer of that Credit Facility is not then in default on its obligations under that Credit Facility and is not insolvent.

**Section 1004. Form and Contents of Documents Delivered to Master Trustee.** Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Obligated Group Representative may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Obligated Group Representative stating that the information with respect to such factual matters is in the possession of the Obligated Group Representative, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Master Indenture, in connection with any application or certificate or report to the Master Trustee, it is provided that the Obligated Group shall deliver any document as a condition of the granting of such application, or as evidence of the Obligated Group's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Obligated Group to have such application granted or to the sufficiency of such certificate or report.

**Section 1005. Compliance Certificates and Opinions.** Upon any application or request by the Obligated Group Representative to the Master Trustee to take any action under any provision of this Master Indenture, the Obligated Group Representative shall furnish to the Master Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Master Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Master Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Master Indenture shall include

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

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documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 1106. Governing Law.** This Master Indenture shall be governed by and construed in accordance with the applicable laws of the State of Texas.

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IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed by their duly authorized officers, as of the day and year first above written.

UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee

MEADOW LAKE, LLC,  
as Member and Obligated Group Representative

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

CRAIG AMARILLO, LLC,  
as Member

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

WESLEY COURT, LLC,  
as Member

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

By: \_\_\_\_\_  
Title: Vice President

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Master Trust Indenture  
(CMW Obligated Group)

Master Trust Indenture  
(CMW Obligated Group)

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**EXHIBIT A  
TO MASTER TRUST INDENTURE**

**FORM OF MASTER INDENTURE NOTE**

**THIS MASTER NOTE HAS NOT BEEN REGISTERED UNDER  
THE SECURITIES ACT OF 1933, AS AMENDED**

No. R- \_\_\_\_\_ \$ \_\_\_\_\_

**CMW OBLIGATED GROUP  
MASTER INDENTURE NOTE  
SERIES \_\_\_\_\_**

**Maturity Date** \_\_\_\_\_, 20\_\_ **Dated** \_\_\_\_\_, 20\_\_

**REGISTERED OWNER:** \_\_\_\_\_

**PRINCIPAL AMOUNT:** \_\_\_\_\_ **DOLLARS**

MEADOW LAKE, LLC, a Texas limited liability company (the "Obligated Group Representative"), as Obligated Group Representative acting on behalf of the hereinafter referred to Obligated Group and the other Members under the hereinafter referred to Master Indenture, for value received, promises to pay to the Registered Owner shown above, or registered assigns, the principal amount shown above on and before the final maturity date shown above, and earlier upon redemption in whole or in part of the Related Bonds described herein in amounts, and on the dates, as set forth in the hereinafter referred to Related Bond Indenture, and to pay to the Registered Owner hereof interest on the unpaid principal balance hereof from the date of this Master Note to the final maturity date or the date fixed for redemption at the rates of interest on the hereinafter described Related Bonds, until this Master Note is paid.

**Time, Method and Place of Payment.** The principal hereof, redemption premium, if any, and interest hereon shall be payable at the times and in the amounts as provided in the Related Bond Indenture described herein. The last such installment shall be in an amount sufficient to discharge all unpaid principal of, redemption premium, if any, and accrued interest on this Master Note in full. The principal of, redemption premium, if any, and interest on this Master Note 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 and redemption premium, if any, and interest hereon shall be payable by depositing the same with the hereinafter referred to Related Bond Trustee, by check, draft or electronic transfer in immediately available funds, at or before the opening of business on the date the same shall become due and payable, and giving notice of payments to the hereinafter referred to Master Trustee as provided in the Master Indenture. The obligation evidenced by this Master Note shall

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terminate only when payment in full of the principal hereof and redemption premium, if any, and interest hereon has been made.

**Authorization of Master Note.** This Master Note represents the duly authorized Master Note of the Obligated Group, in the principal amount stated above, designated as "CMW Obligated Group Master Indenture Note, Series 20\_\_" (this Master Note, together with all other Master Notes issued and secured under the Master Indenture, referred to collectively as the "Master Notes") issued under and pursuant to the Master Trust Indenture dated as of July 1, 2022, and Supplemental Master Trust Indenture No. \_\_\_\_\_, dated as of \_\_\_\_\_, 1, 20\_\_, among the Obligated Group Representative and the other Members (the "Obligated Group") and UMB Bank, National Association, as trustee (the "Master Trustee", said Master Trust Indenture, as so supplemented and amended, being herein called the "Master Indenture"). This Master Note is issued for the purpose of securing and further providing for the payment of the principal of and premium, if any, and interest on \$ \_\_\_\_\_ principal amount of "\_\_\_\_\_ Revenue Bonds (\_\_\_\_\_, Series \_\_\_\_\_" (the "Related Bonds"), issued under and pursuant to the Constitution and laws of the State of \_\_\_\_\_, and a Bond Trust Indenture dated as of \_\_\_\_\_, 20\_\_ (the "Related Bond Indenture") between \_\_\_\_\_ (the "Related Bond Issuer") and \_\_\_\_\_, as trustee (the "Related Bond Trustee"), and, in addition to the installments described above, the Obligated Group shall pay upon demand any further amounts in federal or other immediately available funds as may from time to time be required to pay when due any principal of or premium, if any, or interest on the Related Bonds and all amounts due under the Loan Agreement dated as of \_\_\_\_\_, 20\_\_, among the Related Bond Issuer and the Obligated Group.

**Credits on the Master Note.** The Obligated Group shall receive certain credits against its required payments on this Master Note as specified in the Master Indenture.

**Security for Master Notes.** All Master Notes issued and Outstanding under the Master Indenture are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses of the Master Indenture.

Members jointly and severally agree under the Master Indenture to be liable on all Master Notes, including this Master Note, issued under the Master Indenture. It is provided in the Master Indenture that the Obligated Group Representative and any other Members, with the consent of the Obligated Group Representative, may hereafter issue additional Master Notes from time to time, and if issued, such additional Master Notes will rank *pari passu* with this Master Note and all other Master Notes heretofore or hereafter issued under the Master Indenture, except as otherwise provided in the Master Indenture.

Copies of the Master Indenture and the Related Bond Indenture are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture and the Related Bond Indenture for the provisions, among others, with respect to the nature and extent of the security for and the rights of the Registered Owners of this Master Note, the terms and conditions on which, and purposes for which, this Master Note is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the Registered Owner hereof, by acceptance of this Master Note, assents. The Master Indenture may be modified, amended or supplemented only to the extent and under the circumstances permitted by, and subject to the terms and conditions of, the Master Indenture. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Master Indenture.

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**Redemption Prior to Maturity.** The principal of this Master Note is subject to redemption from time to time in the manner, under the circumstances, upon such notice and at the prices set forth in the Master Indenture and the Related Bond Indenture.

Upon the call for redemption of any Related Bonds of any stated maturity date pursuant to the Related Bond Indenture, the same principal amount of this Master Note maturing on the same date shall be deemed to have been called for redemption on the same redemption date and at the same redemption price (plus accrued interest to the redemption date) as such Related Bonds so called for redemption. Mailing of notice to the Registered Owners of the Related Bonds of any stated maturity date in accordance with the terms of the Related Bond Indenture shall, without further notice or action by the Related Bond Trustee, the Master Trustee or the Obligated Group Representative, constitute notice of redemption of the corresponding amount of principal on this Master Note maturing on the same date and the same shall thereby become due and payable on the date specified for the redemption of such Related Bonds and at a redemption price (plus accrued interest to the redemption date) equal to the redemption price payable with respect to such Related Bonds.

This Master Note may also be redeemed in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding, defeasance or advance refunding of the Related Bonds or any portion of the Related Bonds. In the event this Master Note is to be redeemed as set forth in the preceding sentence, notice thereof identifying the portion of this Master Note to be redeemed, unless waived, will be given by mailing a copy of the redemption notice to the Registered Owner hereof, at the address shown on the registration books, at the times and in the manner provided in the Master Indenture.

This Master Note or the portion hereof called for redemption will cease to bear interest on the specified redemption date, provided funds for its redemption are on deposit at the place of payment at that time, and this Master Note or such portion will no longer be protected by the Master Indenture and will not be deemed to be Outstanding under the Master Indenture.

**Advance Defeasance of Master Note.** This Master Note is subject to advance defeasance as provided in the Master Indenture if the Obligated Group deposits with the Master Trustee or other institution with trust powers cash and/or Escrow Obligations (as defined in the Master Indenture) in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the Debt on this Master Note Outstanding under the Master Indenture at or before its maturity date. The Obligated Group shall remain the obligor on this Master Note, but the Registered Owner hereof will be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Obligated Group may also pay or provide for the payment of a portion of this Master Note by depositing with the Master Trustee cash and/or Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge such portion of the Debt on this Master Note at or before its maturity date. Upon such deposit, such portion of this Master Note will cease to be entitled to any lien, benefit or security under the Master Indenture. The Obligated Group shall remain the obligor on such portion, but the Registered Owner hereof shall be entitled to payment (to the exclusion of all other Master Noteowners) solely out of such cash and funds received from such Escrow Obligations. Master Notes other than this Master Note, or any portion of such Master Notes, are also subject to advance defeasance in the manner described in the Master Indenture.

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IN WITNESS WHEREOF, MEADOW LAKE, LLC has caused this Master Note to be executed in its name and on its behalf by the manual or facsimile signature of its President or Treasurer, and this Master Note to be dated as of the Dated Date shown above.

MEADOW LAKE, LLC,  
as Obligated Group Representative

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Master Note is one of the Master Notes described in the within-mentioned Master Indenture.

UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**Limitation of Rights.** The Registered Owner of this Master Note has no right to enforce the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture. No recourse may be had for the payment of the principal of or premium or interest on this Master Note or for any claim based thereon or upon any obligation, covenant or agreement contained in the Master Indenture, against any past, present or future officer, trustee, director, member, employee or agent of the Obligated Group Representative or any other Member, or any incorporator, officer, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Master Note.

**Acceleration of Master Note.** In certain events (including the occurrence of an "Event of Default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the Master Trustee may declare the outstanding principal of this Master Note due and payable before the stated maturity thereof, together with interest accrued thereon.

**Transfer of Master Note.** This Master Note is transferable by the Registered Owner hereof in person or by duly authorized attorney at the designated corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Master Note. Upon such transfer a new registered Master Note without coupons of the same series and maturities and for the same outstanding principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and the Master Trustee shall not be affected by any notice to the contrary.

**Authentication of Master Note.** This Master Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

**Waiver of Presentment or Notice.** The Obligated Group Representative, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Obligated Group Representative or the other Members.

**IT IS HEREBY CERTIFIED** that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Master Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Master Note have been duly authorized by resolutions of the Obligated Group Representative and the Obligated Group duly adopted.

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**EXHIBIT B  
TO MASTER TRUST INDENTURE  
SUBORDINATED DEBT PROVISIONS**

Any issue of Subordinated Debt shall be evidenced by instruments, or issued under an indenture or other document, containing provisions for the subordination of such Debt substantially as follows (the term "debentures" being, for convenience, used in the provisions set forth below to designate the instruments issued to evidence Subordinated Debt and the term "this indenture" to designate the instrument, indenture or other document containing such provisions):

\*\*\*

All debentures issued under this 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.

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 Debt as defined in this Section. For all purposes of this Section, the term "Superior Debt" shall mean all Master Notes now or hereafter issued and secured under that certain Master Trust Indenture dated as of July 1, 2022 (the "Master Indenture"), among Meadow Lake, LLC, a Texas limited liability company as a Member and Obligated Group Representative, Craig Amarillo, LLC, a Texas limited liability company, Wesley Court, LLC, a Texas limited liability company and all other persons that become Members (as defined in the Master Indenture and UMB Bank, National Association, as 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.

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 Debt is made or duly provided for in accordance with the terms of such Superior Debt. 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 Debt; or (ii) there shall have occurred any other Event of Default with respect to any Superior Debt, as defined therein or in the instrument under which the same is outstanding and such Event of Default is not cured or waived or shall not have ceased to exist.

The principal amount due on the debentures may not be accelerated unless the principal amount due on the Superior Debt is accelerated in accordance with its terms. Upon any acceleration of maturity of the principal amount due on the debentures or any payment or distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding-up or total or partial liquidation, reorganization or arrangement of any Member (as defined in the Master Indenture), whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest due or to become due upon all Superior Debt shall first be paid in full, or payment thereof provided for in accordance with the terms of such Superior Debt, before any payment is made on

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account of the principal, premium, if any, or interest on the debt 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 Owners of the debentures or the trustee under this 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 Debt in full, before any payment or distribution is made to the Owners of the debt evidenced by the debentures or to the trustee under this indenture.

If, 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 indenture or by the Owners of the debentures before all Superior Debt is paid in full, or provision made for such payment in accordance with the terms of such Superior Debt, 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 Debt remaining unpaid to the extent necessary to pay all such Superior Debt in full in accordance with its terms.

No present or former Owner of Superior Debt shall be prejudiced in its right to enforce subordination of the debt 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.

No remedies available to holders of debentures may be exercised unless the principal amount of the Superior Debt has been accelerated.

The foregoing subordination provisions shall be for the benefit of the Owners of Superior Debt and may be enforced by the Master Trustee against the Owners of debentures or any trustee thereof; provided, however: (i) that the foregoing provisions are solely for the purpose of defining the relative rights of the Owners of Superior Debt on the one hand and the Owners of the subordinated debt on the other hand, and that nothing herein shall impair, as between the Members and the Owners of the subordinated debt, the obligation of the Members, which is unconditional and absolute, to pay to the Owners thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything herein prevent the Owners of the subordinated debt or the trustee on their behalf from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights set forth above of the Owners of Superior Debt to receive cash, property or securities otherwise payable or deliverable to the Owners of the subordinated debt; (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 this indenture 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 Owners of Superior Debt and other debt 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 this indenture and any paying agent hereunder 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 Owners of Superior Debt, or from the Master Trustee.

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**EXHIBIT C**  
**TO MASTER TRUST INDENTURE**  
**DESCRIPTION OF EXCLUDED PROPERTY**

None.

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PROPOSED FORM

SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1

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SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1

Dated as of July 1, 2022

among

CRAIG AMARILLO, LLC, MEADOW LAKE, LLC, AND WESLEY COURT, LLC
as Members of the Obligated Group

and

SUCH OTHER PERSONS
AS FROM TIME TO TIME
ARE MEMBERS OF THE OBLIGATED GROUP

and

UMB BANK, NATIONAL ASSOCIATION,
as Master Trustee

Supplemental to:

Master Trust Indenture
Dated as of July 1, 2022

In connection with the issuance of

\$110,890,000
CMW Obligated Group
Master Indenture Note,
Series 2022A

\$110,890,000
CMW Obligated Group
Master Indenture Note,
Series 2022B

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SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1

THIS SUPPLEMENTAL MASTER TRUST INDENTURE NO. 1, dated as of July 1, 2022 (this "Supplemental Master Indenture"), among MEADOW LAKE, LLC, a Texas limited liability company ("Meadow Lake, LLC", or the "Obligated Group Representative"), CRAIG AMARILLO, LLC, a Texas limited liability company ("Craig Amarillo, LLC"), WESLEY COURT, LLC, a Texas limited liability company ("Wesley Court, LLC") and all other Persons (herein defined) that become Members (herein defined) (each, a "Member," and collectively, the "Obligated Group,") and UMB BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (the "Master Trustee"), supplementing the Master Trust Indenture dated as of July 1, 2022 (as supplemented and amended, the "Master Indenture"), among the Obligated Group Representative, the Obligated Group, and the Master Trustee;

RECITALS:

- 1. Simultaneously with the execution and delivery of this Supplemental Master Indenture, the Tarrant County Cultural Education Facilities Finance Corporation (the "Related Bond Issuer") and UMB Bank, National Association, as trustee (the "Related Bond Trustee") will execute and deliver a Bond Trust Indenture dated as of July 1, 2022 (the "Related Indenture"), relating to the Related Bond Issuer's \$53,310,000 Revenue Bonds (CMW Obligated Group), Series 2022A, its \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group), Series 2022B and its \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (collectively, the "Related Bonds"), and will pledge and assign to the Related Bond Trustee, among other things, all Loan Payments under the Related Loan Document (hereinafter defined) and hereunder in order to secure the full and prompt payment of the principal of and redemption premium, if any, and interest on the Related Bonds.
2. The Obligated Group Representative and the Related Bond Issuer are simultaneously herewith entering into a Loan Agreement dated as of July 1, 2022 (the "Related Loan Document"), which sets forth the provisions relating to the loan of the proceeds of the Related Bonds to the Obligated Group.
3. In connection with the issuance of the Related Bonds, the Obligated Group has entered into a Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenant Agreement") with the Related Bond Trustee.
4. The Obligated Group Representative is authorized by law and the Master Indenture, and deems it necessary and desirable, to issue the CMW Obligated Group Master Indenture Note, Series 2022A (the "Series 2022A Note"), in the principal amount of \$110,890,000, pursuant to the Master Indenture and this Supplemental Master Indenture and to deliver the Series 2022A Note to the Related Bond Issuer (which will endorse the Series 2022A Note to the Related Bond Trustee) in order to evidence and secure the obligations of the Obligated Group to repay the loan under the Related Loan Document.
5. The Obligated Group Representative is authorized by law and the Master Indenture, and deems it necessary and desirable, to issue the CMW Obligated Group Master Indenture Note, Series 2022B (the "Series 2022B Note" and, together with the Series 2022A Note, the "Series 2022 Notes") pursuant to the Master Indenture and this Supplemental Master Indenture and to deliver the Series 2022B Note to the Related Bond Trustee to evidence and secure the obligations of the Obligated Group under the Continuing Covenant Agreement.
6. The Obligated Group Representative, as representative of the Members, and the Master Trustee are authorized under Section 701(e) of the Master Indenture, without the consent of or notice to

(ii)



any of the Owners of Master Notes, but with the consent of the Bondholder Representative, to supplement the Master Indenture to provide for the issuance of Notes under the Master Indenture, and the Members and the Master Trustee desire that the Master Indenture be supplemented by this Supplemental Master Indenture as permitted under **Section 701(c)** of the Master Indenture to provide for the authorization, issuance and delivery of the Series 2022 Notes.

7. All acts and things necessary to make the Series 2022 Notes authorized by this Supplemental Master Indenture, when executed by the Obligated Group Representative and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Master Indenture, the valid, binding and legal obligations of the Members of the Obligated Group, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms, have been done and performed, and the execution of this Supplemental Master Indenture and the issue hereunder and under the Master Indenture of the Series 2022 Notes have in all respects been duly authorized, and the Obligated Group Representative in the exercise of the legal right and power vested in it, on behalf of the Obligated Group, executes this Supplemental Master Indenture and the Obligated Group Representative proposes to make, execute, issue and deliver Series 2022 Note hereunder and under the Master Indenture.

**NOW, THEREFORE**, in order to declare the terms and conditions upon which the Series 2022 Notes authorized hereby are authenticated, issued and delivered, and in consideration of the premises and the acquisition and acceptance of the Series 2022 Notes by the Owners thereof, and in consideration of the mutual covenants, conditions and agreements which follow, the Members covenant and agree with the Master Trustee as follows:

## ARTICLE I

### DEFINITIONS

**Section 101. Definitions of Words and Terms.** Words and terms used in this Supplemental Master Indenture and not otherwise defined herein shall, except as otherwise stated, have the meanings assigned to them in the Master Indenture, the Related Bond Indenture and the Related Loan Document.

## ARTICLE II

### THE SERIES 2022 NOTES

#### Section 201. Authorization of Series 2022 Notes.

(a) There are hereby created and authorized to be issued hereunder the Series 2022 Notes to be known as and entitled as follows:

- (i) "CMW Obligated Group Master Indenture Note, Series 2022A" (the "**Series 2022A Note**") in the principal amount of \$110,890,000, to evidence and secure the obligations of the Obligated Group under the Related Loan Document, including the obligation to make payments of principal of and interest on the Related Bonds.
- (ii) "CMW Obligated Group Master Indenture Note, Series 2022B" (the "**Series 2022B Note**") in the principal amount of \$110,890,000, to evidence and secure the obligations of the Obligated Group under the Continuing Covenant Agreement.

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(b) The Series 2022 Notes shall be dated the date of their initial issuance and delivery. The Series 2022A Note shall be registered in the name of the Related Bond Issuer or its successor or assigns. The Series 2022B Note shall be registered in the name of the Related Bond Trustee or its permitted assigns under the Continuing Covenants Agreement. The Series 2022 Notes shall be executed, authenticated and delivered in accordance with **Article II** of the Master Indenture.

(c) The Series 2022 Notes shall not be issued until all conditions precedent to the issuance of the Series 2022 Notes set forth in the Master Indenture have been satisfied and all conditions precedent to the issuance of the Related Bonds set forth in any purchase contract pertaining to the Related Bonds or in the Continuing Covenants Agreement shall have been satisfied or waived by the proper party or parties.

**Section 202. Form of Series 2022 Notes.** Each Series 2022 Note shall be issued as a single fully registered note without coupons, in substantially the form set forth in **Exhibit A** with respect to the Series 2022A Note and **Exhibit B** with respect to the Series 2022B Note, and shall be numbered from RA-1 and RB-1, respectively, consecutively upward.

**Section 203. Payments on Series 2022 Notes.** The Series 2022A Note authorized hereunder shall be payable in the amounts and on the dates, shall bear interest from the date of said Series 2022A Note at the rates, and shall have such other terms and provisions as are set forth in or incorporated by reference into the form of the Series 2022A Note attached hereto. Payments on the Series 2022B Note authorized hereunder shall be payable by the Obligated Group to the Related Bond Trustee in the amounts, on the dates and in the manner set forth in the Series 2022B Note and the Continuing Covenants Agreement, and the Series 2022B Note shall have such other terms and provisions as are set forth in or incorporated by reference into the form of Series 2022B Note attached hereto.

#### Section 204. Credits on Series 2022 Notes.

(a) The Obligated Group shall receive a credit against amounts due on the Series 2022A Note on any payment date of principal, redemption premium or interest, respectively, equal to the amounts paid as or credited against payments of the principal of, redemption premium, if any, or interest on the corresponding series of Related Bonds, respectively, on such payment date including credit against any mandatory sinking fund redemption payments as provided in the Related Bond Indenture; provided that no credit against amounts due on the Series 2022A Note shall be given for payments on the Related Bonds made from moneys in the Debt Service Reserve Fund created to secure the corresponding Related Bonds until such amounts are repaid to that Debt Service Reserve Fund as provided in the Related Loan Document.

(b) The Obligated Group shall receive a credit against amounts due on the Series 2022B Note on any payment date equal to the amounts paid as or credited against payments under the Continuing Covenant Agreement.

(c) Notwithstanding the provisions of subsection (a) or (b) above, in the event that any payment on the Series 2022 Notes shall have been made by or on behalf of the Obligated Group and, by reason of bankruptcy or other act of insolvency, such payment shall be deemed to be a preferential payment, and the Related Bond Trustee shall be required by a court of competent jurisdiction to surrender such payment, any credit on the Series 2022 Notes which may have been given as a result of such payment shall be rescinded, and the amount owing on the Series 2022 Notes shall be calculated as if such payment shall not have been made.

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**Section 205. Interest on Overdue Installments.** The Series 2022A Note shall bear interest on overdue installments of principal, redemption premium, if any, and interest, to the extent permitted by law, at a rate equal to the applicable interest rate or rates borne by the corresponding series of Outstanding Related Bonds. The Series 2022B Note shall bear interest on overdue payments, to the extent permitted by law, as provided in the Continuing Covenants Agreement.

**Section 206. Registration, Transfer and Exchange.** The Obligated Group shall be responsible for the payment of any and all charges, including but not limited to printing costs and taxes or other governmental charges, for the registration of transfers and exchanges of the Series 2022 Notes.

**Section 207. Security for Series 2022 Notes.** The Series 2022 Notes shall stand on a parity with all Master Notes issued and Outstanding under the Master Indenture and all Master Notes are equally and ratably secured by a security interest in the Trust Estate pursuant to the Granting Clauses of the Master Indenture, including the security interest in all Unrestricted Receivables and the Mortgage.

## ARTICLE III

### REDEMPTION OF SERIES 2022A NOTES

**Section 301. Redemption.** The Series 2022A Note shall be subject to redemption prior to maturity as provided in **Section 301** of the Master Indenture and, to the extent and with respect to the corresponding redemption of the Related Bonds, in accordance with the terms of the Related Bond Indenture. Notice of redemption of the Related Bonds (other than by mandatory sinking fund redemption for which a corresponding principal amount of the Series 2022A Note is scheduled to come due) shall, without further notice or action by the Master Trustee or the Obligated Group, constitute notice of redemption of the corresponding amounts of principal due on the Series 2022A Note, and the same shall thereby become due and payable on the redemption date of such Related Bonds or at such earlier time as payment is required with respect thereto pursuant to the terms of the Related Bond Indenture, and at a redemption price equal to the redemption price payable with respect to the Related Bonds so redeemed.

## ARTICLE IV

### REPRESENTATIONS, WARRANTIES AND COVENANTS

**Section 401. Representations and Warranties.** The Obligated Group Representative and the Members of the Obligated Group each represent and warrant, respectively that (a) each is duly authorized under the laws of the State of Iowa or Texas, as applicable, and all other applicable provisions of law to execute this Supplemental Master Indenture and the Obligated Group Representative is duly authorized, on behalf of itself and each Member, to execute and deliver the Series 2022 Notes, (b) all limited liability company or corporate action on the part of each Member and of the Obligated Group Representative required by their respective Governing Documents and the Master Indenture to establish this Supplemental Master Indenture as their respective binding obligation has been duly and effectively taken, and (c) all such action so required for the authorization and issuance of the Series 2022 Notes has been duly and effectively taken.

**Section 402. Application of Proceeds.** The Obligated Group will apply the proceeds derived from the sale of the Related Bonds and the issuance, execution and delivery of the Series 2022 Notes as provided in the Related Bond Indenture and the Continuing Covenants Agreement.

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**Section 403. Covenants under the Master Indenture and Related Documents.** The Obligated Group Representative, on behalf of the Members, will deliver to the Related Bond Trustee and the Bondholder Representative all reports, certificates, opinions and other documents required by the Master Indenture to be submitted to the Master Trustee at the time they are required to be submitted to the Master Trustee. Each Member will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions contained in the Master Indenture, the Series 2022 Notes, the Related Bond Indenture, the Related Loan Document, and the Continuing Covenant Agreement.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

**Section 501. Ratification of Master Indenture.** The Master Indenture as amended and supplemented by this Supplemental Master Indenture and as otherwise amended and supplemented is in all respects ratified and confirmed and the Master Indenture as so amended and supplemented shall be read, taken and construed as one in the same instrument. Except as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Master Indenture, as amended and supplemented by this Supplemental Master Indenture and as otherwise amended and supplemented, shall be deemed to be incorporated in, and made a part of, this Supplemental Master Indenture.

**Section 502. Limitation of Rights.** Nothing in this Supplemental Master Indenture or in the Series 2022 Notes, express or implied, shall give or be construed to give any Person, other than the Members, the Master Trustee, the Bondholder Representative and the Owners of the Series 2022 Notes, any legal or equitable right, remedy or claim under or in respect of this Supplemental Master Indenture, or under any covenant, condition and provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the Obligated Group, the Master Trustee, the Bondholder Representative and the Owners of the Series 2022 Notes.

**Section 503. Binding Effect.** All the covenants, stipulations, promises and agreements in this Supplemental Master Indenture by or on behalf of the Members, the Obligated Group or the Master Trustee shall inure to the benefit of and shall bind their respective successors and assigns, whether so expressed or not.

**Section 504. Severability Clause.** If any provision of this Supplemental Master Indenture shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question inoperative or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy.

**Section 505. Execution in Counterparts; Electronic Transaction.** This Supplemental Master Indenture may be executed in multiple counterparts, each of which shall be an original, and such counterparts shall constitute but one and the same instrument. In addition, the transaction described herein may be conducted and this Supplemental Master Indenture and related documents may be sent, received, and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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**Section 506. Governing Law.** This Supplemental Master Indenture and the Series 2022 Notes shall be deemed to be a contract made under the laws of the State of Texas, and for all purposes shall be construed in accordance with the laws of said State.

**Section 507. Status of Master Indenture.** Except insofar as herein otherwise expressly provided, all the provisions, definitions, terms and conditions of the Master Indenture, as supplemented by this Supplemental Master Indenture, shall be deemed to be incorporated in, and made a part of, this Supplemental Master Indenture; and the Master Indenture as supplemented by this Supplemental Master Indenture is in all respects ratified and confirmed; and the Master Indenture and this Supplemental Master Indenture shall be read, taken and construed as one and the same instrument. All references to "this Master Indenture" in the Master Indenture shall be to the Master Indenture as amended and supplemented by this Supplemental Master Indenture and as otherwise amended and supplemented from time to time.

*[Remainder of page intentionally left blank]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Supplemental Master Trust Indenture No. 1 to be duly executed by the persons thereunto duly authorized, as of the day and year first above written.

**MEADOW LAKE, LLC,  
as Member and Obligated Group Representative**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**CRAIG AMARILLO, LLC,  
as Member**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**WESLEY COURT, LLC,  
as Member**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

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Supp. MTI #1

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**UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee**

By: \_\_\_\_\_  
Title: Vice President

**EXHIBIT A**

**FORM OF SERIES 2022A MASTER NOTE**

**THIS MASTER NOTE HAS NOT BEEN REGISTERED UNDER  
THE SECURITIES ACT OF 1933, AS AMENDED**

**No. RA-1**

**\$110,890,000**

**CMW OBLIGATED GROUP  
MASTER INDENTURE NOTE  
SERIES 2022A**

<b>Maturity Date</b>	<b>Dated Date</b>
July 15, 2027	July 19, 2022

**REGISTERED OWNER: TARRANT COUNTY CULTURAL EDUCATION FACILITIES  
FINANCE CORPORATION**

**PRINCIPAL AMOUNT: ONE HUNDRED TEN MILLION EIGHT HUNDRED NINETY  
THOUSAND DOLLARS**

**MEADOW LAKE, LLC**, a Texas limited liability company (the "Obligated Group Representative"), as Obligated Group Representative acting on behalf of the hereinafter referred to Obligated Group and the Members under the hereinafter referred to Master Indenture, for value received, promises to pay to the Registered Owner shown above, or registered assigns, the principal amount shown above on and before the final maturity date shown above, and earlier upon redemption in whole or in part of the Related Bonds described herein in amounts, and on the dates, as set forth in the hereinafter referred to Related Bond Indenture, and to pay to the Registered Owner hereof interest on the unpaid principal balance hereof from the date of this Master Note to the final maturity date or the date fixed for redemption at the rates of interest on the hereinafter described Related Bonds, until this Master Note is paid.

**Time, Method and Place of Payment.** The principal hereof, redemption premium, if any, and interest hereon shall be payable at the times and in the amounts as provided in the Related Bond Indenture described herein. The last such installment shall be in an amount sufficient to discharge all unpaid principal of, redemption premium, if any, and accrued interest on this Master Note in full. The principal of, redemption premium, if any, and interest on this Master Note 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 and redemption premium, if any, and interest hereon shall be payable by depositing the same with the hereinafter referred to Related Bond Trustee, by check, draft or electronic transfer in immediately available funds, at or before the opening of business on the date the same shall become due and payable, and giving notice of payments to the hereinafter referred to Master Trustee as provided in the Master Indenture. The obligation evidenced by this Master Note shall terminate only when payment in full of the principal hereof and redemption premium, if any, and interest hereon has been made.

**Authorization of Master Note.** This Master Note represents the duly authorized Master Note of the Obligated Group, in the principal amount stated above, designated as "CMW Obligated Group Master Indenture Note, Series 2022A" (this Master Note, together with all other Master Notes issued and secured under the Master Indenture, referred to collectively as the "Master Notes") issued under and pursuant to the Master Trust Indenture dated as of July 1, 2022, and Supplemental Master Trust Indenture No. 1, dated as of July 1, 2022, each among the Obligated Group Representative, the Members (the "Obligated Group"), and UMB Bank, National Association, as trustee (the "Master Trustee") (said Master Trust Indenture, as so supplemented and amended, being herein called the "Master Indenture"). This Master Note is issued for the purpose of securing and further providing for the payment of the principal of and premium, if any, and interest on \$53,310,000 Revenue Bonds (CMW Obligated Group), Series 2022A, \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group), Series 2022B, and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (collectively, the "Related Bonds") issued under a Bond Trust Indenture dated as of July 1, 2022 (the "Related Bond Indenture"), between the Tarrant County Cultural Education Facilities Finance Corporation (the "Related Bond Issuer") and UMB Bank, National Association, as trustee (the "Related Bond Trustee"), and, in addition to the installments described above, the Obligated Group shall pay upon demand any further amounts in federal or other immediately available funds as may from time to time be required to pay when due any principal or premium, if any, or interest on the Related Bonds and all amounts due under the Loan Agreement dated as of July 1, 2022, among the Related Bond Issuer and the Obligated Group.

**Credits on the Master Note.** The Obligated Group shall receive certain credits against its required payments on this Master Note as specified in the Master Indenture.

**Security for Master Notes.** All Master Notes issued and Outstanding under the Master Indenture are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses of the Master Indenture.

Members jointly and severally agree under the Master Indenture to be liable on all Master Notes, including this Master Note, issued under the Master Indenture. It is provided in the Master Indenture that the Obligated Group Representative and any other Members, with the consent of the Obligated Group Representative, may hereafter issue additional Master Notes from time to time, and if issued, such additional Master Notes will rank *pari passu* with this Master Note and all other Master Notes heretofore or hereafter issued under the Master Indenture, except as otherwise provided in the Master Indenture.

Copies of the Master Indenture and the Related Bond Indenture are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture and the Related Bond Indenture for the provisions, among others, with respect to the nature and extent of the security for and the rights of the Registered Owners of this Master Note, the terms and conditions on which, and purposes for which, this Master Note is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the Registered Owner hereof, by acceptance of this Master Note, assents. The Master Indenture may be modified, amended or supplemented to the extent and under the circumstances permitted by, and subject to the terms and conditions of, the Master Indenture. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Master Indenture.

**Redemption Prior to Maturity.** The principal of this Master Note is subject to redemption from time to time in the manner, under the circumstances, upon such notice and at the prices set forth in the Master Indenture and the Related Bond Indenture.

Upon the call for redemption of any Related Bonds of any stated maturity date pursuant to the Related Bond Indenture, the same principal amount of this Master Note maturing on the same date shall be

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of any such incorporators, officers, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Master Note.

**Acceleration of Master Note.** In certain events (including the occurrence of an "Event of Default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the Master Trustee may declare the outstanding principal of this Master Note due and payable before the stated maturity thereof, together with interest accrued thereon.

**Transfer of Master Note.** This Master Note is transferable by the Registered Owner hereof in person or by duly authorized attorney at the designated corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Master Note. Upon such transfer a new registered Master Note without coupons of the same series and maturities and for the same outstanding principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and the Master Trustee shall not be affected by any notice to the contrary.

**Authentication of Master Note.** This Master Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

**Waiver of Presentment or Notice.** The Obligated Group Representative, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Obligated Group Representative or the other Members.

**IT IS HEREBY CERTIFIED** that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Master Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Master Note have been duly authorized by resolutions of the Obligated Group Representative and the Obligated Group duly adopted.

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deemed to have been called for redemption on the same redemption date and at the same redemption price (plus accrued interest to the redemption date) as such Related Bonds so called for redemption. Mailing of notice to the Registered Owners of the Related Bonds of any stated maturity date in accordance with the terms of the Related Bond Indenture shall, without further notice or action by the Related Bond Trustee, the Master Trustee or the Obligated Group Representative, constitute notice of redemption of the corresponding amount of principal on this Master Note maturing on the same date and the same shall thereby become due and payable on the date specified for the redemption of such Related Bonds and at a redemption price (plus accrued interest to the redemption date) equal to the redemption price payable with respect to such Related Bonds.

This Master Note may also be redeemed in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding, defeasance or advance refunding of the Related Bonds or any portion of the Related Bonds. In the event this Master Note is to be redeemed as set forth in the preceding sentence, notice thereof identifying the portion of this Master Note to be redeemed, unless waived, will be given by mailing a copy of the redemption notice to the Registered Owner hereof, at the address shown on the registration books, at the times and in the manner provided in the Master Indenture.

This Master Note or the portion hereof called for redemption will cease to bear interest on the specified redemption date, provided funds for its redemption are on deposit at the place of payment at that time, and this Master Note or such portion will no longer be protected by the Master Indenture and will not be deemed to be Outstanding under the Master Indenture.

**Advance Defeasance of Master Note.** This Master Note is subject to advance defeasance as provided in the Master Indenture if the Obligated Group deposits with the Master Trustee or other institution with trust powers cash and/or Escrow Obligations (as defined in the Master Indenture) in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the Debt on this Master Note Outstanding under the Master Indenture at or before its maturity date. The Obligated Group shall remain the obligor on this Master Note, but the Registered Owner hereof will be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Obligated Group may also pay or provide for the payment of a portion of this Master Note by depositing with the Master Trustee cash and/or Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge such portion of the Debt on this Master Note at or before its maturity date. Upon such deposit, such portion of this Master Note will cease to be entitled to any lien, benefit or security under the Master Indenture. The Obligated Group shall remain the obligor on such portion, but the Registered Owner hereof shall be entitled to payment (to the exclusion of all other Master Noteholders) solely out of such cash and funds received from such Escrow Obligations. Master Notes other than this Master Note, or any portion of such Master Notes, are also subject to advance defeasance in the manner described in the Master Indenture.

**Limitation of Rights.** The Registered Owner of this Master Note has no right to enforce the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture. No recourse may be had for the payment of the principal of or premium or interest on this Master Note or for any claim based thereon or upon any obligation, covenant or agreement contained in the Master Indenture, against any past, present or future officer, trustee, director, member, employee or agent of the Obligated Group Representative or any other Member, or any incorporator, officer, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability

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**IN WITNESS WHEREOF, MEADOW LAKE, LLC** has caused this Master Note to be executed in its name and on its behalf by the manual or facsimile signature of its President or Treasurer, and this Master Note to be dated as of the Dated Date shown above.

**MEADOW LAKE, LLC,  
as Obligated Group Representative**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Master Note is one of the Master Notes described in the within-mentioned Master Indenture.

**UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

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ASSIGNMENT

EXHIBIT B

The undersigned pledges and assigns all of its right, title and interest in and to the above Master Note to UMB Bank, National Association, the Bond Trustee under the Bond Trust Indenture dated as of July 1, 2022, between the undersigned and said bank, as trustee, or to its successor or successors as Bond Trustee under that Bond Trust Indenture, for the benefit and security of the owners of the Bonds secured by said Bond Trust Indenture. This assignment is without recourse against or warranty of any nature or description by the undersigned.

Dated: July \_\_, 2022.

TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION

By: \_\_\_\_\_  
Title:

FORM OF SERIES 2022B MASTER NOTE

THIS MASTER NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED

No. RB-1

\$110,890,000

CMW Obligated Group MASTER INDENTURE NOTE SERIES 2022B

<b>Maturity Date</b>	<b>Dated Date</b>
July 15, 2027	July 19, 2022

REGISTERED OWNER: UMB BANK, NATIONAL ASSOCIATION, AS BOND TRUSTEE

PRINCIPAL AMOUNT: ONE HUNDRED TEN MILLION EIGHT HUNDRED NINETY THOUSAND DOLLARS

**MEADOW LAKE, LLC**, a Texas limited liability company (the "Obligated Group Representative"), as Obligated Group Representative acting on behalf of the hereinafter referred to Obligated Group and the Members under the hereinafter referred to Master Indenture, for value received, promises to pay to the Registered Owner shown above, or registered assigns, the principal amounts owed under the Continuing Covenants Agreement (herein defined) up to the maximum principal amount shown above and other amounts including all fees, expenses, and indemnities due to the Registered Owner under the Continuing Covenants Agreement in the manner and on the dates specified in the Continuing Covenants Agreement. The principal amount outstanding under this Master Note from time to time for any purpose set forth in the Master Indenture, including the votes or consents of the holders of all Outstanding Master Notes, shall equal the amount due and unpaid by the Obligated Group after demand therefor to the Related Bond Trustee (herein defined) under the Continuing Covenants Agreement.

**Time, Method and Place of Payment.** The amounts due on this Master Note shall be payable at the times and in the amounts as provided in the hereinafter described Continuing Covenants Agreement. The last such installment shall be in an amount sufficient to discharge all unpaid amounts on this Master Note in full. The payments on this Master Note 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, and shall be paid to the Related Bond Trustee at the time and in the manner set forth in the Continuing Covenants Agreement by check, draft or electronic transfer in immediately available funds, at or before the opening of business on the date the same shall become due and payable, and giving notice of payments to the hereinafter referred to Master Trustee as provided in the Master Indenture. The obligation evidenced by this Master Note shall terminate only when payment in full of all amounts due under the Continuing Covenants Agreement have been made and all obligations of the Obligated Group under the Continuing Covenants Agreement have been satisfied.

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**Authorization of Master Note.** This Master Note represents the duly authorized Master Note of the Obligated Group, in the principal amount stated above, designated as "CMW Obligated Group Master Indenture Note, Series 2022B" (this Master Note, together with all other Master Notes issued and secured under the Master Indenture, referred to collectively as the "Master Notes") issued under and pursuant to the Master Trust Indenture dated as of July 1, 2022, and Supplemental Master Trust Indenture No. 1, dated as of July 1, 2022, each among the Obligated Group Representative, the Members (the "Obligated Group") and UMB Bank, National Association, as trustee (the "Master Trustee") (said Master Trust Indenture, as so supplemented and amended, being herein called the "Master Indenture"). This Master Note is issued for the purpose of securing and further providing for the performance of all obligations and the payment of all amounts due by the Obligated Group to UMB Bank, National Association (the "Related Bond Trustee") pursuant to the Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenants Agreement") between the Obligated Group and the Related Bond Trustee relating to the \$53,310,000 Revenue Bonds (CMW Obligated Group), Series 2022A, \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group), Series 2022B, and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (collectively, the "Related Bonds") issued by the Tarrant County Cultural Education Facilities Finance Corporation.

**Credits on the Master Note.** The Obligated Group shall receive certain credits against its required payments on this Master Note as specified in the Master Indenture and the Continuing Covenants Agreement.

**Security for Master Notes.** All Master Notes issued and Outstanding under the Master Indenture are equally and ratably secured by the pledge and assignment of a security interest in the Trust Estate pursuant to the Granting Clauses of the Master Indenture.

Members jointly and severally agree under the Master Indenture to be liable on all Master Notes, including this Master Note, issued under the Master Indenture. It is provided in the Master Indenture that the Obligated Group Representative and any other Members, with the consent of the Obligated Group Representative, may hereafter issue additional Master Notes from time to time, and if issued, such additional Master Notes will rank *pari passu* with this Master Note and all other Master Notes heretofore or hereafter issued under the Master Indenture, except as otherwise provided in the Master Indenture.

Copies of the Master Indenture and the Continuing Covenants Agreement are on file at the designated corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture and the Related Bond Indenture for the provisions, among others, with respect to the nature and extent of the security for and the rights of the Registered Owners of this Master Note, the terms and conditions on which, and purposes for which, this Master Note is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the Registered Owner hereof, by acceptance of this Master Note, assents. The Master Indenture may be modified, amended or supplemented only to the extent and under the circumstances permitted by, and subject to the terms and conditions of, the Master Indenture. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Master Indenture.

**Prepayment Prior to Maturity.** The principal of this Master Note is subject to prepayment from time to time in the manner, under the circumstances, upon such notice and at the prices set forth in the Master Indenture and the Continuing Covenants Agreement.

This Master Note or the portion hereof called for prepayment will cease to bear interest on the specified prepayment date, provided funds for its prepayment are on deposit at the place of payment at that time, and this Master Note or such portion will no longer be protected by the Master Indenture and will not be deemed to be Outstanding under the Master Indenture.

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**Limitation of Rights.** The Registered Owner of this Master Note has no right to enforce the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture. No recourse may be had for the payment of the principal of or premium or interest on this Master Note or for any claim based thereon or upon any obligation, covenant or agreement contained in the Master Indenture, against any past, present or future officer, trustee, director, member, employee or agent of the Obligated Group Representative or any other Member, or any incorporator, officer, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Master Note.

**Acceleration of Master Note.** In certain events (including the occurrence of an "Event of Default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the Master Trustee may declare the outstanding principal of this Master Note due and payable before the stated maturity thereof, together with interest accrued thereon.

**Transfer of Master Note.** This Master Note is transferable by the Registered Owner hereof in person or by duly authorized attorney at the designated corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Master Note. Upon such transfer a new registered Master Note without coupons of the same series and maturities and for the same outstanding principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and the Master Trustee shall not be affected by any notice to the contrary.

**Authentication of Master Note.** This Master Note shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Note shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

**Waiver of Presentment or Notice.** The Obligated Group Representative, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Obligated Group Representative or the other Members.

**IT IS HEREBY CERTIFIED** that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Master Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Master Note have been duly authorized by resolutions of the Obligated Group Representative and the Obligated Group duly adopted.

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IN WITNESS WHEREOF, MEADOW LAKE, LLC has caused this Master Note to be executed in its name and on its behalf by the manual or facsimile signature of its President or Treasurer, and this Master Note to be dated as of the Dated Date shown above.

**MEADOW LAKE, LLC,  
as Obligated Group Representative**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Master Note is one of the Master Notes described in the within-mentioned Master Indenture.

**UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee**

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By: \_\_\_\_\_  
Title: \_\_\_\_\_

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**PROPOSED FORM**

**LOAN AGREEMENT**

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**LOAN AGREEMENT**

**Dated as of July 1, 2022**

**Between**

**TARRANT COUNTY CULTURAL EDUCATION  
FACILITIES FINANCE CORPORATION**

**And**

**MEADOW LAKE, LLC,  
as Obligated Group Representative on behalf of itself  
and the other Members of the Obligated Group**

**Relating to:**

**\$110,890,000  
Tarrant County Cultural Education Facilities Finance Corporation  
Revenue Bonds**

*consisting of*

**\$53,310,000  
Revenue Bonds  
(CMW Obligated Group)  
Series 2022A**

**\$52,580,000  
Taxable Revenue Bonds  
(CMW Obligated Group)  
Series 2022B**

**\$5,000,000  
Taxable Entrance Fee  
Revenue Bonds  
(CMW Obligated Group)  
Series 2022C**

**Certain of the rights, title and interest of the Tarrant County Cultural Education Facilities Finance Corporation in this Loan Agreement have been pledged and assigned to UMB Bank, National Association, as Bond Trustee under a Bond Trust Indenture dated as of July 1, 2022, between the Issuer and the Bond Trustee.**

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## LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Loan Agreement**”), dated as of July 1, 2022, by and between the TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION, a nonstock nonprofit cultural educational facilities finance corporation duly organized and existing under the laws of the State of Texas (the “**Issuer**”), and MEADOW LAKE, LLC, a Texas limited liability company (“**Meadow Lake, LLC**” or the “**Obligated Group Representative**”), as Obligated Group Representative, on behalf of itself and the other Members of the Obligated Group under the Master Trust Indenture (as supplemented and amended in accordance with its terms, the “**Master Indenture**”) dated as of July 1, 2022, among Meadow Lake, LLC, Craig Amarillo, LLC, a Texas limited liability company (“**Craig Amarillo, LLC**”), and Wesley Court, LLC, a Texas limited liability company (“**Wesley Court, LLC**,” together with Craig Amarillo, LLC and Meadow Lake, LLC, each a “**Member of the Obligated Group**” and collectively the “**Obligated Group**”), such other persons as from time to time are Members of the Obligated Group (as defined in the Master Indenture), and UMB Bank, National Association, as Master Trustee;

### RECITALS

1. The Issuer, a nonstock nonprofit cultural educational facilities finance corporation organized and existing under the laws of the State of Texas, created and acting on behalf of Tarrant County, Texas, is authorized under the Cultural Education Facilities Finance Corporation Act, Chapter 337, Texas Local Government Code, as amended (the “**Act**”), to enter into loan agreements and to issue its bonds and loan the proceeds thereof to provide for the financing and refinancing of the acquisition, construction or installation of health facilities.

2. At the request of the Obligated Group, the Issuer is issuing its Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,890,000, consisting of \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A (the “**Series 2022A Bonds**”), \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B (the “**Series 2022B Bonds**”), and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (the “**Series 2022C Bonds**,” and together with the Series 2022A Bonds and the Series 2022B Bonds, the “**Bonds**”) pursuant to the Act and a Bond Trust Indenture dated as of July 1, 2022 (the “**Bond Indenture**”), between the Issuer and UMB Bank, National Association, St. Louis, Missouri, as bond trustee (the “**Bond Trustee**”), for the purpose of making a loan, jointly and severally, to the Members of the Obligated Group, under the terms of this Loan Agreement, to provide funds to be used, together with other funds of the Obligated Group, to (1) finance the acquisition, renovation and construction of (a) a community consisting of independent living units, independent living cottages, assisted living units, and skilled nursing units, including the construction of additional independent living cottages, located at 2617 Antilley Road, Abilene, Texas 79606, known as Wesley Court Senior Living (“**Wesley Court**”) to be owned by Wesley Court, LLC, (b) a community consisting of independent living villas, independent living units, assisted living units, and skilled nursing units, located at 5500 SW 9<sup>th</sup> Avenue, Amarillo, Texas 79106, known as The Craig Senior Living (“**The Craig**”) to be owned by Craig Amarillo, LLC, and (c) a community consisting of independent living cottages, independent living units, assisted living units, memory care units, and skilled nursing units located at 16044 CR 165, Tyler, Texas, 75703, known as Meadow Lake Senior Living (“**Meadow Lake**,” and together with Wesley Court and The Craig, the “**Project**”) to be owned by Meadow Lake, LLC, (2) fund a debt service reserve fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds.

(f) The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

### ARTICLE II

#### REPRESENTATIONS

**Section 2.1. Representations by the Issuer.** The Issuer represents to the Obligated Group Representative and the Bond Trustee that:

(a) The Issuer is a nonstock nonprofit cultural education facilities finance corporation duly organized and validly existing under and pursuant to the laws of the State of Texas and has full power and authority under the laws of the State of Texas (including, in particular, the Act) to enter into the transactions contemplated by this Loan Agreement and Bond Indenture, and to carry out its obligations hereunder and thereunder. By proper corporate action the Issuer has duly authorized the execution and delivery of this Loan Agreement and the Bond Indenture and the performance of its obligations under this Loan Agreement and the Bond Indenture.

(b) To the best of the Issuer’s knowledge, neither the execution and delivery of the Bonds, the Bond Indenture or this Loan Agreement, the consummation of the transactions contemplated thereby and hereby nor the fulfillment of or compliance with the terms and conditions or provisions of the Bonds, the Bond Indenture or this Loan Agreement conflict with or result in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State of Texas or the articles of incorporation or bylaws of the Issuer or of any agreement or instrument or judgment, order or decree of which the Issuer has notice that it is a party or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of the Issuer under the terms of any instrument or agreement.

(c) In order to provide funds for the purposes described above, the Issuer has authorized and issued its Bonds in the aggregate original principal amount of \$110,890,000 upon the terms set forth in the Bond Indenture, under the provisions of which the Issuer’s interest in this Loan Agreement and the Bond Note and the payments of principal, interest and other revenues hereunder (other than the Issuer’s rights to the payment of fees and expenses and its rights to indemnity) and under the Bond Note are pledged and assigned to the Bond Trustee as security for the payment of the principal of, premium, if any, and interest on the Bonds.

(d) The execution and delivery by the Issuer of the Bond Documents in which it is named as a party will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Issuer is a party or by which it or any of its property is bound or any of the constitutional or statutory rules or regulations applicable to the Issuer or its property.

(e) The Obligated Group has represented to the Issuer that the Project constitutes a “health facility” within the meaning of the Health Facility Act. The Project will promote the health and general

3. As evidence of and further security for the repayment of the loan, the Obligated Group will issue its CMW Obligated Group Master Indenture Note, Series 2022A (the “**Bond Note**”), in the principal amount of \$110,890,000 under the Master Indenture, including Supplemental Master Trust Indenture No. 1 dated as of July 1, 2022, among the Obligated Group Representative and the Master Trustee.

4. In connection with the issuance of the Bonds, the Obligated Group has entered into a Continuing Covenant Agreement dated as of July 1, 2022 (the “**Continuing Covenant Agreement**”) with the Bond Trustee, and the Obligated Group has issued its CMW Obligated Group Master Indenture Note, Series 2022B (the “**CCA Note**”) to secure its obligations under the Continuing Covenant Agreement.

5. The Issuer and the Obligated Group Representative are entering into this Loan Agreement to provide for the loan of the proceeds of the Bonds to the Obligated Group and the repayment of the Bond Note.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein set forth, the Issuer and the Obligated Group do hereby covenant and agree as follows:

### ARTICLE I

#### DEFINITIONS; RULES OF CONSTRUCTION

**Section 1.1. Definitions of Words and Terms.** Capitalized words and terms used in this Loan Agreement, unless the context requires otherwise, shall have the same meanings as set forth in **Section 101** of the Bond Indenture or **Section 101** of the Master Indenture.

#### Section 1.2. Rules of Construction.

(a) The defined terms referred to in this Article include the plural as well as the singular.

(b) All accounting terms not otherwise defined herein or in the Bond Indenture shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles to the extent applicable.

(c) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms; provided, as applied to any entity that operates a hospital, extended care facility or other discrete enterprise of a type with respect to which particular accounting principles from time to time shall have been generally adapted or modified, the term “generally accepted accounting principles” shall include the adaptations or modifications.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Loan Agreement.

(e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

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welfare of the residents of Abilene, Texas, Amarillo, Texas, and Tyler, Texas, by improving the adequacy and accessibility of health care within the State of Texas.

(f) The issuance of the Bonds and the execution of this Loan Agreement and the Bond Indenture have been approved by the Issuer at a duly constituted meeting.

(g) Except as otherwise permitted by this Loan Agreement, the Issuer covenants that it has not and will not pledge the income and revenues derived from this Loan Agreement other than to secure the Bonds.

**Section 2.2. Representations by the Obligated Group.** The Obligated Group Representative represents to the Issuer and the Bond Trustee that:

(a) *Organization, Tax-Exempt Status and Issuer.* Each Member of the Obligated Group (1) is a Texas limited liability company, duly organized and in good standing under the laws of the State of Texas and in good standing and duly authorized to do business under the laws of the State, (2) is authorized by law to provide or operate independent living, assisted living and nursing facilities in the State, (3) is a Member of the Obligated Group under the Master Indenture, (4) is a Tax-Exempt Organization, on the basis that its sole member, Lifespace, is a Tax-Exempt Organization that has received a letter from the Internal Revenue Service determining that Lifespace is a Tax-Exempt Organization, which letter is still in full force and effect, and Lifespace has not declared and has not been determined to have any “unrelated business taxable income” as defined in Section 512 of the Internal Revenue Code which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, could have a material adverse effect on its condition, financial or otherwise, and (5) has lawful power and authority to enter into, execute and deliver the Bond Documents in which it is named as a party and the Offering Memorandum, and to carry out its obligations hereunder and thereunder, and by all necessary limited liability company action has been duly authorized to execute and deliver the Bond Documents in which it is named as a party and the Offering Memorandum, acting by and through its duly authorized officers.

(b) *No Defaults or Violations of Law; Bond Documents.* The Bond Documents to which the Obligated Group Representative or any of the Members of the Obligated Group is a party are the legal, valid and binding obligations of the Obligated Group. The execution and delivery of the Bond Documents by any Member of the Obligated Group in which it or the Obligated Group Members are named as a party will not conflict with or result in a breach of any of the terms of, or constitute a default (or would constitute a default with due notice or the passage of time or both) under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Obligated Group or its Members are a party or by which it or any of their respective property is bound or their respective articles of organization, operating agreement, or any of the rules or regulations applicable to the Members of the Obligated Group or their property of any court or other governmental body.

There does not exist any corporate restriction or any agreement or instrument to which the Members of the Obligated Group are now a party or by which the Members of the Obligated Group or the Project are bound, which would prevent the execution and delivery of the Bond Documents, the consummation of the transactions contemplated hereby and thereby, or the ability of the Members of the Obligated Group to fulfill the terms and conditions hereof and thereof, and such execution, delivery, consummation and fulfillment will not result in the creation or

imposition of any lien, charge or encumbrance of any nature upon the Project, except for Permitted Encumbrances, or permit any party to seek injunctive relief as to the execution, delivery, consummation or fulfillment of the terms of any of the foregoing.

(c) *Licenses, Permits and Governmental Approvals.* The Members of the Obligated Group have or will have after the issuance of the Bonds all necessary approvals and permits for the Project, and the Project has been approved by all necessary governmental agencies having jurisdiction. The Obligated Group Representative has no reason to believe that any remaining approvals, licenses and permits, if any, required for the acquisition, occupancy and use of the Project will not be issued in due course. The Members of the Obligated Group are duly authorized and licensed to operate their facilities under the laws, rulings, regulations and ordinances of the State, and the departments, agencies and political subdivisions thereof. The Project will be in all material respects in compliance with applicable federal, state and local zoning, subdivision, environmental, pollution control and other laws, rules, regulations, codes and ordinances. The Project has been reviewed and approved by the appropriate regional and State care facility supervisory agencies and has been granted the appropriate certification by such agencies, if any certification is required for any portion of the Project. The Members of the Obligated Group have obtained all authorizations, licenses, consents, permits and approvals of the State and other state, federal, regional and local governmental bodies which are necessary to permit the Project to be financed with the proceeds of the Bonds pursuant to the Act.

(d) *Use of Proceeds.* The proceeds of the Bonds will be used by the Obligated Group or its affiliates solely to (1) finance the acquisition, construction and renovation of the Project, (2) fund a debt service reserve fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds. The Members of the Obligated Group intend to operate or to cause the Project to be operated to the expiration of the term of this Loan Agreement as a "health facility" within the meaning of the Health Facility Act and have complete lawful authority to operate or cause the Project to be operated for that purpose. The loan from the Issuer to the Obligated Group will not exceed the Project Costs, including Project Costs consisting of the deposits to the Debt Service Reserve Fund, plus Issuance Costs.

(e) *Pending Litigation.* Except as provided in the Offering Memorandum, no litigation, proceedings or investigations are pending or, to the knowledge of the Members of the Obligated Group, threatened against the Members of the Obligated Group seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of any Bond Document or the Offering Memorandum by the Issuer or the Obligated Group or any of its Members, or which would in any manner challenge or adversely affect the existence or powers of the Members of the Obligated Group to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Members of the Obligated Group of the terms and provisions of the Bond Documents in which it is named as a party or the Offering Memorandum. Except as described in the Offering Memorandum, no litigation, proceedings or investigations are pending or, to the knowledge of the Members of the Obligated Group, threatened in writing against the Members of the Obligated Group, except litigation, proceedings or investigations involving claims for which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Members of the Obligated Group (i) will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the available assets held under applicable self-

insurance programs or (ii) will not have a material adverse effect on the operations or condition, financial or otherwise, of the Obligated Group.

(f) *Financial Statements.* The financial information of the Obligated Group included in the Offering Memorandum correctly and fairly presents the financial condition of the Obligated Group as of the dates and for the periods stated therein, in accordance with generally accepted accounting principles consistently applied except as stated in the Offering Memorandum, and there has been no material adverse change in the condition, financial or otherwise, of the Obligated Group from that set forth in the Limited Offering Memorandum, except as disclosed therein.

(g) *Full Disclosure.* The financial information referred to in paragraph (f) of this Section does not, nor do the Bond Documents or any written statement (including the Offering Memorandum) furnished by the Obligated Group to the Issuer, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which the Obligated Group has not disclosed to the Issuer in writing which materially affects adversely or, so far as the Obligated Group can now foresee, will materially affect adversely the financial condition of the Obligated Group, the Obligated Group's status as a Tax-Exempt Organization, its ability to own and operate or control its properties or its ability to make the payments hereunder or the ability of the Obligated Group to make payments under this Loan Agreement and the Bond Note when and as the same become due and payable. The statements, information and descriptions contained in the Obligated Group's closing certificates, as of the date of issuance of the Bonds, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated in such certificates or necessary to make the certifications, representations, warranties, statements, information and descriptions contained in such offering materials, in light of the circumstances under which they were made, not misleading.

(h) *Environmental Matters.* To the best knowledge of the Obligated Group, in all material respects, (1) no dangerous, toxic or hazardous pollutants, contaminants, chemicals, waste, materials or substances (collectively, "Hazardous Substances"), as defined in or governed by, or which subject the Obligated Group or any of its affiliates, to any damages, penalties or liabilities under, the provisions of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, or the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended, or any other federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating thereto (collectively, the "Environmental Regulations"), are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the facilities of the Obligated Group or any of its Affiliates in violation of any Environmental Regulations; (2) no threat exists of a discharge, release or emission of a Hazardous Substance upon or from the facilities of the Obligated Group or any of its Affiliates into the environment in violation of any Environmental Regulations; (3) none of the facilities of the Obligated Group have been used as or for a mine, a landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (4) no underground storage tank is now located at the Project, or has previously been located therein and removed therefrom, in violation of any Environmental Regulations (except for underground storage tanks for which all required permits have been obtained and that are in full compliance with all Environmental Regulations); (5) no violation of any Environmental Regulations now exists relating to the facilities of the Obligated Group or any of its Affiliates, no notice of any such violation or any alleged

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violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the facilities of the Obligated Group or any of its Affiliates by any governmental entity or agency which in any way relates to Hazardous Substances; (6) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (1) above; (7) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Substances, in, upon, under, over or from the facilities of the Obligated Group or any of its Affiliates; (8) none of the facilities of the Obligated Group or any of its Affiliates is listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of Hazardous Substance sites maintained by any federal, state or local governmental agency; and (9) none of the facilities of the Obligated Group or any of its Affiliates is subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Substance.

(i) *The Master Indenture.* The Bond Note and the CCA Note, upon their issuance, will constitute Master Notes (as defined in the Master Indenture) secured by and entitled to the benefits of the Master Indenture. The Bonds, upon their issuance, will constitute Related Bonds (as defined in the Master Indenture). All representations, warranties, covenants or other obligations made herein in the name of the Obligated Group shall be interpreted as representations, warranties, covenants or other obligations by each Member of the Obligated Group.

(j) *Location of the Project.* The Project is located in Abilene, Texas, Amarillo, Texas, and Tyler, Texas.

All representations of the Obligated Group contained herein or in any certificate or other instrument delivered by the Obligated Group pursuant hereto, to the Master Indenture or the Bond Indenture, or in connection with the transactions contemplated hereby and thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

### ARTICLE III

#### **LOAN TO THE OBLIGATED GROUP**

##### **Section 3.1. Loan of Funds to the Obligated Group.**

(a) The Issuer hereby agrees that, simultaneously with the execution and delivery of this Loan Agreement, it will make a loan, jointly and severally, to the Members of the Obligated Group, using the proceeds of the sale of the Bonds, and the Members of the Obligated Group agree to receive the loan from the Issuer, for the purposes set forth herein and in the Bond Indenture. Upon the terms and conditions of this Loan Agreement and the Bond Indenture, the Issuer shall make a loan to the Members of the Obligated Group by loaning to the Obligated Group the proceeds of the sale of the Bonds. The loan shall be made by depositing or transferring the Bond proceeds as provided in Section 402 of the Bond Indenture. The Obligated Group approves the Bond Indenture and the issuance of the Bonds by the Issuer. The obligation of the

Issuer to make the loan as herein provided shall be subject to the receipt by it of the proceeds of the sale of the Bonds.

(b) As an inducement for the Issuer to issue the Bonds and make the loan to the Obligated Group, and as evidence of and security for the Obligated Group's obligations to make Loan Payments, and to further provide for the Loan Payments hereunder and the payment of the principal of and premium, if any, and interest on the Bonds, the Obligated Group shall cause the Bond Note to be issued under the Master Indenture to the Issuer and pledged and assigned to the Bond Trustee in substantially the form specified by the Supplemental Master Indenture.

(c) The Obligated Group Members shall pledge to the Issuer all their right, title and interest in and to the proceeds of the loan, including any securities purchased with those proceeds and any earnings thereon, to secure the payment of the Bonds, such pledge to be effected by the deposit of such proceeds in accordance with Section 402 of the Bond Indenture. Such pledge shall continue so long as such proceeds are held by the Bond Trustee, it being understood that the Bond Trustee shall be authorized to apply and disburse such proceeds as provided in the Bond Indenture and Article IV. The Obligated Group Members consent to the Issuer assigning and pledging its interest in such proceeds to the Bond Trustee (other than the Unassigned Issuer Rights) to secure the payment of the Bonds as set forth in the Bond Indenture.

(d) The proceeds of the Bonds shall be deposited with the Bond Trustee and disbursed and applied as provided in Article IV of the Bond Indenture.

**Section 3.2. Completion of the Project.** The Obligated Group will cause the acquisition of the Project to occur contemporaneously with the issuance of the Bonds and will cause the renovations and improvements to the Project financed with proceeds of the Bonds to be diligently and continuously prosecuted and to be completed with reasonable dispatch, and to provide (from its own funds if required) all moneys necessary to complete the Project.

**Section 3.3. Changes or Amendments to the Project.** The Obligated Group may make, authorize or permit such changes or amendments to the Project as it may reasonably determine necessary or desirable upon receipt of Bondholder Representative consent; provided, however, that no such change or amendment shall be made to the Project that would cause a material change in the cost, scope, nature, or function of the Project, unless the Obligated Group shall file with the Bond Trustee the following:

(a) A Certificate of Obligated Group Representative to the effect that the Project will, after such change or amendment, constitute a project that may be financed or refinanced with proceeds of the Bonds under the Act and that such change or amendment will not result in the Project being used for any purpose prohibited by this Loan Agreement or otherwise result in the Obligated Group failing to comply with any provisions of this Loan Agreement;

(b) Both (1) an Opinion of Bond Counsel addressed to the Bond Trustee and the Issuer to the effect that such change or amendment will not result in the interest on the Bonds becoming includable in gross income for purposes of federal income taxation and (2) a Certificate of Obligated Group Representative to the effect that such change or amendment will not cause the average maturity of the Bonds to exceed 120% of the average reasonably expected economic life of the facilities being financed or refinanced with proceeds of the Bonds as recalculated in accordance with the provisions of the Internal Revenue Code. In the case of any change that would render materially inaccurate the description of the Project, there shall be delivered to the Bond Trustee and the Issuer a revised description of the Project that

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reflects the change in the Project, the accuracy of which shall have been certified by the Obligated Group; and

- (c) A copy of each such change in or amendment to the Project.

If any material change or amendment is made in the facilities financed or refinanced with proceeds of the Bonds as described in this Section, the Obligated Group at the completion of such facilities shall recalculate the average reasonably expected economic life of such facilities. If any such recalculation of the average reasonably expected economic life of such facilities demonstrates that the combined average maturity of the Bonds exceeds 120% of the average reasonably expected economic life of such facilities, the Obligated Group will instruct the Bond Trustee to call Bonds for redemption pursuant to Section 301(a) of the Bond Indenture and to pay to the Bond Trustee for deposit in the Debt Service Fund held under the Bond Indenture, as a prepayment of a portion of the Bond Note, an amount which, when applied by the Bond Trustee to redeem Bonds, is sufficient, based on an Opinion of Bond Counsel (which opinion, including without limitation the scope, form, substance and other aspects thereof, are acceptable to the Bond Trustee), to cause the combined average maturity of the Bonds to be no more than 120% of the average reasonably expected economic life of the facilities financed or refinanced with proceeds of the Bonds.

No such change or amendment shall be made to the Project if such change or amendment will result in the Project not being located at The Craig Senior Living in Amarillo, Texas, the Meadow Lake Senior Living in Tyler, Texas or the Wesley Court Senior Living in Abilene, Texas.

**Section 3.4. Assignment.** The Obligated Group will execute and deliver the Assignment in the form attached as Exhibit A contemporaneously with the execution and delivery of this Loan Agreement.

**Section 3.5. Additional Bonds.** The Issuer from time to time in its sole discretion, at the written request of the Obligated Group Representative, may authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in Section 212 of the Bond Indenture (which include receipt of the written consent of the Bondholder Representative); provided that (a) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Issuer and the Obligated Group Representative, (b) the Issuer and the Obligated Group Representative shall have entered into a Supplemental Loan Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of this Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Loan Agreement, and (c) the Issuer and the Obligated Group Representative shall have otherwise complied with the provisions of this Loan Agreement and Section 212 of the Bond Indenture with respect to the issuance of such Additional Bonds.

Simultaneously with the issuance of any Additional Bonds under the Bond Indenture, the Obligated Group will issue and deliver to the Issuer (but only to the Issuer) one or more Master Notes pursuant to the Master Indenture, in order to evidence the loan from the Issuer to the Obligated Group of the proceeds of any such Additional Bonds.

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(3) *Debt Service Fund -- Redemption:* On or before the date required by this Loan Agreement or the Bond Indenture, the amount required to redeem Bonds then Outstanding if the Obligated Group exercises its right to redeem Bonds under any provision of the Bond Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Bond Indenture.

(4) *Entrance Fee Fund:* On or before the 15<sup>th</sup> day of each calendar quarter, 85% of each Initial Entrance Fee received by the Obligated Group during the preceding calendar quarter, for deposit in the Entrance Fee Fund until no Series 2022C Bonds remain Outstanding.

The payments required to be made by this subsection (a) are sometimes hereinafter referred to herein as "Loan Payments."

Unpaid Loan Payments shall bear interest at the rate or rates of interest applicable to the corresponding payments on the Bonds. Any interest charged and collected on an unpaid Loan Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with Section 707 of the Bond Indenture.

(b) *Credits on Loan Payments.* Notwithstanding any provision contained in this Loan Agreement or in the Bond Indenture to the contrary, in addition to any credits on the Loan Payments resulting from the payment or prepayment of Loan Payments from other sources:

(1) any moneys deposited by the Bond Trustee or the Obligated Group in the Debt Service Fund for the payment of interest (including moneys received as accrued interest from the sale of Bonds and any initial deposit made from the proceeds of the sale of the Bonds) shall be credited against the obligation of the Obligated Group to pay interest on the Bonds as the same become due;

(2) any moneys deposited by the Bond Trustee or the Obligated Group in the Debt Service Fund for the payment of principal shall be credited against the obligation of the Obligated Group to pay principal of the Bonds as the same become due or are subject to mandatory sinking fund redemption in the order of maturity thereof, except that prepayments for purposes of making an optional deposit into the Debt Service Fund for the redemption of Bonds shall be applied to the maturities of principal of the Bonds to be redeemed or purchased, delivered and cancelled from the proceeds of such optional deposit;

(3) the principal amount of Bonds of any maturity purchased by the Obligated Group and delivered to the Bond Trustee, or purchased by the Bond Trustee and cancelled, shall be credited against the obligation of the Obligated Group to pay principal of the Bonds so purchased (including installment payments corresponding to mandatory sinking fund payments, if any, on the Bonds); provided that deposit of a Bond of one maturity may not be credited against a payment which would be used, in the normal course, to retire a Bond of another maturity; and

(4) the amount of any moneys transferred by the Bond Trustee from any other fund held under the Bond Indenture and deposited in the Debt Service Fund for the

## ARTICLE IV

### LOAN PAYMENTS AND OTHER PAYMENTS

#### Section 4.1. Loan Payments.

(a) *Loan Payments.* The Members of the Obligated Group, jointly and severally, will duly and punctually pay amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds on the dates and at the places and in the manner specified in the Bond Indenture and in this Loan Agreement, according to the true intent and meaning thereof and hereof. The Obligated Group agrees to make payments at the times and in the amounts (including principal, interest and premium, if any) equal to the amounts to be paid as interest, premium, if any, and principal whether at maturity or by mandatory redemption upon the Bonds from time to time Outstanding under the Bond Indenture. To provide for the payment of the principal of and premium, if any, and interest on the Bonds, the Obligated Group shall make the following payments directly to the Bond Trustee, for the account of the Issuer, for deposit in the Debt Service Fund, the Entrance Fee Fund, or the Bond Purchase Fund, as applicable, on the following dates, and otherwise as set out below:

(1) *Debt Service Fund -- Interest:* On or before the 15<sup>th</sup> day of each month from August 15, 2022 through December 15, 2022, an amount equal to one-fifth of the interest becoming due on January 15, 2023, and on or before the 15<sup>th</sup> day of each month thereafter, an amount that is equal to one-sixth of the interest to become due on the next Interest Payment Date; provided that the Obligated Group may be entitled to certain credits on such payments as permitted under subsection (b).

(2) *Debt Service Fund -- Principal:*

- (i) On or before the 15<sup>th</sup> day of each month from August 15, 2022 through June 15, 2023 an amount equal to one-eleventh of principal due on the Bonds on July 15, 2023 by mandatory sinking fund redemption;
- (ii) On or before the 15<sup>th</sup> day of each month from July 15, 2023 through June 15, 2026, an amount equal to one-twelfth of the principal due on the Bonds on the next July 15 by mandatory sinking fund redemption;
- (iii) On or before the 15<sup>th</sup> day of each month from July 15, 2026 through May 15, 2027, \$95,000;
- (iv) On or before the 15<sup>th</sup> day of December, 2026, the amount equal to the Outstanding principal amount of the Series 2022C Bonds on such date; and
- (v) On or before June 15, 2027, the amount equal to the Outstanding principal amount and premium on the Series 2022A Bonds and Series 2022B Bonds due on July 15, 2027.

Notwithstanding the foregoing, the Obligated Group may be entitled to certain credits on such payments as permitted under subsection (b).

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payment of interest or principal shall be credited against the obligation of the Obligated Group to pay interest or principal, as the case may be, as the same become due.

**Section 4.2. Additional Payments.** The Obligated Group will make the following Additional Payments to the following persons:

(a) *Issuer Fees and Expenses.* To the Issuer, the expenses of the Issuer in connection with the issuance of the Bonds, including reasonable fees and disbursements of its counsel, and upon demand, all reasonable expenses, including attorneys' fees, and any expenses related to the calculation of rebate, incurred by the Issuer in relation to the Bonds and the transactions contemplated by the Bond Documents.

(b) *Bond Trustee Fees, Bondholder Representative Fees and Professional Fees.* To the Bond Trustee, the Bondholder Representative, and any Paying Agent, registrars, counsel, accountants, engineers and other Persons when due, all reasonable fees, charges and expenses of such Persons for services rendered under the Bond Indenture and under any of the Bond Documents and expenses incurred in the performance of such services under the Bond Indenture and any of the Bond Documents for which such Persons are entitled to payment or reimbursement.

(c) *Advances.* To the Bond Trustee or the Bondholder Representative, the amount of all advances of funds made by it under Section 7.6, with interest thereon at the rate of interest per annum equal to the Prime Rate plus 3%.

(d) *Rebate Payments.* To the Bond Trustee, all rebate payments required under Section 148(f) of the Internal Revenue Code.

(e) *Indemnification of Issuer, Bondholder Representative, and Bond Trustee.* The Obligated Group will, at its expense, pay and indemnify the Issuer, the Bondholder Representative, Hamlin Capital Advisors, LLC, and the Bond Trustee and their respective current, former and future members, directors, officers and employees and agents from and against, all costs, expenses and charges, including reasonable counsel fees, incurred in enforcing any covenant or agreement of any Member of the Obligated Group contained in any Bond Document. In the case of the Bondholder Representative and its members, directors, officers and employees, such indemnification shall also cover providing any direction, consent, approval or waiver and exercising its fiduciary duties, including, without limitation, acceleration and foreclosure. Such indemnification shall be in addition to and not in lieu of the indemnification provisions contained in Section 5.3 or in any other provision of this Loan Agreement.

(f) *Trustee Replacement Fees.* To the Bond Trustee, any successor trustee and the Issuer, an amount equal to all fees and expenses, including fees and expenses of Bond Trustee's and Issuer's counsel, in connection with the removal and replacement of the Bond Trustee.

(g) *Taxes and Assessments.* All taxes and assessments of any type or character charged to the Issuer or to the Bond Trustee affecting the amount available to the Issuer or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond

Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided that the Obligated Group shall have the right to protest any such taxes or assessments and to require the Issuer or the Bond Trustee, at the Obligated Group's expense, including reasonable attorneys' fees, to protest and contest any such taxes or assessments levied upon them and that the Obligated Group shall have the right to withhold payment of any such taxes or assessments pending disposition of such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bond Trustee.

(h) *Accountants and Expert Fees.* The other reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer, the Bondholder Representative or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement or the Bond Indenture.

(i) *Withdrawals from Debt Service Reserve Fund.* If the Bond Trustee withdraws moneys from the Debt Service Reserve Fund, which withdrawal may only be made with the written consent of the Bondholder Representative, to make up a deficiency in the Debt Service Fund to pay principal or interest on the Bonds, to the Bond Trustee for deposit in the Debt Service Reserve Fund monthly payments, each in an amount equal to one-twelfth of such withdrawal, commencing on or before the 1<sup>st</sup> day of the next calendar month following the withdrawal and continuing until the amount in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Requirement for the Bonds.

(j) *Valuation of Debt Service Reserve Fund.* If the value of the Debt Service Reserve Fund, as determined by the Bond Trustee pursuant to **Section 406** of the Bond Indenture, is less than the Debt Service Reserve Requirement, the Obligated Group shall within 30 days of the valuation deliver to the Bond Trustee for deposit in the Debt Service Reserve Fund the full amount of such deficiency.

(k) *Real Estate Tax and Insurance Fund Payments.* Monthly payments to the Bond Trustee for credit to the Real Estate Tax Fund equal to 1/12<sup>th</sup> of the estimated annual real estate taxes and insurance premiums owed with respect to the Project as determined by the Obligated Group pursuant to **Section 410** of the Bond Indenture.

(l) *Other Payments.* All other payments of whatever nature which the Obligated Group has agreed to pay or assume under this Loan Agreement or the Continuing Covenants Agreement.

Additional Payments shall be billed to the Obligated Group by the Issuer, the Bondholder Representative or the Bond Trustee, or by the accountants, consultants, attorneys and other experts engaged by the Issuer, the Bondholder Representative or the Bond Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer, the Bondholder Representative or the Bond Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Obligated Group Representative within 30 days after receipt of the bill by the Obligated Group unless required by this Section to be paid at a different time.

**Section 4.3. Assignment and Pledge of Issuer's Rights; Obligations of the Obligated Group Unconditional.** As security for the payment of the Bonds, the Issuer will assign and pledge to the Bond Trustee all right, title and interest of the Issuer in and to this Loan Agreement and the Bond Note,

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be submitted to the Master Trustee or the Bond Trustee, as applicable, at the times they are required to be submitted to the Master Trustee or the Bond Trustee, as applicable.

Any Opinions of Bond Counsel required by the Master Indenture that relate to the Bonds shall be addressed and delivered to the Bond Trustee and the Issuer in addition to the Master Trustee.

The Obligated Group shall faithfully perform and comply with all covenants, obligations, representations, undertakings and duties of the Obligated Group stated in the Bond Indenture. Each such provision with respect to the Obligated Group in the Bond Indenture shall be an obligation of the Obligated Group as if fully set forth in this Loan Agreement.

**Section 5.2. Maintenance and Use of the Project.** Subject to the provisions of this Article, the Master Indenture, the Continuing Covenants Agreement, and the Act, the Obligated Group and its Affiliates shall have the right to use the Project for any purpose allowed by law and contemplated by the Act, provided such use shall not impair the character of the Project as a "health facility" within the meaning of the Health Facility Act. Except as provided in this Loan Agreement, the Issuer reserves no power or authority with respect to the operation of the Project by the Obligated Group and its Affiliates and activities incident thereto, it being the intention of the parties hereto that so long as the Obligated Group shall maintain the Project in a safe and sound operating condition, making from time to time all needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect thereto and shall pay costs of such maintenance, repair and insurance, and duly and faithfully observe and perform all of the terms, covenants, provisions and agreements of this Loan Agreement, the Obligated Group shall manage, administer and govern the Project in its activities and affairs on a continuing day-to-day basis, including matters relating to the professional staff and other functions customarily conducted or pursued by the independent managing and governing authority of a private not-for-profit health institution. The Obligated Group will not use or suffer or permit the use of the Project, in whole or in part, out of the proceeds of the Bonds: (1) in a manner in violation of the Establishment Clause of the First Amendment to the Constitution of the United States; or (2) in an unrelated trade or business as defined in Section 513(a) of the Internal Revenue Code, or by any person who is not, or whose sole member is not, an organization described in Section 501(c)(3) of the Internal Revenue Code, in either case in such manner or to any extent which could jeopardize the validity of the Bonds or result in the inclusion of interest on the Tax-Exempt Bonds in federal gross income under Section 103(a) of the Internal Revenue Code. The Obligated Group will operate or to cause the Project to be operated to the expiration of the term of this Loan Agreement as a "health facility" within the meaning of the Health Facility Act and will have complete lawful authority to operate or cause the Project to be operated for that purpose. Neither the Issuer nor the Bond Trustee shall have any obligation to maintain or monitor the use of the Project.

**Section 5.3. Indemnification.**

(a) The Obligated Group will, to the fullest extent permitted by law, pay, protect, indemnify and save the Issuer, the Bondholder Representative, and the Bond Trustee and their respective past, present and future members, officers, directors, employees, agents, successors, assigns and any other person, if any, who "controls" the Issuer, the Bondholder Representative, or the Bond Trustee, as the case may be, as that term is defined in Section 15 of the Securities Act of 1933, as amended (the Issuer, the Bondholder Representative, the Bond Trustee and the other listed persons, collectively referred to as, the "Indemnified Persons") harmless from and against any and all liabilities, losses, damages, taxes, penalties, costs and expenses (including attorneys' fees and expenses of the Issuer, the Bondholder Representative, and the Bond Trustee), causes of action, suits, proceedings, claims, demands, tax reviews, investigations and judgments of

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including the right to receive payments hereunder and thereunder (except the Unassigned Issuer Rights), and hereby directs the Obligated Group to make said payments directly to the Bond Trustee. The Obligated Group herewith assents to such assignment and pledge and will make payments directly to the Bond Trustee without defense or set-off by reason of any dispute between the Obligated Group and the Issuer or the Bond Trustee, and hereby agrees that its obligation to make payments hereunder and to perform its other agreements contained herein are absolute and unconditional. Until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment of the Bonds made in accordance with the Bond Indenture, the Obligated Group shall pay all Loan Payments and Additional Payments due under this Loan Agreement and perform its obligations, covenants and agreements under this Loan Agreement, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstances whatsoever, whether now existing or hereafter arising, and regardless of whether or not the Project is completed, and any change in the tax or other law of the United States of America, the State or any political subdivision of either thereof, any change in the Issuer's legal organization or status, or any default of the Issuer hereunder, and regardless of the invalidity of any action of the Issuer, and regardless of the invalidity of any portion of this Loan Agreement, and, to the extent permitted by law, the Obligated Group hereby waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Obligated Group or any Member therefrom. It is the intent of this Loan Agreement that the Obligated Group shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Loan Agreement and the Bond Note for the benefit of the Owners of the Bonds. In furtherance of the foregoing, the Obligated Group shall bear all risk of damage or destruction in whole or in part to the Project or any part of any thereof, including any loss, complete or partial, or interruption in the use, occupancy, or operation of the Project or related property, or any manner or thing that for any reason interferes with, prevents or renders burdensome the use or occupancy of the Project or related property or the compliance by the Obligated Group with this Loan Agreement.

**Section 4.4. Prepayment of the Loan Payments.** The Obligated Group shall have and is granted the option to prepay from time to time the amounts payable under this Loan Agreement in sums sufficient to redeem or to pay or cause to be paid all or part of the Bonds in accordance with the Bond Indenture. The Issuer consents to the Obligated Group having the power to redeem Bonds subject to optional redemption under the Bond Indenture. Whenever any Bonds shall have been called for redemption under any provision of the Bond Indenture, the Obligated Group shall prepay the Loan Payments in such amounts required to redeem such Bonds, including the principal, premium, if any, and accrued interest thereon to the redemption date. The Obligated Group may also prepay all or any portion of the Loan Payments by providing for the payment of all or any portion of the Bonds in accordance with **Article XI** of the Bond Indenture.

**ARTICLE V**

**COVENANTS OF THE OBLIGATED GROUP**

**Section 5.1. Covenants under the Master Indenture, Continuing Covenants Agreement or the Bond Indenture.** The Obligated Group will faithfully perform and comply with all obligations and covenants contained in the Master Indenture and the Continuing Covenants Agreement, except to the extent they are waived thereunder. The Obligated Group will deliver to the Bond Trustee all reports, certificates, opinions and other documents required by the Master Indenture and the Continuing Covenants Agreement to

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whatsoever kind and nature (including, but not limited to, 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:

(i) the use, financing, non-use, design, condition, occupancy or ownership of the Project, any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of the Project including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with the Project or used in connection therewith but which are not the result of the gross negligence or willful, wrongful acts of the Issuer, the Bondholder Representative or the Bond Trustee;

(ii) a violation of any agreement, warranty, covenant or condition of this Loan Agreement, the Bond Indenture, the Continuing Covenants Agreement, the Master Indenture, as amended, or any other agreement executed in connection with this Loan Agreement;

(iii) a violation of any contract, agreement or restriction by the Obligated Group relating to the Project;

(iv) a violation of any law, ordinance, rule, regulation or court order affecting the Project or the ownership, occupancy or use thereof or the Bonds or use of the proceeds thereof;

(v) a violation of any law, ordinance, rule, regulation or court order relating to the sale of the Bonds or the use of any official statement (or other disclosure document) related thereto;

(vi) any statement or information concerning the Obligated Group, any of its officers and directors, its operations or financial condition generally or the Project, contained in any official statement or supplement or amendment thereto furnished to the Issuer or the purchaser of any Bonds, that is untrue or incorrect in any material respect, and any omission from such official statement or any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Obligated Group, any of its officers and members and the Project not misleading in any material respect, provided that such official statement or supplement or amendment has been approved by the Obligated Group Representative; and

(vii) the acceptance or administration of the Bond Indenture, including without limitation the enforcement of any remedies under the Bond Indenture and related documents, provided that the Bond Trustee shall not be entitled to any indemnity related to liabilities described in this clause (vii) caused solely by the gross negligence or bad faith of the Bond Trustee.

(b) In case any claim shall be made or any action shall be brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Obligated Group pursuant to **Subsection (a)**, the Indemnified Person seeking indemnity shall upon receipt of any claim or threat of a claim for which indemnification may be sought pursuant

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to **Subsection (a)**, as soon as reasonably practicable, notify the Obligated Group Representative, in writing, and the Obligated Group shall promptly assume the defense thereof, including the employment of counsel chosen by the Obligated Group and approved by the Issuer, the Bondholder Representative, or the Bond Trustee, as applicable (provided, that such approval shall not be unreasonably withheld), the payment of all expenses and the right to negotiate and consent to settlement. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Obligated Group, or that the defense of such Indemnified Person should be handled by separate counsel, the Obligated Group shall not have the right to assume the defense of such Indemnified Person, but the Obligated Group shall be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Obligated Group shall have failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Issuer, the Bondholder Representative or the Bond Trustee within a reasonable time after notice of the commencement of such action, the reasonable fees and expenses of counsel retained by the Indemnified Person shall be paid by the Obligated Group. Notwithstanding the foregoing, any one or more of the Indemnified Persons shall have the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Person unless the employment of such counsel has been specifically authorized by the Obligated Group or unless the provisions of the immediately preceding sentence are applicable. The Obligated Group shall not be liable for any settlement of any such action affected without the consent of the Obligated Group Representative, but if settled with the consent of the Obligated Group Representative or if there be a final judgment for the plaintiff in any such action with or without consent, the Obligated Group Representative agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

(c) The Obligated Group shall also indemnify the Issuer, the Bondholder Representative, the Bond Trustee and such Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Obligated Group under this Loan Agreement or any related agreement, (ii) taking any action requested by the Obligated Group, (iii) taking any action required by this Loan Agreement or any related agreement, or (iv) taking any action considered necessary by the Issuer and which is authorized by this Loan Agreement or any related agreement. If the Issuer is to take any action under this Loan Agreement or any other instrument executed in connection herewith for the benefit of the Obligated Group, it will do so if and only if (1) the Issuer is a necessary party to any such action or proceeding, and (2) the Issuer has received specific written direction from the Obligated Group Representative, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the Issuer.

(d) All amounts payable to the Issuer under this **Section 5.3** shall be deemed to be fees and expenses payable to the Issuer for the purposes of the provisions hereof and of the Bond Indenture dealing with assignment of the Issuer's rights hereunder. The Issuer and its members, officers, agents, employees and their successors and assigns shall not be liable to the Obligated Group for any reason.

(e) Any provision of this Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Issuer retains the right to (i) enforce any applicable federal or State law or regulation or resolution of the Issuer,

and (ii) enforce any rights accorded to the Issuer by federal or State law or policy or procedure of the Issuer, and nothing in this Loan Agreement shall be construed as an express or implied waiver thereof.

(f) The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Loan Agreement or the termination of this Loan Agreement for any reason, or the removal or resignation of the Bond Trustee for any reason.

(g) The indemnity provided to the Bondholder Representative pursuant to this Section shall cover any actions taken by the Bondholder Representative in its fiduciary capacity under the Bond Documents, including without limitation, providing any directions, approvals, consents or waivers, enforcing any remedies, foreclosure, and directing any actions of the Master Trustee and the Bond Trustee, including without limitation acceleration.

**Section 5.4. Tax Covenants.** Concurrently with the execution of this Loan Agreement the Obligated Group and the Issuer shall execute and deliver the Tax Agreement. The Obligated Group will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds and will take whatever action, or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds. The Obligated Group will comply with the Tax Agreement and will pay or provide for payment to the United States Government or the Bond Trustee, all rebate payments required under Section 148(f) of the Internal Revenue Code and the Tax Agreement, to the extent such amounts are not available to the Bond Trustee in the Rebate Fund held under the Bond Indenture. This covenant shall survive payment in full or defeasance of the Tax-Exempt Bonds.

**Section 5.5. Environmental Matters and Indemnification.** The Obligated Group shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Materials in, upon, under, over or from the Project in material violation of any Environmental Regulations (as defined in **Section 2.2(h)**), shall not permit any Hazardous Materials to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in material violation of any Environmental Regulations, shall cause all Hazardous Materials to be properly removed therefrom and properly disposed of as required by and in accordance with all applicable material Environmental Regulations, shall not install or permit to be installed any underground storage tank thereon or thereunder in material violation of any Environmental Regulations, and shall comply with all other material Environmental Regulations which are applicable to the Project.

The Obligated Group, to the extent allowed by law, shall indemnify and hold harmless from and against and reimburse the Issuer, the Bondholder Representative and the Bond Trustee and their respective current, former and future members, directors, officers, servants, employees and agents for any and all claims, demands, orders, charges, lawsuits, actions, judgments, penalties, fines, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly incurred by the Issuer, the Bondholder Representative or the Bond Trustee and their respective current, former and future members, directors, officers, servants, employees and agents (prior to trial, at trial and on appeal) in any action against or involving the Issuer, the Bondholder Representative and the Bond Trustee and their respective current, former and future members, directors, officers, servants, employees and agents resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Materials

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in, upon, under or over, or emanating from, the Project, whether or not the Obligated Group is responsible therefor, it being the intent of the Obligated Group, the Issuer, the Bondholder Representative and the Bond Trustee that the Issuer, the Bondholder Representative and the Bond Trustee and their respective current, former and future members, directors, officers, servants, employees and agents shall have no liability or responsibility for damage or injury to human health, the environmental or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Materials by virtue of the interest of the Issuer, the Bondholder Representative and the Bond Trustee in the Project pursuant to this Loan Agreement, or hereafter created, or as a result of the Issuer, the Bondholder Representative or the Bond Trustee exercising any of its rights or remedies with respect thereto hereunder or under any other instruments, including but not limited to becoming the owner thereof by foreclosure or conveyance in lieu of foreclosure. The foregoing covenants contained in this Section and the responsibilities and warranties of the Obligated Group contained in **Section 2.2(h)** shall be deemed continuing covenants, representations and warranties for the benefit of the Issuer, the Bondholder Representative and the Bond Trustee and their respective current, former and future members, directors, officers, servants, employees and agents, and any successors and assigns of the Issuer, the Bondholder Representative and the Bond Trustee, including but not limited to any purchaser at a foreclosure sale, any transferee of the title of the Bond Trustee for any other purchaser at a foreclosure sale, and any subsequent owner of the Project, and shall survive the satisfaction or release of this Loan Agreement, the Bond Indenture or any other instrument, and/or any acquisition of title to the Project or any part thereof by the Issuer, the Bondholder Representative or the Bond Trustee, by deed in lieu of foreclosure or otherwise. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the Prime Rate and shall be payable on demand.

"**Hazardous Materials**" means any substance, material or waste which is (a) petroleum; (b) asbestos; (c) polychlorinated biphenyls; (d) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, as amended or listed pursuant to Section 307 of the Clean Water Act, as amended; (e) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, as amended; (f) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, as amended; or (g) subject to regulation as a hazardous chemical substance pursuant to Section 6 of the Toxic Substance Control Act, as amended.

The Obligated Group will permit the Issuer, the Bondholder Representative or the Bond Trustee (or such Persons as any of the Issuer, the Bondholder Representative or the Bond Trustee may designate) to visit and inspect any of the properties of the Obligated Group in order to determine compliance with Environmental Regulations and any state or local environmental matters, all at such reasonable times and as often as may be reasonably requested, but the Issuer, the Bondholder Representative and the Bond Trustee shall have no duty to undertake any such visit or inspection.

#### **Section 5.6. Continuing Disclosure.**

The Obligated Group will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. 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 under this Loan Agreement; however, the Bondholder Representative, any Bondowner or Beneficial Owner 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 Owner" shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

**Section 5.7. Certificate of Compliance.** The Obligated Group will deliver to the Bond Trustee, the Bondholder Representative, and the Issuer within six months after the end of each Fiscal Year of the Obligated Group an Officer's Certificate executed on its behalf by the Obligated Group Representative stating that:

(a) A review of the activities of the Obligated Group during such Fiscal Year and of performance hereunder has been made under supervision of the Obligated Group Representative; and

(b) The Obligated Group Representative is familiar with the provisions of the Bond Documents and to the best of the Obligated Group Representative's knowledge, based on such review and familiarity, the Obligated Group has fulfilled all of its obligations hereunder throughout such Fiscal Year and no Event of Default hereunder or under any of the Bond Documents has occurred and is continuing and no event has occurred which with the passage of time or the giving of notice or both would constitute such an Event of Default.

**Section 5.8. Information Provided to the Issuer.** The Obligated Group Representative will provide the following to the Issuer:

(a) financial statements and other reasonable financial information and other reasonable information requested promptly upon request at the times required to be filed with the Municipal Securities Rulemaking Board in accordance with the Master Indenture;

(b) copies of all amendments and supplements to the Master Indenture promptly upon request;

(c) an original of each Opinion of Bond Counsel required to be delivered to the Master Trustee pursuant to the Master Indenture that relates to the Bonds, such opinion also being addressed to the Issuer, at the time that opinion is required to be delivered to the Master Trustee pursuant to the Master Indenture; and

(d) the materials and notices required to be delivered to the Master Trustee under the Master Indenture if requested by the Issuer.

The Issuer is under no obligation to request or review any such information.

In addition, the Obligated Group Representative will furnish any item specified in **Section 415** of the Master Indenture at the times specified therein to the Bondholder Representative or any Owner of

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Bonds at the time Outstanding that requests the same in writing to the Obligated Group Representative. The Bond Trustee, the Issuer, and the Bondholder Representative shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records (other than confidential resident records) of the Members of the Obligated Group with respect to the Obligated Group's financial standing or its compliance with its obligations hereunder and under the Master Indenture and the Continuing Covenants Agreement.

**Section 5.9. Merger, Etc.** Each Member of the Obligated Group is and throughout the term of this Loan Agreement will remain duly qualified to do business as a limited liability company in the State and will maintain its existence and its status as a Tax-Exempt Organization and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into any other corporation; provided that a Member of the Obligated Group may consolidate with or merge into any other entity if at the time of any such merger or consolidation and after giving effect thereto:

- (a) such Member of the Obligated Group or the other corporation surviving such merger or consolidation (the "Surviving Entity") shall be a Tax-Exempt Organization;
- (b) no Event of Default shall have occurred and be continuing and no event shall have occurred and be continuing which, with the lapse of time or giving of notice, or both, would constitute an Event of Default;
- (c) the Surviving Entity has assumed all obligations of such Member of the Obligated Group under the Bond Documents;
- (d) the conditions described in **Section 410** of the Master Indenture for such merger or consolidation are met;
- (e) the Bondholder Representative shall have consented to such merger or consolidation; and
- (f) such merger or consolidation will not adversely affect any exclusion from federal income taxes of the interest on the Tax-Exempt Bonds.

Upon any such merger or consolidation, such Member of the Obligated Group or the Surviving Entity shall deliver to the Bond Trustee and the Bondholder Representative a certificate signed by the Obligated Group Representative demonstrating that all of the foregoing conditions have been satisfied, which certificate shall be supported: as to **subparagraphs (a), (c) and (d)** above, by an opinion of counsel for the Obligated Group; and as to **subparagraph (f)** above, by an Opinion of Bond Counsel addressed to the Bond Trustee and the Issuer. Any Surviving Entity shall also execute and deliver to the Bond Trustee, the Bondholder Representative and the Issuer an appropriate instrument expressly assuming the performance of all of the Obligated Group's obligations under this Loan Agreement.

#### **Section 5.10. Recording and Maintenance of Liens.**

- (a) The Members of the Obligated Group will, at their own expense, take all necessary action to maintain and preserve the liens and security interest of this Loan Agreement, the Bond Indenture and the Master Indenture (collectively, the "**Agreements**") so long as any principal, premium, if any, or interest on the Bonds remains unpaid.

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in that case such Bond Note and Bonds shall cease to be entitled to any lien, benefit or security under this Loan Agreement or any other Bond Document, and all covenants, agreements and obligations of the Obligated Group contained herein (except as otherwise specifically provided herein) shall thereupon cease, terminate and become void; provided that the Owners of the Bonds shall be entitled to payment thereof at the times and in the manner stipulated therein and in the Bond Indenture from the sources provided for such payment, and all property, rights and interest hereby assigned or pledged shall revert to the Obligated Group, and the right, title and interest of the Issuer therein shall thereupon cease, terminate and become void, and this Loan Agreement, and the covenants of the Obligated Group contained herein, shall be discharged and the Issuer, in such case on demand of the Obligated Group and at the Obligated Group's cost and expense, and upon compliance with the Bond Indenture, shall execute and deliver to the Obligated Group Representative a proper instrument or proper instruments acknowledging the satisfaction and termination of this Loan Agreement, and shall assign and transfer or cause to be assigned or transferred, and shall deliver or cause to be delivered to the Obligated Group Representative, all property, including money, then held by the Issuer or the Bond Trustee with respect to the Bonds, other than moneys and Defeasance Obligations deposited with the Bond Trustee for the payment of the principal of and premium, if any, or interest on the Bonds, together with the Bond Note marked paid or cancelled.

### **ARTICLE VII**

#### **DEFAULT AND REMEDIES**

**Section 7.1. Events of Default.** The occurrence and continuance of any of the following events shall constitute an "Event of Default" hereunder:

- (a) failure of the Obligated Group to pay the Loan Payments or any installment of interest or principal, or any premium, on the Bond Note when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or redemption or by acceleration or otherwise; or
- (b) default in the performance, or breach, of any covenant or agreement of the Obligated Group in this Loan Agreement or the Tax Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the Obligated Group Representative by the Issuer, the Bondholder Representative or the Bond Trustee or to the Obligated Group Representative and the Bond Trustee by the Bondholder Representative or the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied or such longer period as shall be required to remedy such default if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, and the Obligated Group has immediately upon receipt of such notice commenced the curing of such default and is pursuing such cure with due diligence and dispatch; provided that such default or breach must be cured in 90 days; or
- (c) any representation or warranty made by the Obligated Group in this Loan Agreement or any other Bond Document or in any written statement or certificate furnished by the Obligated Group to the Issuer, the Bondholder Representative, the Bond Trustee or the Original Purchaser in connection with the sale of any Bonds, or furnished by the Obligated Group pursuant hereto proves untrue in any material respect as of the date of the issuance or making

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(b) The Members of the Obligated Group will, forthwith after the execution and delivery of the Bond Documents and thereafter from time to time, cause the Bond Documents, including any amendments thereof and supplements thereto, and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect (i) the lien and security interest thereof upon and the title of the Obligated Group to the Project, and (ii) the lien and security interest therein granted to the Bond Trustee or the Master Trustee, if any, to the rights, if any, of the Issuer assigned under the Agreements, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments necessary for such publication, perfection and protection. Except to the extent it is exempt therefrom, the Members of the Obligated Group will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of the Agreements and such instruments of further assurance.

(c) The Issuer shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. The Issuer will execute such instruments provided to it by the Obligated Group as may be reasonably necessary in connection with such filing or recording.

**Section 5.11. Actions Related to Purchase in Lieu of Redemption of the Bonds.** In connection with any purchase in lieu of redemption of the Bonds, the Obligated Group hereby consents to the Bond Trustee opening a brokerage account or such other account as requested by the Bondholder Representative as further described in **Section 305** of the Bond Indenture.

### **ARTICLE VI**

#### **TERM AND TERMINATION OF LOAN AGREEMENT**

**Section 6.1. Term of Loan Agreement.** This Loan Agreement shall be effective concurrently with the initial delivery of the Bonds and shall continue in force and effect until the principal of and premium, if any, and interest on the Bonds have been fully paid (or provision for their payment shall have been made in accordance with **Article XI** of the Bond Indenture) together with all fees, charges, indemnities and expenses to which the Issuer, the Bondholder Representative and the Bond Trustee are entitled from the Obligated Group under this Loan Agreement and the Bond Note (the payment of which fees, charges, indemnities and expenses shall be evidenced by a written certification of the Obligated Group that it has fully paid or provided for all such fees, charges, indemnities and expenses).

**Section 6.2. Defeasance.** If the Obligated Group shall pay and discharge or provide for the payment or redemption and discharge of the whole amount of the principal of and premium, if any, and interest on the Bond Note and Bonds at the time Outstanding as provided in the Bond Indenture, and shall pay or cause to be paid all rebate amounts required under Section 148(f) of the Internal Revenue Code and all other sums payable hereunder, including amounts payable to the Issuer, the Bondholder Representative and the Bond Trustee, or shall make arrangements satisfactory to the Issuer, the Bondholder Representative and the Bond Trustee for such payment or redemption and discharge, then and

thereof and, if the same may be corrected or brought into compliance so that the interests of the Bond Trustee, the Bondholder Representative, the Issuer and the Bondowners are not materially adversely affected by such untruth, shall not be corrected or brought into compliance within 60 days after there has been given to the Obligated Group Representative by the Bond Trustee, the Bondholder Representative, or to the Obligated Group Representative and the Bond Trustee by the Bondholder Representative or the Owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such untruth and requiring it to be remedied or such longer period as is required to remedy such untruth if such untruth cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied and the Obligated Group has immediately upon receipt of such notice commenced the curing of such untruth and is pursuing such cure with due diligence and dispatch; provided that such default or breach must be cured in 90 days; or

(d) any "Event of Default" specified in the Bond Indenture, the Continuing Covenants Agreement, the Support Agreement, or the Master Indenture that has not been waived.

Promptly after any officer of any Member of the Obligated Group may reasonably be deemed to have knowledge of a default hereunder, such Member of the Obligated Group will deliver to the Bond Trustee and the Bondholder Representative a written notice specifying the nature and period of existence thereof and the action the Obligated Group is taking and proposes to take with respect thereto.

**Section 7.2. Remedies.** During the occurrence and continuance of any Event of Default hereunder, the Bond Trustee, as assignee of the Issuer, shall have the following rights and remedies, in addition to any other remedies herein or by law provided that the Bond Trustee shall not exercise any remedy without the prior written consent of the Bondholder Representative subject to the terms of the Bond Indenture, including the Bond Trustee's receipt of indemnity satisfactory to it, and shall exercise such right or remedy at the written direction of the Bondholder Representative:

- (a) *Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration.* The Bond Trustee as assignee of the Issuer, if the Bond Trustee has declared the principal of all Bonds then Outstanding to be due and payable pursuant to **Section 702** of the Bond Indenture shall, by written notice to the Master Trustee and the Obligated Group Representative request the Master Trustee to declare the principal of the Bond Note and the Loan Payments to be due and payable immediately pursuant to **Section 802** of the Master Indenture (but the Bond Note and the Loan Payments shall become and be immediately due and payable as a result of such request only if the Master Trustee shall declare it to be due and payable in accordance with said Section). This provision, however, is subject to the condition that if, at any time after the principal of the Bond Note shall have been so declared and become due and payable, all arrears of interest and principal then due, if any, upon the Bond Note and the fees, costs, advances and expenses of the Issuer, the Bondholder Representative and the Bond Trustee shall be paid by the Obligated Group, and every other default in the observance or performance of any covenant, condition or agreement contained in this Loan Agreement and the Bond Note shall be made good, or be secured, to the satisfaction of the Bond Trustee and the Bondholder Representative, or provision deemed by the Bond Trustee and the Bondholder Representative to be adequate shall be made therefor, and the acceleration of the Bonds and its consequences has been annulled or rescinded pursuant to **Section 702** of the Bond Indenture then and in every such case the Bond Trustee, by written notice to the Master Trustee, the Bondholder Representative and the Obligated Group Representative, may request the Master Trustee to waive the Event of Default by reason of which the principal of the Bond Note shall have been so declared and

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become due and payable and to rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(b) *Right to Bring Suit, Etc.* The Bond Trustee shall without notice or demand be entitled to (1) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Bond Note, the Continuing Covenants Agreement, the Support Agreement or this Loan Agreement, or in aid of the execution of any power herein or therein granted or for the enforcement of any other appropriate legal or equitable remedy, as the Bond Trustee shall, in consultation with the Bondholder Representative, deem effectual to protect and enforce any of its rights or duties hereunder or thereunder or (2) avail itself of all other rights or remedies available to it.

(c) Whenever any Event of Default has occurred and is continuing under this Loan Agreement, the Bondholder Representative may enter into any agreement it deems necessary with any consultant selected by the Bondholder Representative for the benefit of the Obligated Group. Such consultant shall be paid by the Obligated Group or with moneys held by the Bond Trustee under the Bond Indenture, as directed in writing by the Bondholder Representative. The Obligated Group shall follow the recommendations of such consultant subject to compliance with State law.

(d) Notwithstanding the foregoing, the Bond Trustee agrees to obtain the prior written consent of the Bondholder Representative prior to taking any action under this Section 7.2.

If the Bond Trustee exercises any of its rights under this Article, it shall give notice of such exercise to the Obligated Group Representative (i) in writing in the manner provided in Section 9.4 and (ii) by telephone or telegram, provided that failure to give such notice by telephone or telegram shall not affect the validity of the exercise of any right or remedy under this Article.

Notwithstanding any provision herein to the contrary, the Issuer shall have the exclusive right to enforce the Unassigned Issuer Rights.

**Section 7.3. Application of Moneys Collected.** Any moneys collected by the Bond Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Bond Trustee as part of the Trust Estate, shall be applied as provided in Article VII of the Bond Indenture and, in case of the distribution of such money on account of principal or premium, if any, or interest on the Bonds, shall be credited against Loan Payments due hereunder.

**Section 7.4. Remedies Cumulative.** No remedy conferred upon or reserved to the Issuer, the Bondholder Representative or the Bond Trustee in this Loan Agreement, the Bond Note or any other document or instrument is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder and under the Bond Indenture, now or hereafter existing at law or in equity or by statute.

**Section 7.5. Delay or Omission Not Waiver.** No delay or omission of the Bond Trustee to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or

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#### ARTICLE VIII

##### ASSIGNMENTS

**Section 8.1. Consent to Assignment of the Loan Agreement and the Bond Note.** The Obligated Group acknowledges and consents to the pledge and assignment of the Loan Payments and the Issuer's rights under this Loan Agreement and the Bond Note (excluding the Unassigned Issuer Rights) to the Bond Trustee, pursuant to the Bond Indenture, to secure payment of the Bonds, and agrees that the Bond Trustee may enforce the rights, remedies and privileges granted to the Issuer hereunder, other than the rights of the Issuer to decline to execute and deliver supplements and amendments to this Loan Agreement pursuant to Section 9.1. The Bond Trustee is a third party creditor-beneficiary of this Loan Agreement.

**Section 8.2. Assignment by the Obligated Group.** This Loan Agreement may be assigned, as a whole or in part, by the Obligated Group without the necessity of obtaining the consent of the Bond Trustee, but with the written consent of the Bondholder Representative, subject to each of the following conditions:

(a) No assignment shall relieve the Obligated Group from primary liability for any obligations hereunder, and in the event of any such assignment the Obligated Group shall continue to remain primarily liable for payment of the amounts specified in Article IV and for performance and observance of the other agreements on its part herein provided to be performed and observed by the Obligated Group to the same extent as though no assignment had been made, unless such assignment is pursuant to a merger permitted under the Master Indenture in which the Obligated Group is not the surviving entity and the surviving entity has assumed such liability;

(b) The assignee shall assume the obligations of the Obligated Group hereunder to the extent of the interest assigned;

(c) The Bond Trustee, the Bondholder Representative and the Issuer shall have received an Opinion of Bond Counsel, in form and substance satisfactory to the Bond Trustee and Bondholder Representative, to the effect that under then existing law such assignment, whether or not contemplated on any date of the delivery of the Bonds, would not cause the interest payable on the Bonds to become includable in gross income under the Internal Revenue Code; and

(d) The Obligated Group shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Issuer, the Bondholder Representative and the Bond Trustee a true and complete copy of each assignment and assumption of obligation.

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shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Loan Agreement to the Bond Trustee may be exercised from time to time and as often as may be deemed expedient by the Bond Trustee with consent of the Bondholder Representative. Neither the Issuer nor the Bond Trustee may waive any Event of Default under this Loan Agreement without the prior written consent of the Bondholder Representative (other than a waiver by the Issuer with respect to the Unassigned Issuer Rights).

#### **Section 7.6. Bond Trustee and Bondholder Representative Right to Perform the Obligated Group's Covenants.**

In the event the Obligated Group shall fail to (a) pay any tax, charge, assessment or imposition pursuant hereto, (b) remove any lien, encumbrance or charge pursuant hereto, (c) maintain the Project in repair pursuant hereto, (d) procure the insurance required by the Master Indenture or pay any insurance premium with respect thereto, (e) pay any amount required to be rebated to the United States Government pursuant to the requirements of Section 148(f) of the Internal Revenue Code when due, or (f) make any other payment or perform any other act required to be performed hereunder, then and in each such case the Bond Trustee, as assignee of the Issuer, or the Bondholder Representative may (but shall not be obligated to) remedy such default for the account of the Obligated Group and make advances for that purpose. No such performance or advance shall operate to release the Obligated Group from any such default or prejudice any rights of the Bond Trustee, the Bondholder Representative or the Bondholders arising under any of the Bond Documents in consequence of such failure. Any sums so advanced by the Bond Trustee or the Bondholder Representative shall bear interest at the Prime Rate plus 3%, from the date of the advance until repaid. The Bond Trustee and the Bondholder Representative shall have the right to enter the Project or any portion thereof in order to effectuate the purposes of this Section.

#### **Section 7.7. Right of Bond Trustee to Enforce the Bond Note and this Loan Agreement.**

The Bond Note, this Loan Agreement, and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Issuer hereunder and thereunder may be protected and enforced in conformity with the Bond Indenture and (except for the Unassigned Issuer Rights) may be thereby assigned by the Issuer to the Bond Trustee as additional security for the Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of this Loan Agreement and the Bond Indenture.

#### **Section 7.8. Right of Entry.**

The duly authorized agents of the Bond Trustee, as assignee of the Issuer, and the Bondholder Representative, shall have the right at all reasonable times to enter the Project, or any parts thereof, for the purpose of inspecting the Project to insure compliance with the provisions of this Loan Agreement, the Master Indenture, the Continuing Covenants Agreement and the Act.

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#### ARTICLE IX

##### MISCELLANEOUS PROVISIONS

**Section 9.1. Amendments, Changes and Modifications.** Subject to the terms, conditions and provisions of the Bond Indenture, the Obligated Group Representative and the Issuer may from time to time enter into such Supplemental Loan Agreements as to them may seem necessary or desirable to effectuate the purposes or intent hereof; provided that after the issuance of any Bonds and before their payment in full (or provision thereof having been made in accordance with the provisions of the Bond Indenture), this Loan Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Bond Trustee and the Bondholder Representative required by the Bond Indenture.

**Section 9.2. Instruments of Further Assurance.** The Issuer and the Obligated Group Representative covenant and agree that they will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Loan Agreements, and such further acts, instruments, financing statements and other documents as the Bond Trustee or the Bondholder Representative may reasonably require for the better assuring, pledging and assigning unto the Bond Trustee the property and revenues herein described, to the payment of the principal of and interest on the Bonds and as may reasonably be required for carrying out the provisions of this Loan Agreement at the expense of the Obligated Group; provided that such acts, instruments, financing statements and other documents to be performed or executed by the Issuer are acceptable to the Issuer. The Obligated Group will, at its expense, take all necessary action to keep this Loan Agreement in full force and effect so long as payments are due hereunder. This Loan Agreement, all supplements to this Loan Agreement, the Bond Note, and all other Bond Documents and other documents, instruments or policies of insurance required by Bondholder Representative shall be delivered to and held by the Bond Trustee.

**Section 9.3. Payments Due on Saturdays, Sundays and Holidays.** In any case where the day for any payment due under this Loan Agreement shall be a Saturday, a Sunday or a legal holiday or a day on which banking institutions in the city of payment are authorized by law to close, then payment need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date fixed for payment, and no interest shall accrue for the period after such date.

**Section 9.4. Notices.** It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Loan Agreement to be given to or filed with the Issuer, the Bondholder Representative, the Bond Trustee or the Obligated Group if the same is given or filed in the manner and at the addresses specified in the Bond Indenture.

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 the Bondholder Representative. The Obligated Group, the Bond Trustee, the Issuer, and the Bondholder Representative 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.

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No notices shall be sent to Bondholders without the consent of the Bondholder Representative, including without limitation, notices of failure to comply with covenants and Events of Default, although such notices may be posted on the Electronic Municipal Market Access system.

**Section 9.5. The Issuer and the Obligated Group.** Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Obligated Group is required or the Issuer or the Obligated Group is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by the Issuer Representative and for the Obligated Group by the Obligated Group Representative, the Bond Trustee and any party hereto shall be authorized to act on any such approval or request.

**Section 9.6. Immunity of Officers, Employees, Directors, Members and Agents of the Issuer and the Obligated Group.** No recourse shall be had for the payment of the principal of or premium or interest on the Bond Note or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement contained against any past, present or future officer, member, employee, director or agent of the Issuer or the Obligated Group, or, respectively, of any successor public or private entity thereto, as such, either directly or through the Issuer, the Obligated Group, or, respectively, any successor public or private entity thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the Bond Note.

**Section 9.7. No Violations of Law.** Any other term or provision in this Loan Agreement to the contrary notwithstanding:

- (a) In no event shall this Loan Agreement be construed as:
- (1) depriving the Issuer of any right or privilege; or
  - (2) requiring the Issuer or any member, officer, director, agent, employee, representative or advisor of the Issuer to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else,

which deprivation or requirement would violate, or result in the Issuer's being in violation of the Act or any other applicable state or federal law; and

- (b) At no time and in no event will the Obligated Group permit, suffer or allow any of the proceeds of the Bonds or the Bond Note to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

**Section 9.8. Issuer Not Liable.** Notwithstanding any other provision of this Loan Agreement or any other Bond Document, (a) the Issuer shall not be required to take action under this Loan Agreement unless the Issuer (i) is requested in writing by an appropriate Person to take such action and (ii) is assured of payment of or reimbursement for any expense incurred in taking such action, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Issuer nor any official, officer, member, director, agent, employee, officer or servant of the Issuer shall be liable to the Obligated Group, any Member of the Obligated Group, the Bond Trustee or any other Person for any action taken by the Issuer or by its officials, officers,

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**Section 9.13. Limited Obligations.** The Bonds, together with interest thereon, shall be limited, special obligations of the Issuer payable solely from the revenues and other amounts derived from this Loan Agreement and the Bond Note (except to the extent paid out of moneys attributable to Bond proceeds or the income from the temporary investment thereof and, under certain circumstances, proceeds from insurance and condemnation awards or liquidation of assets in connection therewith) and shall be a valid claim of the respective Registered Owners thereof only against the funds established under the Bond Indenture and other moneys held by the Bond Trustee for the benefit of the Bonds and the revenues and other amounts derived from this Loan Agreement and the Bond Note, which revenues and other amounts are hereby pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Bond Indenture.

NEITHER THE STATE OF TEXAS, NOR TARRANT COUNTY, TEXAS, SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON ANY OF THE BONDS ISSUED UNDER THE BOND INDENTURE. THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES, RECEIPTS AND RESOURCES OF THE ISSUER PLEDGED TO THEIR PAYMENT AND NOT FROM ANY OTHER REVENUES, FUNDS OR ASSETS OF THE ISSUER. NONE OF THE BONDS OF THE ISSUER ISSUED UNDER THE BOND INDENTURE SHALL BE CONSTRUED OR CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR AN INDEBTEDNESS OR OBLIGATION (SPECIAL, MORAL OR GENERAL) OF THE STATE OF TEXAS OR TARRANT COUNTY, TEXAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

No covenant, provision or agreement of the Issuer herein or in the Bonds or in any other document executed by the Issuer in connection with the issuance, sale and delivery of the Bonds, or any obligation herein or therein imposed upon the Issuer or breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit or general fund or shall obligate the Issuer financially in any way except with respect to the application of revenues under this Loan Agreement, and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement therein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from this Loan Agreement or revenues therefrom or proceeds of the Bonds. No execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit or general funds of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to this Loan Agreement and the application of revenues hereunder as hereinabove provided. It is further understood and agreed by the Obligated Group and the Holders that the Issuer shall incur no pecuniary liability hereunder and shall not be liable for any expenses related hereto. If, notwithstanding the provisions of this Section, the Issuer incurs any expense, or suffers any losses, claims or damages or incurs any liabilities, the Obligated Group will indemnify and hold harmless the Issuer from the same and will reimburse the Issuer for any legal or other expenses incurred by the Issuer in relation thereto, and this covenant to indemnify, hold harmless and reimburse the Issuer shall survive delivery of and payment for the Bonds.

**Section 9.14. No Warranty by Issuer.** THE OBLIGATED GROUP RECOGNIZES THAT THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY,

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members, directors, agents, employees or servants, or for any failure to take action under this Loan Agreement or any other Bond Document. In acting under this Loan Agreement, or in refraining from acting under any other Bond Document, the Issuer may conclusively rely on the advice of its counsel.

Notwithstanding any provision or obligation to the contrary set forth herein, no provision of this Loan Agreement shall be construed so as to give rise to a pecuniary liability of the Issuer or to give rise to a charge upon the general credit of the Issuer, the liability of the Issuer hereunder shall be limited to its interest in the Project, this Loan Agreement, the Bond Note, and all other related documents and collateral and the lien of any judgment shall be restricted thereto. In the performance of the agreements of the Issuer herein contained, any obligation it may incur for the payment of money shall not be a debt of the Issuer, nor shall the Issuer be liable on any obligation so incurred. The Issuer does not assume general liability for the repayment of the Bonds or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and shall be obligated to pay the same only out of the amounts payable by the Obligated Group hereunder and under the Bond Note, as further provided herein. The Issuer shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Obligated Group if a default shall occur hereunder.

Under this Loan Agreement and the Bond Indenture the Issuer has delegated certain of its duties hereunder to the Obligated Group and to the Bond Trustee. The fact of such delegation shall be deemed a sufficient compliance by the Issuer to satisfy its obligation to perform the duties so delegated, and the Issuer shall not be liable in any way by reason of acts done or omitted by the Obligated Group or the Bond Trustee. The Issuer shall have the right at all times to act in reliance upon any authorization, representation or certification of the Obligated Group or the Bond Trustee.

**Section 9.9. Severability.** In the event that any provision of this Loan Agreement shall be held invalid or unenforceable by any court or competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 9.10. Execution Counterparts; Electronic Transactions.** This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument. In addition, the transaction described herein may be conducted and related documents may be sent, received and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 9.11. Governing Law.** This Loan Agreement is governed by the laws of the State of Texas, without regard to the choice of law rules of the State of Texas. Venue for any action under this Loan Agreement to which the Issuer is a party shall lie within the district courts of the State of Texas, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

**Section 9.12. Binding Effect.** The covenants, agreements and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto, the Bond Trustee, the Bondholder Representative and the Owners of the Bonds and their respective successors and assigns. The Bond Trustee, the Bondholder Representative and the Owners of the Bonds are third-party beneficiaries of this Loan Agreement to the extent of their rights hereunder.

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CONDITION, WORKMANSHIP, OR FITNESS, SUITABILITY OR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF. THE PROVISIONS OF THIS SECTION 9.14 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF TEXAS OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

**Section 9.15. Bond Indenture Provisions.** The Bond Indenture provisions concerning the Bonds and other matters therein are an integral part of the terms and conditions of the loan made by the Issuer to the Obligated Group pursuant to this Loan Agreement, and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Bond Indenture by the Obligated Group to the extent it relates to the Obligated Group. Additionally, the Obligated Group agrees that whenever the Bond Indenture, by its terms, imposes a duty or obligation upon the Obligated Group, such duty or obligation shall be binding upon the Obligated Group to the same extent as if the Obligated Group were an express party to the Bond Indenture, and the Obligated Group hereby agrees to carry out and perform all of its obligations under the Bond Indenture as fully as if the Obligated Group were a party to the Bond Indenture.

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IN WITNESS WHEREOF, the Issuer and the Obligated Group have caused this Loan Agreement to be executed as of the day and year first above written.

TARRANT COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION

By: \_\_\_\_\_
Title: President
Name: William E. Alexander

MEADOW LAKE, LLC, as Obligated Group Representative

By: \_\_\_\_\_
Jesse Jantzen
President

By: \_\_\_\_\_
Nicholas A. Harshfield
Treasurer

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SCHEDULE 1

DESCRIPTION OF THE PROJECT

The Project consists of the acquisition, renovation, and construction of a 1) a community consisting of independent living units, independent living cottages, assisted living units, and skilled nursing units, including the construction of additional independent living cottages in Abilene, Texas, known as Wesley Court Senior Living, 2) a community consisting of independent living villas, independent living units, assisted living units, and skilled nursing units, located in Amarillo, Texas, known as The Craig Senior Living, and 3) a community consisting of independent living cottages, independent living units, assisted living units, memory care units, and skilled nursing units located in Tyler, Texas, known as Meadow Lake Senior Living.

EXHIBIT A
FORM OF ASSIGNMENT

COLLATERAL ASSIGNMENT OF CONTRACT RIGHTS

THIS COLLATERAL ASSIGNMENT OF CONTRACT RIGHTS (this "Assignment") is made as of July 1, 2022 by MEADOW LAKE, LLC, a Texas limited liability company ("Meadow Lake, LLC" or the "Obligated Group Representative"), as Obligated Group Representative, on behalf of itself and the other Members of the Obligated Group, CRAIG AMARILLO, LLC, a Texas limited liability company ("Craig Amarillo, LLC"), and WESLEY COURT, LLC, a Texas limited liability company ("Wesley Court, LLC," and together with Craig Amarillo, LLC and Meadow Lake, LLC, each a "Member of the Obligated Group" and collectively the "Obligated Group"), in favor of UMB BANK, NATIONAL ASSOCIATION, as Master Trustee (the "Master Trustee") under the Master Trust Indenture dated as of July 1, 2022, among the Members of the Obligated Group and the Master Trustee, as it may be amended from time to time (the "Master Indenture") in connection with the issuance of the Bonds (defined below) by the Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") pursuant to the Bond Trust Indenture dated as of July 1, 2022 (the "Bond Indenture"), between the Issuer and UMB BANK, NATIONAL ASSOCIATION, as Bond Trustee (the "Bond Trustee").

WITNESSETH:

WHEREAS, the Obligated Group has requested that the Issuer issue \$53,310,000 aggregate principal amount of its Revenue Bonds (CMW Obligated Group), Series 2022A (the "Series 2022A Bonds"), \$52,580,000 aggregate principal amount of its Taxable Revenue Bonds (CMW Obligated Group), Series 2022B (the "Series 2022B Bonds") and \$5,000,000 aggregate principal amount of its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C (the "Series 2022C Bonds" and together with the Series 2022A Bonds and Series 2022B Bonds, the "Bonds") pursuant to the Bond Indenture in order to loan the proceeds of the Bonds to the Obligated Group to finance, among other uses described in the Bond Indenture, a portion of a project consisting of the acquisition, renovation and construction of (a) a community consisting of 81 independent living units, 50 independent living cottages, 19 assisted living units, and 30 skilled nursing units, including the construction of additional independent living cottages, located at 2617 Antilley Road, Abilene, Texas 79606, known as Wesley Court Senior Living ("Wesley Court") to be owned by Wesley Court, LLC, (b) a community consisting of 65 independent living villas, 108 independent living units, 40 assisted living units, and 64 skilled nursing units, located at 5500 SW 9th Avenue, Amarillo, Texas 79106, known as The Craig Senior Living ("The Craig") to be owned by Craig Amarillo, LLC, and (c) a community consisting of 41 independent living cottages, 80 independent living units, 20 assisted living units, 34 memory care units, and 30 skilled nursing units located at 16044 CR 165, Tyler, Texas, 75703, known as Meadow Lake Senior Living ("Meadow Lake," and together with Wesley Court and The Craig, the "Project") to be owned by Meadow Lake, LLC; and

WHEREAS, to provide for its performance and repayment of obligations with respect to the Bonds, the Obligated Group has entered into the Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenants Agreement") with the Bond Trustee, relating to the Bonds; and

WHEREAS, the obligations of the Obligated Group relating to the Bonds and the Continuing Covenants Agreement (together, the "Secured Obligations") are secured by, among other things, (i) the Obligated Group's CMW Master Indenture Note, Series 2022A issued pursuant to the, (ii) a Deed of

Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 between Meadow Lake, LLC and Israel Lugo, as mortgage trustee, for the benefit of the Master Trustee (the "**Meadow Lake Mortgage**"), (iii) a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 between Craig Amarillo, LLC and Israel Lugo, as mortgage trustee, for the benefit of the Master Trustee (the "**Craig Mortgage**"), (iv) a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 between Wesley Court, LLC and Israel Lugo, as mortgage trustee, for the benefit of the Master Trustee (the "**Wesley Court Mortgage**" together with the Meadow Lake Mortgage and the Craig Mortgage, the "**Mortgages**"), (v) a Support Agreement dated as of July 1, 2022 between Lifespace Communities, Inc. (the "**Support Provider**") and the Bond Trustee (the "**Support Agreement**"), (vi) a Deposit Account Control Agreement dated as of July 19, 2022 among Meadow Lake, LLC, the Master Trustee and Bankers Trust Company (the "**Meadow Lake Control Agreement**"), (vii) a Deposit Account Control Agreement dated as of July 19, 2022 among Craig Amarillo, LLC, the Master Trustee and Bankers Trust Company (the "**Craig Control Agreement**"), and (viii) a Deposit Account Control Agreement dated as of July 19, 2022 among Wesley Court, LLC, the Master Trustee and Bankers Trust Company (the "**Wesley Court Control Agreement**" together with the Meadow Lake Control Agreement and the Craig Control Agreement, the "**Control Agreements**"); and

WHEREAS, the Obligated Group has entered into certain contracts, agreements and licenses for the Project and the management thereof as set forth in Schedule I attached hereto and intends to enter into additional contracts and agreements with respect to the Project (collectively, the "**Contract Documents**"); and

WHEREAS, as additional security for the Secured Obligations, the Obligated Group has agreed to enter into this Assignment in favor of the Master Trustee.

NOW, THEREFORE, in consideration of the foregoing, the Obligated Group and the Master Trustee do hereby agree as follows:

1. **Defined Terms.** Any capitalized terms not defined herein shall have the meanings accorded such terms in the Bond Indenture or the Master Indenture.

2. **Collateral Assignment.** For value received, the sufficiency of which is hereby acknowledged, and in consideration of the financial accommodations granted or to be made to the Obligated Group by the Holders of the Bonds, to the fullest extent the same may be granted, transferred or assigned, the Obligated Group hereby unconditionally and irrevocably grants, transfers and assigns to the Master Trustee, its successors and assigns, for the benefit of the Holders of the Bonds all of the right, title, and interest, but none of the liabilities or obligations, of the Obligated Group in and to the Contract Documents, and grants to the Master Trustee, its successors and assigns, a security interest in such Contract Documents, and all rights and privileges of any nature thereafter accruing, together with any changes, extensions, revisions, modifications or guarantees of performance of obligations to the Obligated Group under the Contract Documents, for the purpose of providing additional security for the Secured Obligations.

3. **Termination of Assignment.** By accepting this Assignment, the Master Trustee agrees that, upon the payment in full of all indebtedness secured hereby, as evidenced by the recording or filing of an instrument of satisfaction or full release of the Mortgages, without the simultaneous recording of one or more other mortgages or deeds of trust in favor of the Master Trustee affecting the Mortgaged Property, this Assignment shall become null and void and of no further effect.

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(b) The rights assigned by the Obligated Group hereunder include, without limitation, all of the Obligated Group's right and title to modify the Contract Documents, to terminate the Contract Documents and to waive, suspend or release the performance or observance in all material respects of any obligation, covenant or condition of the Contract Documents; provided, however, that the Master Trustee is not hereby granted the right to unilaterally amend or modify the terms of the Contract Documents until such time as a breach, default or non-performance under Section 6 hereof shall have occurred. The Obligated Group covenants that, without written consent of the Master Trustee and the Bondholder Representative, the Obligated Group will neither modify the terms, conditions or provisions of the Contract Documents (unless required so to do by the terms of the Contract Documents) nor waive or release any person from the performance in all material respects of any obligation to be performed under the terms of the Contract Documents or from liability on account of any warranty given by them.

6. **Events of Default.** The occurrence of any one of the following events shall constitute an event of default hereunder (an "**Event of Default**");

(a) The occurrence of an event of default (or a default, to the extent such document does not differentiate between defaults and events of default), after applicable grace periods, if any, under the Bond Indenture, the Continuing Covenants Agreement, the Mortgages, the Master Indenture, the Loan Agreement, the Control Agreements or any other document or instrument executed by the Obligated Group in connection with the debt secured by this Assignment; or

(b) The failure by the Obligated Group to perform or observe any covenant contained in this Assignment for a period of thirty (30) days following receipt of written notice of default (unless the Obligated Group and the Master Trustee shall agree in writing, with the consent of the Bondholder Representative for the Bonds so long as Bonds are outstanding, and if, specifying such failure and requesting that it be remedied, given by the Issuer, the Master Trustee or the Bondholder Representative to the Obligated Group, or in the case of any default which cannot with due diligence be cured within such 30-day period, failure by the Obligated Group to proceed promptly to pursue the curing of the same with due diligence and to cure such within 90 days; or

(c) Any representation or warranty of the Obligated Group contained herein proves untrue or misleading in any material aspect.

7. **Remedies Upon Event of Default.** Upon the occurrence and continuation of an Event of Default, the Master Trustee may, with consent of the Bondholder Representative or shall, at the direction of the Bondholder Representative, exercise any and/or all of its remedies under the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgages, the Continuing Covenants Agreement, the Control Agreements or under Section 8 hereof.

8. **Additional Remedies.**

(a) The Obligated Group hereby specifically authorizes the Master Trustee upon the occurrence and during the continuance of an Event of Default, in the Obligated Group's name or in the name of the Master Trustee as lawful attorney-in-fact for the Obligated Group, to sue for or otherwise collect and receive issues and profits from the Contract Documents, including those past due and unpaid, and apply the same against all costs and expenses of construction, equipping or operation of the Project, and the performance of the Obligated Group's obligations under the Contract Documents, including

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4. **Warranties by the Obligated Group.** The Obligated Group warrants and represents that:

(a) There is not currently, and shall not in the future be, any other assignment of any of its rights, whether now in existence or hereafter acquired, under the Contract Documents to any other person or entity other than the Master Trustee.

(b) The Obligated Group has committed no act, and has not omitted to do any act, which might prevent the Master Trustee from, or limit the Master Trustee in, acting under and enforcing any of the provisions herein.

(c) There is no default existing or threatened under the terms of the existing Contract Documents to the knowledge of the Obligated Group, and all Contract Documents currently in existence remain in full force and effect.

(d) The Obligated Group is not prohibited under any agreement with any other person or entity or any judgment or decree from the execution and delivery of this Assignment, the performance of each and every covenant of the Obligated Group hereunder and in the Contract Documents, and the performance and meeting of each and every condition contained herein and therein.

(e) No action has been brought or threatened which would in any way interfere with the right of the Obligated Group to execute this Assignment or adversely affect the ability of the Obligated Group to perform all of the Obligated Group's obligations, covenants and duties herein.

5. **Covenants.**

(a) The Obligated Group agrees, so long as any of its payment or performance obligations with respect to the Secured Obligations are outstanding, that the Obligated Group will (i) promptly notify the Master Trustee and the Bondholder Representative of any Contract Document heretofore or hereafter entered into by the Obligated Group and provide notice of the existence of this Assignment to the other party or parties to such Contract Documents; (ii) fulfill, perform and observe in all material respects each and every obligation, condition and covenant of the Obligated Group contained in the Contract Documents; (iii) give prompt notice to the Master Trustee and the Bondholder Representative of any claim of a breach, default or nonperformance under a Contract Document, together with a complete copy of any such claim; (iv) at the sole cost and expense of the Obligated Group, enforce the performance and observance in all material respects of each and every obligation, covenant and condition of the Contract Documents to be performed or observed; (v) appear in and defend any action arising out of, relating to or in any manner connected with the Contract Documents or the obligations or liabilities of the Obligated Group; (vi) not commit any act prohibited by any of the Mortgages, the Bond Indenture or any related document; and (vii) at the sole cost and expense of the Obligated Group, provide the Master Trustee and the Bondholder Representative with such documentation to evidence this Assignment with respect to Contract Documents executed in the future.

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reasonable attorneys' fees. Any amounts remaining after such application shall be applied as provided in the Bond Indenture. Neither entry upon and taking possession of the Project or the Mortgaged Property nor the collection of the issues and rights from the Contract Documents shall in any way operate to cure (except to the extent such funds are applied to pay the indebtedness) or waive any default under any other instrument given by the Obligated Group to the Master Trustee, or prohibit the taking of any other action by the Master Trustee under any such instrument, or at law or in equity, to enforce payment of the indebtedness secured by the Contract Documents or to realize on any other security.

(b) The Obligated Group further agrees that:

(i) Should the Obligated Group fail to perform or observe any obligation or covenant or comply with any condition contained in the Contract Documents, then the Master Trustee may, with the consent of the Bondholder Representative, or shall, at the direction of the Bondholder Representative, and without notice to or demand on the Obligated Group or releasing the Obligated Group from its obligation so to do, perform such obligation, covenant or condition and may appear in and defend any action affecting the Contract Documents. To the extent that the Master Trustee or the Bondholder Representative shall incur any reasonable costs or pay any sums in connection therewith, including reasonable attorneys' fees, then such charges shall be included in the indebtedness and obligations secured by this Assignment, the Bond Indenture, the Mortgages, the Continuing Covenants Agreement, the Master Indenture, the Support Agreement, the Control Agreements, the Loan Agreement and any other document or instrument executed by a Member of the Obligated Group in connection with the debt secured by this Assignment and shall bear interest from the incurring of payment thereof at the maximum rate of interest permitted by applicable law.

(ii) The Master Trustee shall not be obligated to perform or discharge any obligation or covenant or comply with any condition of the Obligated Group under the Bond Indenture, the Mortgages, the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, the Support Agreement, the Control Agreements or this Assignment and the Obligated Group agrees to indemnify and hold the Master Trustee and the Bondholder Representative harmless from and against any and all liability, loss or damage which they may incur under the Bond Indenture, the Mortgages, the Loan Agreement, the Support Agreement, the Continuing Covenants Agreement, the Control Agreements, the Master Indenture or under or by reason of this Assignment and of and from all claims and demands whatsoever which may be asserted against any of them by reason of an act of the Master Trustee or the Bondholder Representatives under the Bond Indenture, the Mortgages, the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, this Assignment, the Support Agreement, the Control Agreements or under the Contract Documents. Should the Master Trustee or Bondholder Representative incur any such liability, loss or damage under any of the Bond Indenture, the Mortgages, the Loan Agreement, the Continuing Covenants Agreement, the Master Indenture, the Support Agreement, the Control Agreements or any Contract Document or under or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, together with interest thereon at the rate applicable to such charges in accordance with the terms of the Bond Indenture or the Continuing Covenants Agreement, shall be included in the obligations secured by the Mortgages, and the Obligated Group shall reimburse the Master Trustee and the Bondholder Representatives therefor immediately upon demand.

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(c) In the event of a foreclosure under the Mortgages, or a deed in lieu of foreclosure, or other acquisition of title to the Mortgaged Property or the Project by the Master Trustee, all right, title and interest of the Obligated Group in, to and under the Contract Documents shall pass to the purchaser or to the Master Trustee, as the case may be, and the Master Trustee is hereby irrevocably appointed, effective as of the date of issuance of a certificate of title or other acquisition of title to the Mortgaged Property and/or the Project, by the Obligated Group as attorney-in-fact for the Obligated Group, to assign any such Contract Documents to any such purchaser.

9. **Control.** Unless otherwise provided herein, the Master Trustee shall, with the consent of the Bondholder Representative, have the sole right to render or provide any consents or approvals hereunder or to provide any directions hereunder, and the Master Trustee shall control all remedies hereunder; provided, however, that the Master Trustee shall be subject to (a) the rights of the Holders and the Bondholder Representative to direct remedies under the Bond Indenture, the Continuing Covenants Agreement, the Master Indenture, the Mortgages, the Support Agreement, the Control Agreements and the Loan Agreement and (b) the rights of the Bondholder Representative under the Bond Indenture or the Master Indenture. The Obligated Group shall have the right to rely upon directions, approvals, requests, instructions, consents, waivers and other written communications received from the Master Trustee. Notwithstanding the foregoing, the Master Trustee shall be under no obligation to exercise any of the rights, privileges or benefits afforded the Master Trustee under this Assignment unless directed by the Bondholder Representative.

10. **Applicable Law.** This Assignment is deemed to have been executed and delivered in the State of Texas. The rights of all parties hereunder shall be governed and decided exclusively by the laws of the State of Texas, with reference to which the parties have made the Loan Agreement, the Continuing Covenants Agreement, the Mortgages, the Master Indenture, the Control Agreements and other instruments securing or executed with respect to the indebtedness evidenced thereby.

11. **Definitions, Terminology and Construction.**

(a) The parties agree that wherever used in this Assignment, unless the context clearly indicates a contrary intent or unless otherwise specifically provided therein, the words "Obligated Group" and "Master Trustee" shall include the heirs, representatives, successors and assigns of the parties hereto, and all those holding under any of them.

(b) The pronouns used herein shall include, when appropriate, either gender and both singular and plural, and the grammatical construction of sentences shall conform thereto.

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**UMB BANK, NATIONAL ASSOCIATION, as  
Master Trustee**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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**IN WITNESS WHEREOF**, the Members of the Obligated Group have caused this Assignment to be executed and delivered on the date first set forth above.

**MEADOW LAKE, LLC, as Obligated Group  
Representative**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**CRAIG AMARILLO, LLC,  
as Member**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

**WESLEY COURT, LLC,  
as Member**

By: \_\_\_\_\_  
Jesse Jantzen  
President

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

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**SCHEDULE I**

**CONTRACT DOCUMENTS**

1. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Meadow Lake, LLC.
2. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Craig Amarillo, LLC.
3. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Wesley Court, LLC.
4. Property Management Agreement dated June 22, 2022 between ER Senior Management, LLC, a Texas limited liability company and the Support Provider on behalf of Meadow Lake, LLC.
5. Property Management Agreement dated June 22, 2022 between ER Senior Management, LLC, a Texas limited liability company and the Support Provider on behalf of Craig Amarillo, LLC.
6. Property Management Agreement dated June 22, 2022 between ER Senior Management, LLC, a Texas limited liability company and the Support Provider on behalf of Wesley Court, LLC.
7. All residency agreements between a Member of the Obligated Group and residents of Wesley Court, The Craig, or Meadow Lake, as well as any and all other leases with respect to Wesley Court, The Craig, or Meadow Lake.
8. Any and all operating licenses of Wesley Court, The Craig, or Meadow Lake which may be assigned.
9. Any and all construction contracts, architect agreements, plans and specifications, surety bonds, permits, land use agreements, if any, as well as any other contracts related to the renovation of the Wesley Court, The Craig, or Meadow Lake as contemplated by the Offering Memorandum with respect to the Bonds.

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**PROPOSED FORM**

**CONTINUING COVENANTS AGREEMENT**

dated as of July 1, 2022

by and among

**WESLEY COURT, LLC**

**CRAIG AMARILLO, LLC**

**MEADOW LAKE, LLC**

and

**UMB BANK, NATIONAL ASSOCIATION,**  
as Bond Trustee

relating to

**\$53,310,000**

**Tarrant County Cultural Educational Facilities Finance Corporation  
Revenue Bonds (CMW Obligated Group)  
Series 2022A**

**\$52,580,000**

**Tarrant County Cultural Educational Facilities Finance Corporation  
Taxable Revenue Bonds (CMW Obligated Group)  
Series 2022B**

**\$5,000,000**

**Tarrant County Cultural Educational Facilities Finance Corporation  
Taxable Entrance Fee Revenue Bonds (CMW Obligated Group)  
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**CONTINUING COVENANTS AGREEMENT**

This Continuing Covenants Agreement, dated as of July 1, 2022 (this “*Agreement*,” as defined herein), is among WESLEY COURT, LLC (“*Wesley*”), CRAIG AMARILLO, LLC (“*Craig*”), and MEADOW LAKE, LLC (“*Meadow Lake*”), each a limited liability company organized and existing under the laws of the State of Texas (collectively, the “*Obligated Group*,” as defined herein), and UMB BANK, NATIONAL ASSOCIATION, as trustee (the “*Bond Trustee*,” as defined herein) under the Bond Trust Indenture dated as of July 1, 2022, as amended and supplemented (the “*Bond Indenture*,” as defined herein) between Tarrant County Cultural Educational Facilities Finance Corporation (the “*Issuer*,” as defined herein) and the Bond Trustee.

**RECITALS**

Concurrently with the execution and delivery of this Agreement, the Issuer has authorized the issuance of its revenue bonds in the aggregate principal amount of \$110,890,000 (the “*Series 2022 Bonds*,” as defined herein).

The proceeds of the Series 2022 Bonds will be used to make a loan to the Obligated Group pursuant to the Loan Agreement of even date herewith between the Issuer and the Obligated Group Representative on behalf of itself and the other Obligated Group Members (the “*Loan Agreement*,” as defined herein). The obligations of the Obligated Group under the Loan Agreement to pay the principal of, or premium (if any) and interest on, the Series 2022 Bonds will be secured under the Master Trust Indenture of even date herewith between the Obligated Group, on behalf of itself and any other future member of the Obligated Group, and UMB Bank, National Association, as master trustee (the “*Master Trustee*”), as amended and supplemented (as so amended and supplemented, the “*Master Indenture*”).

The Obligated Group is entering into this Agreement in order to induce the Issuer to issue the Series 2022 Bonds, and the owners from time to time of the Series 2022 Bonds to purchase the Series 2022 Bonds.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Obligated Group and the Bond Trustee hereby agree as follows:

**ARTICLE I**

**DEFINITIONS**

*Section 1.1. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and the other Related Documents (as defined herein), the following terms shall have the following meanings:

“*Additional Payment*” means a payment required to be made under Section 3.1(b).

“*Affiliate*” means, with respect to any Person, a Person which directly or indirectly controls, is controlled by or under the control of another Person. For purposes of this definition, “*control*” means the power to direct the management and policies of a Person through the ownership of a majority of its voting securities or membership interests, the right to designate or elect and remove, with or without cause, a majority of the members of its Governing Body, by contract or otherwise.

“*Agreement*” means this Continuing Covenants Agreement, as supplemented and amended from time to time with the prior written consent of the Bondholder Representative.

“*Architect Agreement*” means any architect agreement entered into by a Member with respect to the Expansion Project.

“*Assignment*” means the Collateral Assignment of Contract Rights dated as of July 1, 2022, by the Obligated Group Members, as assignor, for the benefit of the Master Trustee, as assignee.

“*Assisted Living Unit*” means each assisted living unit constituting a part of the Facilities.

“*Authorized Representative*” means, with respect to any Member, the Obligated Group or the Obligated Group Representative, the President or the Treasurer of the Obligated Group Representative or such other person as shall be designated in a certificate executed by the President, or the Treasurer of the Obligated Group Representative and delivered to the Bond Trustee and the Bondholder Representative, which certificate shall include the specimen signatures of such persons.

“*Bond Counsel*” means Gilmore & Bell, P.C. or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

“*Bond Indenture*” means the Bond Trust Indenture dated as of July 1, 2022 between the Issuer and the Bond Trustee, as the same may be amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

“*Bond Note*” means the CMW Obligated Group Master Indenture Note, Series 2022A in the principal amount of \$110,890,000 executed and delivered by the Obligated Group Representative pursuant to the Master Indenture to secure the obligations of the Obligated Group under the Loan Agreement.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement dated July 15, 2022 among the Issuer, the Underwriter and the Obligated Group Members.

“*Bond Trustee*” means UMB Bank, National Association and any successor Bond Trustee under and as defined in the Bond Indenture.

“*Bondholder Representative*” means (i) Hamlin Capital Management, LLC, so long as a majority in aggregate principal amount of the Outstanding Bonds are beneficially owned by Persons for whom Hamlin Capital Management, LLC, serves as investment advisor and (ii) at

any other time, the designee, if any, of the holders of a majority in aggregate principal amount of the Outstanding Bonds. If there shall be no designee, the term Bondholder Representative shall be disregarded and all notices and consents required of the Bondholder Representative shall be given to and by, respectively, the holders of a majority in aggregate principal amount of Outstanding Bonds.

“*Business Day*” has the meaning set forth in the Bond Indenture.

“*CCA Note*” means the CMW Obligated Group Master Indenture Note, Series 2022B, executed and delivered by the Obligated Group Representative pursuant to the Master Indenture to secure the obligations of the Obligated Group under this Agreement.

“*CERCLA*” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“*Change of Control*” means one or more transactions resulting in: (i) the Support Provider at any time for any reason ceasing to be able to elect a majority of the Governing Body or otherwise to exercise, directly or indirectly, control over the management or policies of any Obligated Group Member or (ii) the sale of all or substantially all of the assets of any Obligated Group Member.

“*Closing Date*” means July 19, 2022.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

“*Collateral*” means, collectively, all of the tangible and intangible Property of each Obligated Group Member, including (without limitation) all of the following: money; accounts; chattel paper; equipment; deposit accounts; instruments; inventory; general intangibles; documents; investment property; cash and noncash proceeds therefrom; books and records, including those relating to any of the foregoing; additions or accessions to any of the foregoing; substitutions for any of the foregoing; rights relating to the storage, withdrawal and retrieval of the foregoing and access to the foregoing and replacements, products, and proceeds of the foregoing. For the avoidance of doubt, Collateral shall include all existing and future Entrance Fees.

“*Construction Agreement*” means any construction agreement entered into by a Member with respect to the Expansion Project.

“*Consultant*” means any independent professional consulting, accounting, senior housing, auditing, operating, marketing, investment banking or commercial banking firm or individual selected by the Members or, to the extent required by this Agreement, the Bondholder Representative, having the skill and experience necessary to render the particular report required, which firm or individual does not control and is not controlled by any Member or any Affiliate, and is acceptable to the Bondholder Representative.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of July 1, 2022 by and among the Obligated Group and UMB Bank, National Association, as dissemination agent.

“Control Agreement” means, collectively (i) the Account Control Agreement dated July 19, 2022 by and among Wesley Court, LLC, the Master Trustee and Bankers Trust Company; (ii) the Account Control Agreement dated July 19, 2022 by and among Craig Amarillo, LLC, the Master Trustee and Bankers Trust Company; (iii) the Account Control Agreement dated July 19, 2022 by and among Meadow Lake, LLC, the Master Trustee and Bankers Trust Company; and (iv) any other deposit account control agreement executed and delivered by a Member in favor of the Master Trustee.

“Craig” means Craig Amarillo, LLC, a Texas limited liability company.

“Days’ Cash on Hand” means, as of the date of determination, the amount determined by dividing (a) the combined amount of Unrestricted Cash and Marketable Securities of the Members on such date, by (b) the quotient obtained by dividing (i) total operating expenses of the Members for the 12-month period ending on such date, including (without limitation) accrued interest on Indebtedness (other than any interest which is payable from the proceeds of such Indebtedness), but excluding amortization and depreciation, in each case as shown on the most recent annual audited financial statements of the Members delivered to the Bondholder Representative pursuant to Section 4.3(a)(i) of this Agreement or, in the case of any determination with respect to any date other than the last day of the Fiscal Year, the most recent unaudited financial statements of the Members, by (ii) 365 or 366, as the case may be.

“Debt Service Coverage Ratio” means, as of any date, the Net Revenues Available for Debt Service of the Members for the 12-month period ending on such date, divided by Maximum Annual Debt Service on all outstanding Long-Term Debt as of such date.

“Debt Service Fund” has the meaning specified in the Bond Indenture.

“Debt Service Reserve Fund” has the meaning set forth in the Bond Indenture.

“Debt Service Reserve Requirement” means as of any date of calculation, an amount equal to 80% of the Maximum Annual Interest on all Series 2022 Bonds Outstanding; provided that at initial issuance of the Series 2022 Bonds such amount shall not exceed the least of (i) 10% of the original aggregate principal amount of the Tax-Exempt Bonds; (ii) the Maximum Annual Debt Service on the Tax-Exempt Bonds; or (iii) 125% of the average future annual debt service on the Tax-Exempt Bonds.

“Default” means any event that, with notice or lapse of time or both, would become an Event of Default.

“Default Rate” means, for any day, a rate of interest per annum equal to the highest rate of interest borne by any of the Series 2022 Bonds as of such date plus 3.00%.

“Derivative Agreement” means an interest rate swap, exchange, hedge, cap or similar agreement entered into in order to hedge the interest payable on all or a portion of any

Indebtedness, any asset or any other derivative arrangement, including (without limitation) an interest rate swap, a forward or futures contract or an option (e.g., a call, put, cap, floor or collar), which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(a) the filing by a Member of any statement, supplemental statement or other tax schedule, return or document which discloses that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes;

(b) receipt by a Member of notice that the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder has received a written opinion of Bond Counsel to the effect that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes unless, within 180 days (or such longer period(s) as consented to in writing by the Bondholder Representative) after receipt by a Member of such notice, a Member shall deliver to the Bond Trustee and the Bondholder Representative a ruling or determination letter issued to or on behalf of the Issuer or a Member by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for such opinion, the interest on such Tax-Exempt Bond is not includable in the gross income of the owners or former owners of such Tax-Exempt Bond for federal income tax purposes;

(c) receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of written notice from the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that the interest on any Tax-Exempt Bond is includable in the gross income of the owner or former owner of such Tax-Exempt Bond for federal income tax purposes; or

(d) receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of written notice that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on any Tax-Exempt Bond.

Notwithstanding the foregoing, no event described in clause (c) or (d) above shall constitute a Determination of Taxability unless the Obligated Group has been afforded the opportunity, at its sole expense, to contest any such assessment for a period of no more than 180 days so long as the Obligated Group is contesting the same during such 180-day period in good faith by appropriate proceedings diligently pursued until the earliest of (i) the date on which the Obligated Group abandons the contest; (ii) the date on which such contest has been concluded adversely to the

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Obligated Group and no further appeals are possible; and (iii) the date that is six months after the initial receipt by the Issuer, the Bond Trustee, the Bondholder Representative or any Bondholder or former Bondholder of such notice or assessment; provided, however, that upon demand from the Bond Trustee or the Bondholder Representative, the Obligated Group shall promptly reimburse the Bond Trustee, the Bondholder Representative, such Bondholder or such former Bondholder for any payments, including (without limitation) any taxes, interest, penalties, charges or expenses incurred by the Bond Trustee, the Bondholder Representative, such Bondholder or such former Bondholder as a result of such Determination of Taxability.

“Entrance Fee” means any fee paid by a resident of the Facilities pursuant to a Residency Agreement in order to take possession of a Unit and any entrance deposit in respect thereof.

“Entrance Fee Fund” has the meaning set forth in the Bond Indenture.

“Environmental Claim” means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Regulated Chemical or arising from alleged injury or threat to health, safety or the environment, for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief, in each case by, from or with any Person.

“Environmental Laws” means all applicable federal, state, regional or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment, including (without limitation) CERCLA; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901, et seq. (“RCRA”); the federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §1251, et seq.; the Toxic Substances Control Act of 1976, 15 U.S.C. §2601, et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §11001, et seq.; the Clean Air Act of 1966, as amended, 42 U.S.C. §7401, et seq.; the National Environmental Policy Act of 1975, 42 U.S.C. §4321, et seq.; the Rivers and Harbors Act of 1899, 33 U.S.C. §401 et seq.; the Endangered Species Act of 1970, as amended, 29 U.S.C. §651, et seq.; the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. §300(f), et seq.; and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any state, regional, parish or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including (without limitation) those relating to:

- (a) releases, discharges, emissions or disposals to air, water, land or groundwater;
- (b) the withdrawal or use of groundwater;
- (c) the use, handling, or disposal of polychlorinated biphenyls (“PCBs”), asbestos or urea formaldehyde;
- (d) the transportation, treatment, storage, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-

products or other hydrocarbons) and any other solid, liquid or gaseous substance exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facilities or any property adjacent to or surrounding the Facilities;

(e) the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances; and

(f) any Regulated Chemical.

“Environmental Permit” means any permit, approval, identification number, license, registration, certification or other authorization required under any Environmental Law to operate the Facilities.

“Environmental Report” means any environmental assessment, test, investigation, or other environmental report or audit conducted at the Mortgaged Property for any reason.

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

“ERISA Affiliate” means any trade or business the employees of which, together with the employees of a Member, are treated as employed by a single employer under Section 4.14(b), (c), (m) or (o) of the Code.

“ERISA Event” means any of the following with respect to a Plan or Multiemployer Plan, as applicable: (i) a Reportable Event with respect to a Plan or a Multiemployer Plan; (ii) a complete or partial withdrawal by a Member from a Multiemployer Plan that results in liability under Section 4201 or 4204 of ERISA, or the receipt by a Member or any member of the ERISA Group of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA; (iii) the distribution by a Member or any member of the ERISA Group under Section 4041 or 4041A of ERISA of a notice of intent to terminate any Plan, receipt of notice of termination of a Multiemployer Plan pursuant to Section 4041A of ERISA or the taking of any action to terminate any Plan; (iv) the commencement of proceedings by the PBGC under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by a Member or any member of the ERISA Group of a notice from any Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; (v) the institution of a proceeding by any fiduciary of any Multiemployer Plan against a Member or any member of the ERISA Group to enforce Section 515 of ERISA which is not dismissed within 30 days; (vi) the imposition upon a Member or any member of the ERISA Group of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, or the imposition or threatened imposition of any Lien upon any assets of a Member or any member of the ERISA Group as a result of any alleged failure to comply with the Code or ERISA in respect of any Plan; (vii) the engaging in or otherwise becoming liable for a nonexempt Prohibited Transaction by a Member or any member of the ERISA Group; (viii) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary of any Plan for which a Member or any member of the ERISA Group may be directly or indirectly

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liable; or (ix) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if a Member or any member of the ERISA Group fails to timely provide security to such Plan in accordance with the provisions of such sections.

“ERISA Group” means any trade or business (whether or not incorporated) which is a member of a group of which a Member is a member and which is under common control within the meaning of Section 414 of the Code.

“Event of Default” means, when used in or with respect to this Agreement, the meaning set forth in Section 6.1 and, when used with respect to any other Related Document, the meaning assigned therein.

“Excess Interest Amount” has the meaning specified in Section 3.1(c)(i).

“Expansion Project” means the construction of approximately 14 new independent living units to be located at Wesley.

“Facilities” means, collectively, the real property and all buildings, structures and improvements thereon and interests therein owned or operated by a Member and all fixtures, machinery, equipment, furniture, furnishings and other personal property attached thereto, located therein or used in connection therewith.

“Facility Manager” means ER Senior Management, LLC, the Support Provider or any other manager of the Facilities retained by a Member in accordance with Section 4.15(a), and their respective successors, as applicable.

“Fiscal Quarter” means the three-month periods ending on March 31, June 30, September 30 and December 31 in each Fiscal Year or, in the event that the Fiscal Year is changed, the three-month period beginning on the first day of a Fiscal Year and on the first day of each third month thereafter.

“Fiscal Year” means the period of 12 consecutive months beginning on January 1 in any year and ending on December 31 of such year, or such other fiscal year as the Obligated Group, with the prior written approval of the Bondholder Representative (which approval shall not be unreasonably withheld), shall establish as the fiscal year of the Obligated Group.

“Fitch” means Fitch, Inc., and its successors and assigns.

“Funded Interest Fund” has the meaning given such term in the Bond Indenture.

“GAAP” means accounting principles generally accepted in the United States of America, except as otherwise herein expressly provided, consistently applied.

“Governing Body” means, when used with respect to any Person, the Board of Directors, Board of Trustees, Board of Managers, sole member, or other governing body of a Person.

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“Governmental Approval” means an authorization, consent, approval, license, exemption of, registration or filing with or report to any Governmental Authority.

“Governmental Authority” means the United States of America, any state, county, township or other municipality and any court, agency, department, bureau, board, commission or instrumentality of any of the foregoing now existing or hereafter created.

“Gross Revenues” means, for any period of calculation, the aggregate, calculated in accordance with GAAP, of all operating and non-operating revenues of any Member, including (without limitation), (i) rents (including, without limitation, the Entrance Fees, Monthly Service Fees and other fees payable by or on behalf of residents of the Facilities); (ii) resident service revenues; (iii) other operating revenues; (iv) contributions (other than donor restricted) including contributions from the Support Provider; (v) unrestricted investment income; (vi) unrestricted donor income; and (vii) net proceeds from business interruption insurance, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, investment property or other rights, and the proceeds of such rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, provided that any calculation of the Gross Revenues shall not take into account any unrealized gains or losses on investments or any extraordinary or non-recurring items, in accordance with GAAP (including without limitation any gain or loss resulting from either the extinguishment of indebtedness or the sale, exchange or other disposition of assets not made in the ordinary course of business).

“Hamlin Investor Bond” means Bonds for which each of the following conditions are met: (i) the holders of such Bonds are advised by Hamlin Capital Management, LLC under the Investment Advisors Act of 1940, as amended, pursuant to a written investment advisory agreement or a limited partnership agreement with respect to a limited partnership for which Hamlin Capital Management, LLC acts as the manager and (ii) such Bonds are held in managed accounts or commingled investment vehicles of accredited investors or qualified institutional buyers as such terms are defined in the Securities Act of 1933, as amended, and Regulation D thereunder.

“HCA” means Hamlin Capital Advisors, LLC and its successors and assigns.

“Indebtedness” means, with respect to any Person, (i) any obligation for borrowed money incurred or assumed by such Person; (ii) any obligation under any lease that is capitalized under GAAP incurred or assumed by such Person; (iii) any installment or conditional sale or other title retention agreement incurred or assumed by such Person; (iv) any obligation to pay the deferred purchase price of property or services incurred or assumed by such Person; (v) any obligation secured by (or having an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed; (vi) any obligation as an account party in respect of letters of credit or similar facilities and bankers’ acceptances incurred or assumed by such Person; and (v) any guaranty, loan commitment or other obligation of such Person guaranteeing in any manner, whether directly or indirectly, any obligation of any Person that would be described above if incurred or assumed directly by such Person.

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“Indemnitee” has the meaning specified in Section 7.1.

“Independent Living Unit” means each independent living unit constituting a part of the Facilities.

“Initial Entrance Fees” means Entrance Fees received upon the initial occupancy of any Independent Living Unit not previously occupied.

“Insurance Consultant” means an independent Consultant having skill and experience in the insurance requirements of or relating to the Obligated Group’s businesses and reasonably acceptable to the Bondholder Representative.

“Issue” means all the Series 2022 Bonds which constitute a single “issue” as defined in Treasury Regulation §1.150-1(c).

“Issuer” means the Tarrant County Cultural Educational Facilities Finance Corporation, a nonstock nonprofit cultural education facilities finance corporation duly organized and validly existing under and pursuant to the laws of the State.

“Land” means the land and interests in land constituting the site of the Mortgaged Property, as set forth in Exhibit A to the Mortgages and all now owned or hereafter acquired appurtenant easements.

“Law” means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“Liabilities” has the meaning specified in Section 7.1.

“Lien” means, as applied to any Property or the income or profits therefrom, whether the same is consensual or non-consensual or arises by contract, operation of law, legal process or otherwise: (i) any mortgage, lien, pledge, attachment, charge, lease, conditional sale or other title retention agreement, financing statement or encumbrance of any kind in respect of such Property or upon the income or profits therefrom or (ii) any arrangement, expressed or implied, under which such Property is transferred, sequestered or otherwise identified for the purpose of subjecting or making such Property available for the payment of debt or performance of any other obligation in priority to the payment of the general, unsecured creditors of a Member.

“Lifespace Master Trust Indenture” means the Master Trust Indenture dated as of November 1, 2010, among the Support Provider, any other members of such obligated group, and U.S. Bank National Association, as master trustee, as amended and supplemented in accordance with its terms.

“Lifespace Obligated Group” means the obligated group established under the Lifespace Master Trust Indenture.

“Liquidity Requirement” has the meaning specified in Section 4.13(a).

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“Loan Agreement” means the Loan Agreement dated as of July 1, 2022 between the Issuer and the Obligated Group Representative, as amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

“Long-Term Debt” means Indebtedness of a Member having a final maturity of more than one year from the date of its creation or which is renewable or extendible at the option of a Member for a period of more than one year from the date of its creation.

“Management Agreement” has the meaning specified in Section 4.15(a).

“Master Indenture” means the Master Trust Indenture dated as of July 1, 2022, as supplemented and amended by Supplemental Master Trust Indenture No. 1 dated as of July 1, 2022, each among the Obligated Group and the Master Trustee, as the same may be further amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

“Master Notes” has the meaning set forth in the Master Indenture.

“Master Trustee” means UMB Bank, National Association in its capacity as Master Trustee under and as defined in the Master Indenture.

“Material Adverse Effect” means a material adverse effect on (i) the validity or enforceability of this Agreement or any other Related Document; (ii) the ability of the Bond Trustee to enforce its legal remedies pursuant to this Agreement or any other Related Document; (iii) the status of the Support Provider as an organization described in Section 501(c)(3) of the Code or the status of a Member as a disregarded entity of the Support Provider; (iv) the business, condition (financial or other) or operations of a Member; (v) the ability of a Member to perform its obligations hereunder or under any other Related Document; or (vi) the rights and remedies of or benefits available to the Bond Trustee or the Bondholder Representative under this Agreement or any other Related Document.

“Maximum Annual Debt Service” means, when used with respect to any Indebtedness as of any date of calculation, the greatest amount required in the then-current or any future Fiscal Year to pay the principal of, the amount required to effect the mandatory sinking fund redemption of and the interest on all such Indebtedness outstanding (exclusive of the principal amount due on the maturity date of any series of the Bonds). For purposes of calculating Maximum Annual Debt Service, any Indebtedness with a variable or adjustable interest rate shall be assumed to bear interest at the then-current rate in effect on the date of calculation.

“Maximum Annual Interest” means, when used with respect to any Indebtedness as of any date of calculation, the greatest amount required in the then-current or any future Fiscal Year to pay the interest on all such Indebtedness outstanding. For purposes of calculating Maximum Annual Interest, any Indebtedness with a variable or adjustable interest rate shall be assumed to bear interest at the then-current rate in effect on the date of calculation.

“Maximum Interest Rate” means the maximum rate of interest permitted by applicable Law.

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“Meadow Lake” means Meadow Lake, LLC, a Texas limited liability company.

“Medicaid” means, collectively, the health care assistance program established by Title XIX of the Social Security Act (42 U.S.C. §§ 1396 *et seq.*) and any statutes succeeding thereto and all Laws pertaining to such program, including (without limitation) all applicable provisions of manuals, administrative and reimbursement guidelines and requirements of all Governmental Authorities promulgated in connection with such program (whether or not having the force of Law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

“Medicare” means, collectively, the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. §§ 1395 *et seq.*) and any statutes succeeding thereto, and all Laws, pertaining to such program, including (without limitation) all applicable provisions of manuals, administrative and reimbursement guidelines and requirements of any Governmental Authority promulgated in connection with such program (whether or not having the force of Law), in each case as the same may be amended, supplemented or otherwise modified from time to time.

“Member,” “Member of the Obligated Group” and “Obligated Group Member” mean Craig, Meadow Lake, Wesley and any other Person that shall become an Obligated Group Member with the consent of the Bondholder Representative in accordance with Section 404 of the Master Indenture (other than any Person that shall have withdrawn from the Obligated Group with the consent of the Bondholder Representative in accordance with Section 405 of the Master Indenture).

“Memory Care Unit” means each memory care unit constituting a part of the Facilities.

“Monthly Service Fee” means any monthly fee payable by a resident of a Unit under the Residency Agreement between a Member and such resident.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“Mortgages” means, collectively, (i) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Wesley to the mortgage trustee named therein for the benefit of the Master Trustee; (ii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Craig to the mortgage trustee named therein for the benefit of the Master Trustee; and (iii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Meadow Lake to the mortgage trustee named therein for the benefit of the Master Trustee, each which grants a Lien on the Mortgaged Property as security for the Obligated Group’s obligations under the Master Indenture, and any other instrument executed and delivered by a Member to the Master Trustee granting a Lien on property of a Member to secure the obligations under the Master Indenture, in each case as amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

“Mortgaged Property” means, collectively, any real and personal property pursuant to which a Lien is granted by any Mortgage.

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limited liability company or other type of entity, the articles or certificate of formation or organization and any operating agreement, each as amended from time to time.

“Outstanding” has the meaning set forth in the Bond Indenture.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“PBGCC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Permitted Encumbrances” means:

(a) liens for *ad valorem* taxes, special assessments, levies, fees, water and sewer rents or charges not then delinquent;

(b) liens arising by reason of any good faith deposit made to secure any public or statutory obligation or the payment of taxes or assessments or other similar charges, and any deposit given as a condition to the transaction of any business or the exercise of any privilege or license or in connection with workers’ compensation, unemployment insurance, any pension or profit sharing plan or other social security;

(c) any lien of any mechanic, materialman, laborer, supplier or vendor for work or services performed or materials furnished in connection with such property that is not due and payable or the amount or validity of which is being contested and execution thereon stayed;

(d) any lien arising under Law or by contract with respect to initial deposits made under life care or continuing care contracts;

(e) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Facilities as do not in the aggregate, in the opinion of a Consultant, materially impair the use of property affected thereby for the purposes for which it was acquired or is held by a Member, or the value of such property;

(f) the Mortgages;

(g) liens securing Indebtedness permitted by this Agreement;

(h) encumbrances identified in the mortgagee’s title insurance policies delivered in connection with the issuance of the Series 2022 Bonds; and

(i) such other Liens approved in writing by the Bondholder Representative.

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“Multiemployer Plan” means an employee benefit plan subject to Title IV of ERISA to which a Member or any member of the ERISA Group, and one or more employers other than a Member or any member of the ERISA Group, is making or accruing an obligation to make contributions or, in the event that any such plan has terminated, to which a Member or any member of the ERISA Group made or accrued an obligation to make contributions, during any of the five plan years preceding the date of termination of such plan.

“Net Proceeds” means the gross proceeds from any insurance recovery or condemnation award or payment in lieu thereof remaining after payment of reasonable attorneys’ fees, reasonable fees and expenses of the Bond Trustee, the Master Trustee and the Bondholder Representative and all other reasonable expenses incurred in the collection of such gross proceeds.

“Net Revenues Available for Debt Service” means, for any period, the change in net assets without donor restrictions of the Members for such period, plus (a) the sum of: (i) Entrance Fees received, net of Refunds (excluding Entrance Fees paid by initial residents of a Unit); (ii) depreciation and amortization; (iii) interest; (iv) any increase in the future service obligation; (v) any unrealized loss on investments and Derivative Agreements; and (vi) any loss on the extinguishment of debt, any losses due to any impairments of goodwill, intangible assets or other long-lived assets and any other non-cash losses of a non-recurring nature, minus (b) the sum of (i) earned Entrance Fees; (ii) any decrease in the future service obligation; (iii) any unrealized gain on investments and Derivative Agreements; (iv) any gain on the extinguishment of Indebtedness; and (v) any other non-cash gains, in each case for such period.

“Notes” means, collectively, the Bond Note and the CCA Note.

“Obligated Group” means, collectively, Craig, Meadow Lake, and Wesley and any additional Member admitted to the Obligated Group in accordance with the terms of the Master Indenture.

“Obligated Group Representative” means Meadow Lake.

“Occupancy Requirement” has the meaning set forth in Section 4.14(a).

“Occupancy Testing Date” has the meaning specified in Section 4.14(a).

“Occupied Unit” means (i) a Unit with respect to which a resident has executed and delivered a Residency Agreement that is then in effect and has paid the full amount of the Entrance Fee for such Unit and (ii) in the case of a Unit for which no Residency Agreement is required, a Unit that is occupied by one or more persons paying a fee at market rate.

“Officer’s Certificate” means a certificate signed by an Authorized Representative.

“Organizational Documents” means the instruments pursuant to which a Person was created and which govern its powers and the authority of its representatives to act on its behalf, including (without limitation) (i) with respect to any corporation, the articles of incorporation, certificate of incorporation, corporate charter or other documents pursuant to which such corporation was organized, and its by-laws or code of regulations and (ii) with respect to any

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“Permitted Investments” means:

(a) direct obligations of, or obligations the timely payment of the principal of and the interest on which is unconditionally guaranteed by, the United States of America (“Government Obligations”);

(b) direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the Federal National Mortgage Corporation, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, or a Federal Farm Credit Bank (“Agency Obligations”);

(c) United States dollar denominated deposit accounts, certificates of deposit and bankers’ acceptances with domestic commercial banks (i) that are issued by banks, the short-term certificates of deposit of which are rated F-1 by Moody’s or A-1 by S&P or (ii) that are fully insured by the Federal Deposit Insurance Corporation;

(d) repurchase agreements for Government Obligations or Agency Obligations or investment agreements which are, or are issued or guaranteed by an entity, rated by Moody’s or S&P in one of its two highest rating categories (without regard to any refinement or gradation by numerical modifier or otherwise or fully collateralized by Government Obligations or Agency Obligations (any such collateralized investment agreement being referred to herein as a “Collateralized Investment Agreement”); provided, that (i) such Government Obligations or Agency Obligations shall be delivered to or supported by a safekeeping receipt or other confirmatory documentation issued by a third party; (ii) the Bond Trustee shall have a perfected security interest in such Government Obligations or Agency Obligations; (iii) such Government Obligations or Agency Obligations shall be free and clear of any other Liens; and (iv) such repurchase agreements or Collateralized Investment Agreements shall provide that the value of the underlying Government Obligations or Agency Obligations shall be continuously maintained at a current market value of not less than 102% of the repurchase price or the amount deposited thereunder, as the case may be;

(e) obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof which are rated in one of the two highest rating categories of Moody’s or S&P;

(f) commercial paper which is rated in the highest rating category of Moody’s or S&P that matures in 270 days or less;

(g) shares in investment companies that are rated AAAM or AAAM-G by Moody’s or S&P, at least 90% of the assets of which consist of Government Obligations or Agency Obligations and repurchase agreements backed by Government Obligations or Agency Obligations; and

(h) such other investments, including a direct pay letter of credit issued by a bank, as are approved in writing by the Bondholder Representative.

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

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA in respect of which a Member or any member of the ERISA Group is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Prohibited Transaction" means a prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code.

"Project" means the acquisition, renovation and construction of (i) Wesley Court, a continuing care retirement community located in Abilene, Texas, consisting of 133 Independent Living Units, 19 Assisted Living Units, and 30 Skilled Nursing Units; (ii) The Craig, a continuing care retirement community located in Amarillo, Texas, consisting of 173 Independent Living Units, 40 Assisted Living Units, and 89 Skilled Nursing Units; and (iii) Meadow Lake, a continuing care retirement community located in Tyler, Texas, consisting of 121 Independent Living Units, 20 Assisted Living Units, 34 Memory Care Units and 30 Skilled Nursing Units, including the Expansion Project.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible, whether now owned or hereafter acquired.

"Real Estate Tax and Insurance Fund" means the Real Estate Tax and Insurance Fund established under the Bond Indenture.

"Refund" means the amount required to be paid by a Member pursuant to a Residency Agreement to the resident of a Unit or the estate of such resident by reason of termination of a Residency Agreement.

"Regulated Chemicals" means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, state or local statute, regulation, ordinance or order, including (without limitation):

- (a) any substance defined as "hazardous waste" under RCRA;
- (b) any substance defined as a "hazardous substance" under CERCLA;
- (c) any substance defined as a "hazardous material" under the federal Regulated Chemicals Transportation Law (49 U.S.C. § 5101 *et seq.*);
- (d) any substance defined under any analogous state statute;
- (e) asbestos;
- (f) urea formaldehyde;

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"Skilled Nursing Unit" means each skilled nursing unit constituting a part of the Facilities.

"Social Security Act" means the Social Security Act of 1965, as amended.

"State" means the State of Texas.

"Subordinate Bonds" means the \$11,100,000 CMW Obligated Group Subordinated Bonds, Series 2022 purchased by the Support Provider on or about the Closing Date.

"Subordinate Indenture" means the Subordinated Bond Trust Indenture dated as of July 1, 2022 by and between the Obligated Group Representative and the Subordinate Trustee relating to the Subordinate Bonds.

"Subordinate Trustee" means UMB Bank, National Association, as bond trustee under the Subordinate Indenture.

"Support Agreement" means the Liquidity Support Agreement dated as of July 1, 2022 by and between the Support Provider and the Bond Trustee, as amended and supplemented from time to time with the prior written consent of the Bondholder Representative.

"Support Provider" means Lifespace Communities, Inc.

"Tax-Exempt Bonds" means the Series 2022A Bonds.

"Taxable Date" means the date as of which interest on any Tax-Exempt Bond was first includable in gross income of a Bondholder or former Bondholder, as such a date is established pursuant to a Determination of Taxability.

"Taxable Period" has the meaning set forth in Section 3.1(d).

"Taxable Rate" means, as of any particular date of calculation, 1.4 times the interest rate that would have been borne by a Tax-Exempt Bond if a Determination of Taxability with respect to such Tax-Exempt Bond had not occurred.

"UCC" means the Uniform Commercial Code as enacted in the State.

"Underwriter" means Odeon Capital Group LLC and its successors and assigns.

"Unit" means an Independent Living Unit, Assisted Living Unit, Memory Care Unit or Skilled Nursing Unit, as applicable.

"Unrestricted Cash and Marketable Securities" means the sum of unrestricted cash, cash equivalents and marketable securities, including board-designated funds, excluding (i) all Bond Trustee-held funds (other than the Working Capital Fund and the Funded Interest Fund, which shall be included in the calculation); (ii) donor-restricted funds; and (iii) any funds pledged or otherwise subject to a Lien other than the Liens created by this Agreement and the other Related Documents.

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(g) PCBs;

(h) petroleum or any distillate or fraction thereof; and

(i) any hazardous or toxic substance designated pursuant to the Laws of a state.

"Related Documents" means the Series 2022 Bonds, the Bond Purchase Agreement, the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgages, the Assignment, the Control Agreement, the Support Agreement, this Agreement, the Continuing Disclosure Agreement and all other documents and instruments executed and delivered in connection with the transactions contemplated thereby.

"Reportable Event" means: (i) any "reportable event" within the meaning of Section 4043(c) of ERISA for which the 30-day notice under Section 4043(a) of ERISA has not been waived by the PBGC (including any failure to meet the minimum funding standard of, or timely make any required installment under, Section 412 of the Code or Section 302 of ERISA, regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); (ii) any such "reportable event" subject to advance notice to the PBGC under Section 4043(b)(3) of ERISA; (iii) any application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code; and (iv) a cessation of operations described in Section 4062(e) of ERISA.

"Repository" has the meaning set forth in the Continuing Disclosure Agreement.

"Residency Agreement" means a contract, including (without limitation) any "reservation agreement," between a Member and a resident of the Facilities giving the resident certain rights of occupancy in the Facilities and providing for certain services to such resident, as amended from time to time.

"Response Action" has the meaning specified in Section 2.12(c).

"S&P" means S&P Global Ratings, and any successor rating agency.

"Series 2022 Bonds" or "Bonds" mean, collectively, the Series 2022A Bonds, the Series 2022B Bonds and the Series 2022C Bonds.

"Series 2022A Bonds" means the Tarrant County Cultural Educational Facilities Finance Corporation Revenue Bonds (CMW Obligated Group), Series 2022A in the aggregate principal amount of \$53,310,000.

"Series 2022B Bonds" means the Tarrant County Cultural Educational Facilities Finance Corporation Taxable Revenue Bonds (CMW Obligated Group), Series 2022B in the aggregate principal amount of \$52,580,000.

"Series 2022C Bonds" means the Tarrant County Cultural Educational Facilities Finance Corporation Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C in the aggregate principal amount of \$5,000,000.

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"Wesley" means Wesley Court, LLC, a Texas limited liability company.

"Working Capital Fund" has the meaning given such term in the Bond Indenture.

**Section 1.2. Computation of Time Periods.** In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

**Section 1.3. Construction.** Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. Words of the masculine gender include correlative words of the feminine and neuter genders. The word "including" shall be deemed to mean "including but not limited to" or "without limitation," and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

**Section 1.4. Incorporation of Certain Definitions by Reference.** Terms used herein and not otherwise defined herein shall have the respective meanings provided therefor in the Bond Indenture and the Loan Agreement.

**Section 1.5. Accounting Terms and Determinations.** Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder will be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP.

**Section 1.6. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.**

(a) Nothing in this Agreement shall be deemed to amend, or relieve a Member of its obligations under, any other Related Document to which it is a party except to the extent that if provisions governing any obligations of a Member hereunder conflict with provisions under a Related Document, this Agreement shall control. Conversely, to the extent that the provisions of any other Related Document allow a Member to take certain actions, or not to take certain actions, with regard for example to Permitted Encumbrances, transfers of assets, maintenance of financial ratios and similar matters, the Member nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in Section 1.6(c) below, all references to other documents will be deemed to include all amendments, modifications and supplements thereto to the extent such amendments, modifications and supplements are made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any other Related Document shall be deemed to incorporate such Sections into this Agreement by

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reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and, except to the extent otherwise provided herein, shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by such other Related Document, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until the Series 2022 Bonds and all amounts payable hereunder are paid in full (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted). Except to the extent otherwise provided herein, no amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the Bondholder Representative and the Members with specific reference to this Agreement.

(d) Provisions of the Bond Indenture and the Loan Agreement governing the rights, immunities and protections of the Bond Trustee thereunder are hereby granted to the Bond Trustee and incorporated by reference into this Agreement as though fully set forth herein.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

In order to induce the owners from time to time of the Series 2022 Bonds to purchase the Series 2022 Bonds, the Members hereby jointly and severally represent and warrant to the Bond Trustee and the Bondholder Representative, as of the date hereof and as of the Closing Date, as follows:

*Section 2.1. Organization; Powers.* Each Member is a limited liability company duly organized and is validly existing under the Laws of the state of Texas and the Support Provider is a non-profit corporation duly organized and is validly existing under the Laws of the state of Iowa. Each Member and the Support Provider (a) has the power and authority to own its Property and to carry on its business as now conducted and as proposed to be conducted; (b) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect; and (c) has the power and authority to execute, deliver and perform its obligations under each of the Related Documents to which it is a party. The Support Provider is the sole member of each Member.

*Section 2.2. Authorization.* The execution, delivery and performance by each Member of the Related Documents to which such Member is or is to become a party and such Member's obligations thereunder, and the consummation of the transactions contemplated thereby (a) have been duly authorized by all necessary action on the part of the Members; and (b) will not (i) violate any Law, the Organizational Documents or any material provision of any material indenture, agreement or other instrument to which a Member is a party or by which a Member or any of its Property is or may be bound, (ii) result in a breach of or constitute (alone or with notice or lapse of time or both) a default under or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien (other than a Permitted

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### *Section 2.7. Litigation; Compliance with Laws and Agreements.*

(a) There are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority or any other state or federal regulator now pending or, to the knowledge of the Obligated Group, threatened, against or affecting a Member, the Facilities, or any business, Property or rights of a Member.

(b) No Member or any of its Property is in violation of, nor will the construction or operation of the Facilities violate, any Law. No Member is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority.

(c) To the knowledge of the Obligated Group, there is no impairment of any Residency Agreement.

*Section 2.8. Contracts, Etc.* No Member is in default or, to the knowledge of the Obligated Group, alleged to be in default, in any material respect with respect to any of its obligations under any of its material agreements (or would be in default or alleged to be in default with the giving of notice, passage of time or both) and, to the knowledge of the Obligated Group, no party other than a Member is in default with respect to such party's obligations under any of such agreements (or would be in default or alleged to be in default with the giving of notice, passage of time or both). No claim has been asserted against a Member that is or could be materially adverse to its interests under any of such agreements. None of such agreements is subject to any material rights of set-off, recoupment or similar deduction or offset. No Member has assigned or encumbered any of its rights, title or interest in or under any of such agreements, or agreed to any oral modifications of any of the material provisions of any of such agreements.

### *Section 2.9. Tax Matters.*

(a) Each Member is a disregarded entity for federal income tax purposes, whose sole member, the Support Provider, has elected to treat each Member as a disregarded entity. The Support Provider has received a determination letter from the Internal Revenue Service classifying it as an organization (i) described in Section 501(c)(3) of the Code which is exempt from federal income taxation under Section 501(a) of the Code (except with respect to "unrelated business taxable income" within the meaning of Section 512(a) of the Code) and (ii) which is not a "private foundation" as defined in Section 509(a) of the Code. Such determination letter has not been modified, limited, revoked or suspended. The Support Provider has not received any indication or notice, written or oral, from representatives of the Internal Revenue Service to the effect that its exemption under Section 501(c)(3) of the Code has been modified, limited, revoked or superseded, or that the Internal Revenue Service is considering modifying, limiting, revoking or superseding such exemption. The Support Provider is in compliance with all of the terms, conditions and limitations, if any, contained in such determination letter. There has been no change in the facts and circumstances represented to the Internal Revenue Service as a basis for receiving, and which formed the basis on which the Internal Revenue Service issued, the determination letter relating to the status of the Support Provider as an organization described in Section 501(c)(3) of the Code and as an organization which is not a "private foundation" as defined in Section 509 of the Code of a nature or to a degree as would warrant any action by the Internal Revenue Service to modify, limit, revoke or supersede such determination letter. The

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Encumbrance) upon or with respect to any Property now owned or hereafter acquired by a Member.

*Section 2.3. Enforceability.* This Agreement has been duly executed and delivered by each Member and constitutes, and each other Related Document to which a Member is a party, when executed and delivered by such Member, will constitute, a legal, valid and binding obligation of such Member enforceable against such Member in accordance with its terms, subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and other similar Laws or enactments in effect now or in the future relating to or affecting the enforceability of creditors' rights generally; (b) the application of general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing), regardless of whether considered in a proceeding in equity or at law and the availability of the remedy of specific performance; and (c) considerations of public policy with respect to indemnity provisions.

*Section 2.4. Governmental Approvals.* The Obligated Group has obtained or applied for all Governmental Approval necessary to conduct its business as it is presently conducted and contemplated to be conducted and to own and operate the Facilities. The Members and the Support Provider have all Governmental Approvals that are (i) required to be obtained by the Members and the Support Provider, as the case may be, as a condition precedent to the issuance of the Series 2022 Bonds and the execution and delivery of the Related Documents, and (ii) obtainable to date for the performance by the Members and the Support Provider of their respective obligations under the Related Documents, the operation of the Facilities and the acquisition and construction of the Project. No Governmental Approval or other action by any Governmental Authority is required in connection with the transactions contemplated hereby.

*Section 2.5. No Default.* No event has occurred and no condition exists with respect to a Member which would constitute an Event of Default as defined in this Agreement or any of the other Related Documents or which, with the lapse of time or with the giving of notice or both, would become such an "event of default." None of the Members nor the Support Provider is in default under its Organizational Documents or other material agreement or instrument to which it is a party or by which it or its Property is bound. No Member is in default or alleged to be in default in any material respect under any Indebtedness or any agreement under which any Indebtedness shall have been issued or incurred.

### *Section 2.6. Title to Properties; Liens.*

(a) Each Member has good and marketable title to all Property purported to be owned by it, free and clear of any Liens, other than Permitted Encumbrances.

(b) Except as set forth in the Master Indenture, each Member represents and warrants that it has not made a pledge of, granted a Lien on or made an assignment or sale of the Gross Revenues or any of its other Property, or described or consented to the description of the Gross Revenues or such Property in any UCC financing statement that will remain in effect upon the issuance of the Series 2022 Bonds.

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Support Provider is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit and no part of the net earnings of any Member inure to the benefit of any person, private stockholder or individual, within the meaning of Section 3(a)(4) of the Securities Act of 1933, as amended.

(b) Each Member has filed, or caused to be filed, all federal, state, and local tax returns which are required to have been filed by it or has filed extensions therefor and has paid or caused to be paid all taxes as and when due and payable by it and all assessments received by it, except taxes that are being contested in good faith by appropriate proceedings and for which such Member has set aside on its books adequate reserves.

*Section 2.10. No Untrue Statements or Omissions of Material Facts.* None of the statements contained in any report, financial statement, offering document, exhibit or schedule furnished by or on behalf of a Member, or any of its Affiliates, to the Bond Trustee or the Bondholder Representative in connection with the negotiation of any Related Document or included therein or delivered pursuant thereto, contained or contains any untrue statement of material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading as of the time when made or delivered.

*Section 2.11. Employee Benefit Matters.* No Member has or has had (i) any Multiemployer Plans or (ii) any Plans. There have been no Reportable Events, and the execution and performance of the Related Documents will not constitute a Reportable Event. To the knowledge of the Obligated Group, neither a Member nor any ERISA Affiliate, or any predecessor-in-interest to any of them, has participated in, and the execution and performance of this Agreement will not involve any, Prohibited Transaction that could subject a Member or any ERISA Affiliate to any liability under ERISA or tax or penalty imposed by Section 4975 of the Code.

### *Section 2.12. Environmental Matters.*

(a) The Mortgaged Property does not contain any Regulated Chemical in an amount or concentration which (i) constitutes a violation of, (ii) requires remedial action under or (iii) to the Obligated Group's knowledge, could give rise to liability under any Environmental Law.

(b) The Mortgaged Property and all operations of the Obligated Group are in compliance in all material respects with every Environmental Law. All tanks and drums located at the Mortgaged Property are in material compliance with Environmental Laws, including, but not limited to, being equipped with required secondary containment.

(c) Each Member has obtained every Environmental Permit required under any Environmental Law that is necessary for the ordinary operations of its business; every such Environmental Permit is in full force and effect, and each Member is in compliance with every material term and condition of each such Environmental Permit.

(d) No Member or any of its Properties or operations is subject to any outstanding written order from or agreement with any Governmental Authority or subject to any judicial or

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docketed administrative proceeding respecting any Environmental Law, Environmental Claim or Regulated Chemical.

(e) There has been no Release or threatened Release in violation of any applicable Environmental Law at, from, under or proximate to the Mortgaged Property or at any other Property that would (i) require material removal and remedial action (“*Response Action*”) under any Environmental Law, (ii) could give rise to material liability under any Environmental Law or (iii) could otherwise reasonably be expected to have a Material Adverse Effect.

(f) No Member has received any notice of an Environmental Claim in connection with the Mortgaged Property, other Property it owns or operates, its operations or with regard to any Person whose liability under any Environmental Law has been retained or assumed, in whole or in part, contractually, by operation of law or otherwise, and the Obligated Group has no reason to believe that any such notice will be received or is being threatened.

(g) No Regulated Chemical has been (i) transported from the Mortgaged Property in violation of any Environmental Law, or (ii) generated, treated, stored or disposed of at, or under any Mortgaged Property in a manner that could reasonably be expected to give rise to liability under any Environmental Law. No Member has retained or assumed any liability, contractually, by operation of law or otherwise, with respect to the generation, treatment, storage or disposal of any Regulated Chemical, other than in a standard heating oil or similar contract. No Member owns or operates any underground storage tank that is not properly permitted and in compliance with applicable Environmental Laws, or that is experiencing or has ever experienced a material Release of Regulated Chemical.

*Section 2.13. Related Party Transactions.* Except as set forth on Exhibit B, no Member has entered into any agreement (whether written or oral) with a director, trustee, officer or member of a Member or the Support Provider in excess of \$10,000 in the aggregate (each a “*Related Party Agreement*”).

*Section 2.14. Notes Constitute Master Notes.* The Notes constitute Master Notes under the Master Indenture secured equally and ratably with all other Master Notes issued thereunder.

*Section 2.14. Survival.* Each Member’s representations and warranties contained herein (a) shall remain operative and in full force and effect regardless of the issuance of the Series 2022 Bonds and (b) are made as of the date of this Agreement and shall survive the issuance of the Series 2022 Bonds.

### ARTICLE III

#### PAYMENT OBLIGATIONS; SECURITY

##### *Section 3.1. Payment Obligations.*

(a) *General.* The Obligated Group shall make all payments required by the Loan Agreement as and when they become due and shall promptly pay all other amounts necessary to enable the Bond Trustee to make the deposits required to be made to the funds and accounts

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receipt of invoices therefor, the reasonable expenses of HCA for ongoing services performed with respect to the Series 2022 Bonds; and (C) to or on the order of the Bondholder Representative, the reasonable fees and expenses of the Bondholder Representative’s counsel in connection with the Series 2022 Bonds from time to time;

(ii) to the Bond Trustee, the Trustee Fee, as described in Section 4.2(b) of the Loan Agreement, as and when the same becomes due, including the reasonable fees and expenses of its counsel;

(iii) to the Issuer, the Issuer fee, as described in Section 4.2(a) of the Loan Agreement, as and when the same becomes due, including the reasonable fees and expenses of its counsel;

(iv) any rebates or payments in lieu thereof required to be paid under Section 148 of the Code in accordance with Section 4.2(d) of the Loan Agreement;

(v) if an Event of Default shall have occurred, all costs and expenses of the Bondholder Representative and the Bond Trustee (including reasonable out-of-pocket expenses for counsel) in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents as may be delivered in connection therewith;

(vi) all costs and expenses of the Bond Trustee, the Bondholder Representative and HCA (including reasonable out-of-pocket expenses for counsel) in connection with each amendment of this Agreement or any other Related Document and each consent by the Bondholder Representative or waiver by the Bondholder Representative under any Related Document; and

(vii) any amounts advanced by or on behalf of the Bond Trustee or the Bondholder Representative to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or under any other Related Document, together with interest at the Default Rate.

##### (c) *Excess Interest.*

(i) If the amount of interest payable for any period in accordance with the terms hereof or the Loan Agreement or the Series 2022 Bonds exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate. The excess, if any, of the interest that would have been due and payable for any period but for the operation of this paragraph shall constitute the “*Excess Interest Amount*” and shall accrue and be payable as provided in this subsection. If, as of any date, there exists any accrued and unpaid Excess Interest Amount, then the principal amount with respect to which interest is payable hereunder shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount.

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created by the Bond Indenture. To provide for the repayment of the loans under the Loan Agreement and the deposits required to be made to the funds and accounts created by the Bond Indenture, the Obligated Group agrees to pay to the Bond Trustee in immediately available funds the following amounts on the following dates:

(i) on or before the fifteenth day of each month from August 15, 2022 through December 15, 2022 an amount equal to 1/5<sup>th</sup> of the interest becoming due on January 15, 2023, and on or before the fifteenth day of each month thereafter, an amount equal to 1/6<sup>th</sup> of the interest becoming due on the Outstanding Series 2022 Bonds on the next succeeding Interest Payment Date or such lesser or greater amount as shall be required to make the amount on deposit in the Debt Service Fund equal to the interest due on such Series 2022 Bonds on such Interest Payment Date;

(ii) (A) on or before the fifteenth day of each month from July 15, 2023 through June 15, 2026 an amount equal to 1/12<sup>th</sup> of the amount required to effect any mandatory sinking fund redemption of Outstanding Series 2022 Bonds on the next succeeding principal payment date, (B) on or before the fifteenth day of each month from July 15, 2026 through May 15, 2027 an amount equal to \$95,000, (C) on or before December 15, 2026 the amount equal to the Outstanding principal amount and premium of the Series 2022C Bonds due on January 15, 2027, and (D) on or before June 15, 2027 the amount equal to the Outstanding principal amount and premium of the Series 2022 Bonds due on July 15, 2027; or such lesser or greater amount as shall be required to make the amount on deposit in the Debt Service Fund equal to the principal of or the amount required to redeem any Outstanding Series 2022 Bonds subject to mandatory sinking fund redemption on such date;

(iii) during any period in which the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, (A) if such deficiency results from a withdrawal from the Debt Service Reserve Fund, an amount equal to one-twelfth (1/12) of the amount of such deficiency until the amount on deposit in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Requirement or (B) if such deficiency results from a decline in value of the assets on deposit in the Debt Service Reserve Fund, an amount equal to the amount of the deficiency so that the amount on deposit in Debt Service Reserve Fund equals the Debt Service Reserve Requirement within 30 days of the date of such valuation; and

(iv) on or before the 1<sup>st</sup> day of each month, an amount equal to the amount obtained by dividing the real estate taxes, special assessments or similar charges (collectively, “*Taxes*”), if any, and insurance premiums due on the next succeeding date on which any Taxes or insurance premiums become due by the number of whole months between the payment date and the due date for the payment of such Taxes or insurance premiums, less any earnings then on deposit in the Real Estate Tax and Insurance Fund.

(b) *Additional Payments.* In addition, the Obligated Group shall pay the following amounts (collectively, the “*Additional Payments*”) as and when the same become due:

(i) (A) to the Bondholder Representative, upon receipt of invoices therefor, the reasonable expenses of the Bondholder Representative for ongoing monitoring of the loan of the proceeds of the Series 2022 Bonds (not to exceed \$5,000 annually); (B) to HCA, upon

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(ii) Notwithstanding the foregoing and to the extent permitted by Law, on the date on which no principal amount with respect to the Series 2022 Bonds of an Issue remains unpaid, the Obligated Group shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount due with respect to the Series 2022 Bonds of such Issue.

(d) *Determination of Taxability.* If a Determination of Taxability with respect to any Tax-Exempt Bond occurs and the Bondholder Representative waives the mandatory prepayment of such Tax-Exempt Bond in accordance with Section 3.3(a) of this Agreement, then such Tax-Exempt Bond shall remain outstanding and shall, beginning 120 days after such Determination of Taxability, bear interest at the Taxable Rate and, in such event, the Obligated Group hereby agrees to pay to each Bondholder or former Bondholder (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder or former Bondholder on such Tax-Exempt Bond during the period for which interest on such Tax-Exempt Bond is included in the gross income of such Bondholder or former Bondholder if such Tax-Exempt Bond had borne interest at the Taxable Rate (the “*Taxable Period*”), and (B) the amount of interest on such Tax-Exempt Bonds actually paid to the Bondholder or former Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by such Bondholder or former Bondholder as a result of interest on such Tax-Exempt Bonds being included in the gross income of such Bondholder or former Bondholder, together with any and all attorneys’ fees, court costs, or other out-of-pocket costs incurred by such Bondholder or former Bondholder (or their Bondholder Representative) in connection therewith. The obligations of the Obligated Group under this subsection shall survive the termination of this Agreement, the termination of any of the other Related Documents, and the redemption or other payment in full of such Tax-Exempt Bond. For the avoidance of doubt, the Bondholder Representative is not obligated to waive the mandatory prepayment of the Tax-Exempt Bonds.

##### *Section 3.2. Obligations Absolute.*

(a) The obligation of the Obligated Group to make the payments required under the Related Documents shall be absolute and unconditional. Until such time as the principal of, or premium (if any) and interest on, the Series 2022 Bonds Outstanding shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Indenture and all other amounts due hereunder and under the other Related Documents shall have been paid, the Obligated Group (i) shall perform and observe all of its agreements contained in this Agreement and the other Related Documents to which it is a party, and (ii) shall pay without abatement, diminution or deduction (whether for taxes or otherwise) all amounts required to be paid hereunder and under the other Related Documents, regardless of any cause or circumstance whatsoever, including (without limitation) the following: any defense, set off, recoupment or counterclaim which a Member may have or assert against the Issuer, the Bondholder Representative, the Bond Trustee, the Master Trustee or any other Person; any failure of the Issuer to perform any covenant or agreement contained in any agreement between the Issuer and a Member; any indebtedness or liability at any time owing to a Member by the Issuer, the Bondholder Representative, the Bond Trustee, the Master Trustee or any other Person; any acts or circumstances that may constitute failure of consideration; damage to or condemnation of the Mortgaged Property; failure or delay in completion of the Project; eviction by paramount title; commercial frustration of purpose; bankruptcy or

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insolvency of the Issuer, the Bond Trustee or the Master Trustee; any change in the tax or other laws of the United States of America or of the State or any political subdivision of either; foreclosure of a Mortgage; or any failure of the Issuer, the Bondholder Representative, the Master Trustee or the Bond Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation, arising out of or connected with this Agreement or the other Related Documents.

(b) Each Member hereby waives, to the extent permitted by Law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate or cancel, or to limit its liability under, this Agreement or the other Related Documents except in accordance with the express terms hereof.

#### Section 3.3. Mandatory Redemption of Bonds.

(a) In the event of a Determination of Taxability with respect to any Tax-Exempt Bonds, the Obligated Group shall forthwith, and in any event within 180 days after any such Determination of Taxability, pay to the Bond Trustee an amount equal to the principal amount of each Series 2022 Bond Outstanding and accrued interest thereon to the date on which such Series 2022 Bonds are redeemed, plus a premium equal to 3% of the outstanding principal amount of such Series 2022 Bonds for deposit in the Debt Service Fund; provided, that if the Obligated Group delivers to the Bond Trustee and the Bondholder Representative an opinion of Bond Counsel to the effect that interest on such Tax-Exempt Bonds will not be includable in the gross income of the owners thereof if less than all of such Tax-Exempt Bonds are redeemed, then the Obligated Group shall pay the amount necessary to redeem the amount of such Tax-Exempt Bonds required to be redeemed in order to preserve the tax-exempt status of the Tax-Exempt Bonds remaining outstanding as set forth in such opinion. The Obligated Group agrees to take all action required to cause the requisite amount of such Series 2022 Bonds to be redeemed on the earliest practicable date. Notwithstanding the foregoing, with the consent of the Issuer, the Bondholder Representative may waive the requirement that the Series 2022 Bonds be redeemed upon a Determination of Taxability by written notice to the Obligated Group Representative and the Bond Trustee, in which event such Tax-Exempt Bonds shall bear interest at the Taxable Rate during the Taxable Period in accordance with Section 3.1(d). For the avoidance of doubt, a Determination of Taxability with respect to Tax-Exempt Bonds of an Issue shall not require mandatory redemption of Tax-Exempt Bonds of a separate Issue.

(b) The Obligated Group shall take all action required to cause Bonds to be redeemed in an amount equal to the amount of the Net Proceeds and other amounts required to be paid to the Bond Trustee in accordance with Section 4.17.

(c) Each Member shall pay to the Bond Trustee 85% of the Initial Entrance Fees in accordance with Section 4.1(a)(4) of the Loan Agreement for deposit in the Entrance Fee Fund created under the Bond Indenture to redeem the Series 2022C Bonds pursuant to Section 302(b) of the Bond Indenture.

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authority of the Member to execute and deliver such documents and instruments and favorable opinions of counsel to the Member (which shall cover, among other things, the legality, validity, binding effect and enforceability of such documentation), all in form, content and scope reasonably satisfactory to the Bondholder Representative.

(d) The Obligated Group will, to the extent required by Law, cause this Agreement, the Mortgages and all supplements hereto and thereto, together with all related UCC financing statements or other instruments, to be kept, recorded and filed in such manner and in such places as may be required by Law in order to create, perfect, preserve and protect fully the lien of the Master Trustee in the Gross Revenues, the Mortgaged Property and the other Collateral provided by or on behalf of a Member and the rights granted the Master Trustee for the benefit of the holders of the Series 2022 Bonds or the Bond Trustee for the benefit of the Bondholders.

(e) Each Member authorizes the Master Trustee in the Master Indenture at any time and from time to time, at the Obligated Group's expense, to file or cause to be filed (provided the Master Trustee shall have no obligation to file) in any appropriate filing office any initial financing statements and amendments thereto and continuations thereof covering any Collateral provided by such Member under the Related Documents. No Member shall file any amendments, correction statements or termination statements concerning any Collateral without the prior written consent of the Bond Trustee, the Master Trustee and the Bondholder Representative. Each Member authorizes the Bond Trustee to request other secured parties of such Member to provide accountings, continuations of collateral and confirmations of statements of account concerning such Member. As long as any Bonds remain Outstanding, and not thereafter, each Member hereby designates and appoints the Bond Trustee and its designees as attorneys-in-fact of such Member, irrevocably and with power of substitution, with authority to endorse its name on requests to other secured parties of such Member for accountings, confirmations of collateral and confirmations of statements of account made pursuant to Section 7-210 of the UCC. The Obligated Group will pay or cause to be paid all filing fees incident to such filing and all expenses incident to the preparation, execution and acknowledgment of any instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of such instruments of further assurance.

(f) Each Member shall ensure that the Collateral in each deposit account, each brokerage account and each investment account of such Member at all times shall be subject to a Control Agreement in form satisfactory to the Bondholder Representative. Under all such Control Agreements, the Member will maintain control of its account until such time as an Event of Default has occurred.

#### Section 3.5. Joint and Several Obligation.

Each Obligated Group Member, as a co-obligor and not a guarantor, shall at all times be jointly and severally liable for each representation, warranty, covenant, agreement and other obligation of the Obligated Group and each other Obligated Group Member under this Agreement, including (without limitation) the obligation to pay the principal of and premium, if any, and interest on the Series 2022 Bonds and all other amounts payable hereunder and any

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#### Section 3.4. Security.

(a) As security for the performance by the Obligated Group of its obligations hereunder and under the Loan Agreement, each Member has assigned to the Master Trustee, and granted to the Master Trustee pursuant to the Master Indenture a lien and security interest in, all of its now owned and hereafter acquired, created or arising Collateral, including the Gross Revenues, and in each case regardless of where such Collateral may be located and whether such Collateral may be in possession of a Member or the Master Trustee or a third party or if any of such Collateral may be held or stored with any third party. Without limiting the generality of the foregoing, until such time as all amounts outstanding under the Series 2022 Bonds have been indefeasibly paid in full, the lien and security interest granted under the Master Indenture shall continuously apply to all rights to receive Gross Revenues and the proceeds of the other Collateral. In addition to the rights and remedies granted to the Bond Trustee herein and in the other Related Documents, the Bond Trustee shall have all of the rights and remedies of a secured party under the UCC with respect to all of the Collateral and the Master Trustee shall have all of the rights and remedies of a secured party under the UCC with respect to all of the pledged Property.

(b) Each Member at all times will subject all of its Property to a first-priority, perfected lien (subject in each case to Permitted Encumbrances) in favor of the Master Trustee pursuant to the terms and conditions of the Master Indenture, the Mortgages and the Assignment and shall execute, acknowledge and deliver such further conveyances, transfers, assurances, financing statements and other instruments, in form and substance satisfactory to the Bondholder Representative, as the Master Trustee or the Bondholder Representative, respectively, shall reasonably request for better assuring, conveying, granting, assigning and confirming any rights, liens on the Collateral including Gross Revenues, the Mortgaged Property and other Property on which a lien is granted, or intended to be, or that a Member may hereafter become bound to mortgage, pledge or assign. Each Member shall adhere to the covenants regarding the location or existence of a Member's personal and real Property as set forth herein and in the other Related Documents.

(c) If subsequent to the Closing Date, a Member shall (i) acquire any securities, instruments, chattel paper or other personal Property not theretofore pledged to the Master Trustee as Collateral under the Related Documents, or (ii) acquire or lease any real Property not theretofore subject to the Mortgages, the Member shall promptly notify the Bondholder Representative thereof. Each Member shall promptly (but in no event later than 30 days following the acquisition of such Property, subject to the provisions of this Agreement or any other Related Document requiring prior or more immediate action or notice with respect thereto), take such action at its own expense as shall be determined by the Bondholder Representative to be necessary or advisable to ensure that the Master Trustee has a first-priority perfected lien to secure the obligations of the Members hereunder in all Property of the Members, subject in each case only to Permitted Encumbrances, and shall execute a landlord waiver for leased real Property in form and substance acceptable to the Bondholder Representative. Such action shall include delivery by or on behalf of a Member of (A) such Related Documents or supplements thereto as are necessary for the Member to comply with this Section, and (B) such other documentation as the Master Trustee or the Bondholder Representative may reasonably request in connection with the foregoing, including certified resolutions and documents evidencing the

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interest thereon. The Bond Trustee may, in its discretion, look to any or all of the Obligated Group Members for performance of such covenants, agreements and other obligations.

## ARTICLE IV

### AFFIRMATIVE COVENANTS

The Members hereby jointly and severally covenant and agree that until this Agreement has expired or been terminated and until all of the Series 2022 Bonds and all other amounts payable hereunder and under the Loan Agreement and the Bond Indenture have been fully paid and performed (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted) to the satisfaction of the Bondholder Representative, unless the Bondholder Representative shall otherwise consent in writing, each Member shall comply with each and every provision of each Section contained in this Article IV.

#### Section 4.1. Preservation of Corporate Existence, Etc.

(a) Each Member will do or cause to be done all things necessary to preserve and maintain its legal existence, and all rights, privileges and franchises necessary and desirable in the conduct of its business (including its right to do business in each jurisdiction in which such Member conducts business), and in the performance of its obligations under the Related Documents and will not dissolve or otherwise discontinue its existence or operations.

(b) Each Member shall do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the Governmental Approvals and intellectual property material to the conduct of such Member's business.

Section 4.2. Performance and Compliance with Other Covenants. Each Member shall perform and comply with the covenants binding on the Members set forth in the other Related Documents in accordance with the terms of this Agreement and the other Related Documents.

Section 4.3. Books and Records; Reports; Communications. Each Member will keep accurate records and books of account in accordance with GAAP, consistently applied.

(a) The Members will provide to the Bond Trustee, the Bondholder Representative and, upon its request, the Underwriter, the following items at the following times, each in form and substance satisfactory to the Bondholder Representative:

(i) within 150 days after the last day of each Fiscal Year, beginning with the Fiscal Year ending December 31, 2022 (A) the annual financial statements of the Obligated Group, prepared in accordance with GAAP, which shall be accompanied by an unqualified report of an independent certified public accountant reasonably which independent certified public accountant shall be the same as the independent certified public accountant of the Support Provider, (B) a letter from such independent certified public accountant setting forth the Debt Service Coverage Ratio and the Days' Cash on Hand as of the last day of such Fiscal Year and (C) any letter to management from such independent certified public accountant;

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(ii) within 30 days after the last day of each Fiscal Quarter, beginning with the Fiscal Quarter ending September 30, 2022 (A) unaudited interim consolidated and consolidating financial statements of the Obligated Group for the Fiscal Quarter ending on such date and for the period from the beginning of the then-current Fiscal Year to the last day of such Fiscal Quarter, together with comparative information for the same periods in the immediately preceding Fiscal Year, (B) a certificate of the chief financial officer of the Obligated Group Representative in the form set forth in Exhibit A (1) setting forth (I) the Debt Service Coverage Ratio for the 12-month period ended on the last day of such Fiscal Quarter, (II) the Days' Cash on Hand as of the last day of such Fiscal Quarter (provided, however, that, to the extent that the last day of such Fiscal Quarter is not a Liquidity Testing Date, such calculation is delivered solely for informational purposes and not for determining compliance with the Liquidity Covenant), and (III) the total number of Units that constituted Occupied Units as of the last day of such Fiscal Quarter and (2) including a statement to the effect that, to the best of such officer's knowledge (I) such financial statements fairly present, in all material respects, the financial position and results of operations of the Obligated Group as of the date and for the period covered by such Financial Statements, subject to year-end adjustments and (II) no Event of Default or Default under any Related Document has occurred and is continuing or, if any such Event of Default or Default has occurred, stating the nature thereof and the steps the Obligated Group intends to take to cure such default;

(iii) within 30 days after the last day of each Fiscal Quarter, beginning with the Fiscal Quarter ending September 30, 2022, a summary of all monthly statements pertaining to each Member's bank and other investment accounts;

(iv) within 30 days after the last day of each Fiscal Quarter, beginning with the Fiscal Quarter ending September 30, 2022, a written report of Refunds due but not yet paid with respect to the Facilities;

(v) within 30 days after the last day of each month, beginning with the month ending July 31, 2022, monthly summary occupancy statistics with respect to the Facilities;

(vi) within 30 days after the last day of each month during any period in which a Default or Event of Default under this Agreement or any of the other Related Documents will have occurred and be continuing or the average number of Occupied Units in the Facilities (including Units constructed as part of the Expansion Project) for the month expressed as a percentage of the total number of such Units in the Facilities is less than 80%. (A) unaudited interim consolidated and consolidating financial statements of the Obligated Group for such month and for the period from the beginning of the then-current Fiscal Year to the last day of such month, and (B) a certificate of the chief financial officer of the Obligated Group Representative setting forth the Debt Service Coverage Ratio and the Days' Cash on Hand as of the last day of such month and including a statement to the effect that, to the best of such officer's knowledge, such financial statements fairly set forth the financial position and results of operations of the Obligated Group as of the date and for the period covered by such financial statements, subject to year-end adjustments;

(vii) as soon as practicable, and in any event (A) not later than 30 days prior to commencement of each Fiscal Year and prior to adoption thereof by the Governing Body, a copy

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(xvi) promptly, and in any event within 10 days after receipt thereof, copies of any notices received by a Member that indicate that any Governmental Approval necessary for the operation of any Facility may be suspended or withdrawn;

(xvii) promptly, and in any event by the time the next financial statements are delivered hereunder, written notice of any material change in the accounting policies or financial reporting practices by the Obligated Group;

(xviii) as soon as possible, and in any event within 10 days after a Member or any member of the ERISA Group knows or has reason to know thereof, written notice of any ERISA Event that alone or together with any other ERISA Event could reasonably be expected to result in liability of a Member or such ERISA Affiliate in respect of any employee benefit plan as defined in Section 3(3) of ERISA in an aggregate amount exceeding \$500,000, together with a statement of the chief financial officer of the Obligated Group Representative setting forth details as to such ERISA Event and the action, if any, that the Obligated Group proposes to take with respect thereto;

(xix) as soon as possible, and in any event within 10 days after a Member knows or has reason to know thereof, written notice of any of the following that could reasonably be expected to result in liability or loss to a Member, either individually or in the aggregate, in excess of \$500,000: (A) any enforcement, cleanup, removal or other regulatory action instituted, completed or threatened by any Governmental Authority against a Member, any of its Property or the Mortgaged Property pursuant to any applicable Environmental Law; (B) any other environmental claim; or (C) any environmental or similar condition on any real property adjoining any Mortgaged Property that could reasonably be anticipated to cause the Mortgaged Property or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use of such Mortgaged Property under any Environmental Laws;

(xx) promptly upon filing with the Internal Revenue Service, copies of the Support Provider's Form 990 and any application for extension of time with respect thereto; and

(xxi) such other information regarding the operations, business affairs and condition (financial or other) of a Member and compliance by a Member with the terms of the Related Documents as the Bond Trustee or the Bondholder Representative may from time to time request.

(b) During any period in which a Default or Event of Default under this Agreement or any of the other Related Documents shall have occurred and be continuing or the average number of Occupied Units in the Facilities for the month expressed as a percentage of the total number of such Units in the Facilities is less than 80%, the Members shall conduct a monthly investor call with the Bondholder Representative or its designee, on behalf of holders of Hamlin Investor Bonds and any other current holders of the outstanding Bonds, the access to such call to be provided by the Members, regarding renovation, marketing activity, occupancy, monthly revenue and expenses and such other matters as the Bondholder Representative shall request.

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of each Member's annual operating and capital budgets (detailed on a month-to-month basis) for such Fiscal Year, and (B) at least 10 days prior to the Governing Body's adoption thereof, a copy of any amendment of a Member's capital or operating budget;

(viii) within 10 days of receipt or completion, copies of any material healthcare survey and any state inspection results applicable to a Member;

(ix) annually (A) a report describing the marketing plan for the next year and (B) a report on real estate market characteristics which shall include basic real estate data on single family homes in the primary market area;

(x) annually a certificate from the Obligated Group Representative, demonstrating that each Member would meet the criteria to be admitted to the Lifespace Obligated Group in accordance with the terms of the Lifespace Master Trust Indenture;

(xi) promptly following each such meeting or consent, copies of minutes of meetings of the Governing Body and written consents executed by the Governing Body in lieu of meetings;

(xii) at the Closing and every year thereafter (delivered by August 1 of each such year), a report of an Insurance Consultant to the effect that the Members have in effect insurance of types and in the amounts carried by similarly situated long-term care facilities located in the same region as the Facilities and as required by the Related Documents;

(xiii) as soon as possible and in any event within five days after a Member knows or has reason to know of the occurrence of any Event of Default, Default or other noncompliance with any of the Related Documents, an Officer's Certificate setting forth details of such Event of Default, Default or noncompliance, describing in detail any and all clauses or provisions of this Agreement and the other Related Documents that have been breached or violated and the action that the Obligated Group proposes to take with respect thereto;

(xiv) as soon as possible and in any event within five days after a Member knows or has reason to know of the occurrence of any event or the existence of any circumstance or series of events or circumstances that could reasonably be expected to have a Material Adverse Effect, an Officer's Certificate setting forth details of such event or circumstance, the possible results thereof and the action that the Obligated Group proposes to take with respect thereto;

(xv) promptly, and in any event within 10 days after the filing or commencement of, or any written threat or notice of intention of any Person to file or commence any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, by or against a Member or otherwise affecting a Member with an amount in controversy in excess of \$1,000,000, and any judgments entered against a Member, written notice thereof;

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(c) The Members quarterly, and at such other times as may be requested by the Bondholder Representative, shall conduct a conference call with the Bondholder Representative or host a site visit with the Bondholder Representative and otherwise will permit any representatives designated by the Bondholder Representative to inspect the financial records and Property of the Members at reasonable times during normal business hours and as often as reasonably requested and to make extracts from and copies of such financial records at the expense of the Members, and permit any representatives, accountants and advisors designated by the Bondholder Representative to discuss the affairs, finances and condition of the Members with the officers thereof and independent accountants thereof; provided that unless an Event of Default or Default under any Related Document has occurred and is continuing, the Members will not be required to permit more than four such inspections in any Fiscal Year.

(d) Each Member will provide written notice to its Governing Body of the occurrence of any event or circumstance described in clause (xii), (xiii), (xiv), (xv), (xvi), (xvii) or (xviii) of subsection (a) of this Section 4.3 at or before the time such notice is required to be provided to the Bond Trustee and the Bondholder Representative.

(e) Each Member agrees to cause a copy of each item delivered to the Bondholder Representative pursuant to clauses (i), (ii), (iv), (v), (vi), (vii), (xii), (xiv), (xvi), and (xvii) of subsection (a) of this Section to be delivered to the Repository contemporaneously with the delivery thereof to the Bondholder Representative.

(f) During any period in which a Default or Event of Default under this Agreement or any of the other Related Documents shall have occurred and be continuing, the Members shall deliver the items required under clauses (ii), (iii), and (iv) of subsection (a) of this Section to be delivered to the Bondholder Representative on a monthly basis, within 30 days after the last day of each month.

#### Section 4.4. Insurance.

(a) Each Member shall maintain, or cause to be maintained on its behalf, at the Obligated Group's cost and expense, the following insurance:

(i) insurance against loss or damage to its Mortgaged Property under a policy covering such risks as are ordinarily insured against by similar businesses, including (without limitation) builder's risk during construction, windstorm, fire and extended coverage in an amount not less than the full insurable replacement value of its Mortgaged Property, which shall mean the actual replacement cost of its Mortgaged Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, such value to be determined, at the expense of the Members, every year by an Insurance Consultant or an insurer selected by the Members, with the approval of the Bondholder Representative;

(ii) comprehensive general public liability insurance, including personal injury liability, and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons or property, in the minimum amount for each occurrence and for each year of \$2,000,000 (notwithstanding the foregoing, for a Member's automobile insurance,

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this requirement may be met by such Member maintaining a \$1,000,000 combined single limit on the primary automobile coverage and including the primary automobile policy on such Member's umbrella policy) and, to the extent such Member provides any health care services, medical and professional liability insurance in amounts estimated to fully indemnify such Member against the estimated loss or damage, in each case endorsed to show the Master Trustee and the Bond Trustee as additional insureds;

(iii) business interruption insurance covering actual losses in gross operating earnings of such Member resulting directly from necessary interruption of business caused by damage to or destruction (resulting from fire and lightning, accident to a fired pressure vessel or machinery or other perils, including, without limitation, windstorm and hail, explosion, civil commotion, aircraft and vehicles, sprinkler leakage, smoke, vandalism and malicious mischief and accident, to real or personal property constituting part of its Mortgaged Property, less charges and expenses which do not necessarily continue during the interruption of business, for such length of time as may be required with the exercise of due diligence and dispatch to rebuild, repair or replace such properties as have been damaged or destroyed and in any case for at least the sum of 12 months' operating expenses, plus the maximum amount of the principal of and interest on the outstanding Bonds becoming due in the current or any future Fiscal Year; and

(iv) such other insurance, including workers' compensation insurance respecting all employees of such Member, fidelity insurance respecting employees of such Member handling such Member's money and directors' and officers' liability insurance, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure.

All insurance required in this Section will be provided by financially sound and reputable insurance companies selected by the Members that are authorized under the laws of the State or assume the risks covered thereby. No policy of insurance will be so written that the proceeds thereof will produce less than the minimum coverage required above, by reason of co-insurance provisions or otherwise, without the prior written consent of the Bondholder Representative. All policies evidencing insurance required by clause (a)(i) above with respect to the Mortgaged Property shall be carried in the names of the Member and the Master Trustee as their respective interests may appear, shall contain standard mortgagee clauses reasonably acceptable to the Bondholder Representative, specifically naming the Master Trustee as mortgagee, will provide that the insurer shall give at least 30 days' notice in writing to the Member of cancellation, termination or modification of such policy and shall provide that the Master Trustee will have sole right to receive the proceeds of such policies. Each Member shall give at least 30 days' notice in writing to the Bondholder Representative and the Master Trustee of cancellation, termination or modification of such policy. Each Member will deposit annually with the Master Trustee and the Bondholder Representative policies evidencing all such insurance, or certificates or binders of the respective insurers stating that such insurance is in force and effect. Not less than 10 days prior to the expiration of any policy, each Member shall furnish the Master Trustee and the Bondholder Representative with a certificate of insurance evidencing that the policy has been renewed or replaced by another policy conforming to the provisions of this Section, or evidence satisfactory to the Bondholder Representative that there is no necessity therefor under the terms hereof. In lieu of separate policies, a Member may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event

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such Member shall deposit with the Master Trustee and the Bondholder Representative certificates of the respective insurers as to the amount of coverage provided thereby.

(b) Once every year after the Closing Date, the Obligated Group shall retain, at its own expense, an Insurance Consultant to determine and recommend the type of insurance required for the Facilities and the required coverage. The Members covenant to purchase such insurance recommended by such Insurance Consultant and make the necessary payments to the Real Estate Tax and Insurance Fund so that the premiums are timely paid.

(c) With the Bondholder Representative's prior written consent, a Member may satisfy the requirements of Section 4.4(a)(ii) and 4.4(a)(iv) by establishing and maintaining a self-insurance plan, including (without limitation) by utilizing an insurance company or association controlled by a Member (either singly or with other persons) or a risk retention group, protecting such Member against the risks required to be insured against by such Sections. Such plan shall provide for (i) establishment of a segregated fund of cash or marketable securities for the defense and payment of claims arising from such risks, (ii) funding of such fund in initial and subsequent amounts determined annually by an independent actuary employing accepted actuarial techniques customarily employed by the casualty insurance industry, such actuarial determination to be submitted to the Bond Trustee, the Master Trustee and the Bondholder Representative within 60 days from the end of each plan year, (iii) annual reporting to the Bondholder Representative, the Master Trustee and the Bond Trustee of the current fund balance of such fund as of the end of each plan year and an evaluation of the aggregate potential effect on the fund balance of claims asserted and pending that could ultimately be payable from such fund, such reports to be submitted within 60 days after the end of each plan year, (iv) establishment and operation of a claims processing and risk management program, and (v) adequate reserves for, or insurance coverage protecting the Member against, any potential retained liability with respect to the period during which such plan was in effect upon termination of such plan. In connection with any such plan, the Member shall furnish to the Bondholder Representative, the Master Trustee and the Bond Trustee, annually within 60 days after the end of each plan year, a report from an independent actuary to the effect that the plan is maintaining adequate reserves and has been adequately funded.

(d) With respect to the items received by the Bond Trustee or the Master Trustee under this Section 4.4, the Bond Trustee and the Master Trustee shall act solely as a repository without a duty to analyze such materials.

*Section 4.5. Taxes.* Each Member will pay and discharge when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its Property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such Property or any part thereof (other than Permitted Encumbrances), *provided, however,* that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the Member, at its expense, in good faith, shall contest the validity or amount thereof, no Lien has attached with respect thereto and the Member shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend such Lien, unless the Bond Trustee, the Master Trustee or the Bondholder Representative shall notify the Member that, by nonpayment thereof, the Mortgaged Property or

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any part thereof, or the revenue therefrom, will be subject to loss or forfeiture, in which event such taxes, assessments, charges, levies or claims shall be paid promptly.

#### *Section 4.6. Maintenance of 501(c)(3) Status, Accreditations, Etc.*

(a) Each Member shall take or cause to be taken all action necessary to maintain its status as a disregarded entity of an organization described in Section 501(c)(3) of the Code. Each Member will give prompt written notice to the Bond Trustee and the Bondholder Representative of any loss of such status or of any investigation, proceeding or ruling that might result in such loss of status.

(b) Each Member shall maintain all licensing required by applicable Law in order to conduct its business as now being conducted, including its certification for participation in the Medicare and Medicaid programs.

*Section 4.7. ERISA.* Each Member shall comply, and cause each member of the ERISA Group to comply, with the applicable provisions of ERISA; provided, that no contested noncompliance with applicable provisions of ERISA shall constitute a breach of this Section if (a) such contest is being conducted in good faith and in appropriate proceedings which remain pending and are being diligently prosecuted by the Member or another ERISA Group member, and (b) any contested liability is covered by adequate reserves and the non-payment of such contested liability shall not materially and adversely affect the security for the Series 2022 Bonds.

*Section 4.8. Compliance with Laws.* Each Member will comply in all material respects with all applicable Laws, whether now in effect or hereafter enacted; provided, that a Member may, at its expense, in good faith contest any such Laws so long as notice of such contest is given to the Bond Trustee and the Bondholder Representative and such contest could not reasonably be expected to have a Material Adverse Effect.

#### *Section 4.9. Environmental Matters.*

(a) The Members shall conduct their operations in compliance in all respects with all applicable Environmental Laws. The Members shall maintain the Facilities free from contamination by Regulated Chemicals and shall not intentionally or unintentionally allow a release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical on, under, in or about the Facilities, and shall not permit the migration or threatened migration of any of the foregoing from other properties upon, about or beneath the Facilities.

(b) The Obligated Group promptly and in no event later than five business days from the date on which a Member has knowledge thereof, shall provide to the Bondholder Representative and the Bond Trustee a copy of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(i) a Member or any tenant or sublessee of a Member has violated, or is about to violate any Environmental Law;

(ii) there has been a release, or there is a threat of release, of any Regulated Chemical from a Facility;

(iii) a Member or any tenant or sublessee of a Member may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical; or

(iv) any portion of a Facility is subject to a Lien in favor of any Governmental Authority for any liability, cost or damage under Environmental Law arising from, or costs incurred by such Governmental Authority in response to, a release of any Regulated Chemical.

(c) The Obligated Group promptly and in no event later than five business days from the date on which a Member has knowledge thereof (or sooner if a Member is required by Environmental Laws to provide notice to any Governmental Authority), shall provide to the Bondholder Representative and the Bond Trustee notice of any discovery of Regulated Chemicals or other conditions related to the Project that would reasonably be expected to be hazardous to the environment.

(d) The Obligated Group shall take all appropriate responsive action, including any Response Action, in the event of a release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the Facilities, so as to remain in compliance with Environmental Laws, to keep the Facilities free from, and unaffected by, Regulated Chemicals and to prevent the imposition of any Liens against the Facilities for the costs of any response, removal or remedial action or cleanup of any Regulated Chemicals. The Obligated Group Representative shall (i) provide the Bondholder Representative and the Bond Trustee, within 60 days after providing the notice required under paragraph (b) above, with a bond, letter of credit or similar financial assurance for an amount not less than the cost of the Response Action that may be drawn upon by the Bond Trustee for the purpose of completing the Response Action if an Event of Default or Default occurs or if the Response Action is not completed within six months of the issuance of the financial assurance and (ii) discharge any assessment or Lien which may be established on any portion of the Facilities as a result thereof.

(e) The Obligated Group Representative shall provide the Bond Trustee, the Master Trustee and the Bondholder Representative with a copy of any Environmental Report obtained by a Member with respect to a Facility.

#### *Section 4.10. Operation and Maintenance of Facilities.*

(a) The Obligated Group agrees to keep or cause to be kept the Facilities in good repair, working order and condition (ordinary wear and tear excepted) and from time to time make, or cause to be made, all repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted.

(b) The Obligated Group will obtain when needed all Governmental Approvals required for the performance of its obligations hereunder and under the other Related

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Documents, the operation of the Facilities and the construction of the Project and has no reason to believe that all such Governmental Approvals cannot be promptly obtained when needed.

*Section 4.11. Limitation on Alteration of Facilities.* The Obligated Group shall not make any change or alteration (including demolition or removal) to any portion of the Facilities or replace any portion of the structure or equipment constituting a portion of the Facilities that materially and adversely affects the value or the operating efficiency of the Facilities.

All alterations of the Facilities shall be located within the boundary lines of the Land and shall become a part of the Mortgaged Property. No alterations shall impair the structural soundness or utility of the Facilities, significantly alter the character or purpose of the Facilities or significantly impair the revenue producing capacity thereof.

All work in connection with any alterations shall be done promptly and in good and workmanlike manner and in compliance with Law, including building and zoning Laws of Governmental Authorities of the jurisdiction in which the Property is located, and the provisions of any policy of insurance covering the Property.

*Section 4.12. Debt Service Coverage Ratio.*

(a) The Obligated Group will charge and collect such rents, fees and other charges with respect to the Facilities and will restrict expenses relating to the Facilities as shall be necessary to achieve as of the last day of each Fiscal Quarter commencing December 31, 2024 (each a "Testing Period"), a Debt Service Coverage Ratio of at least 1.15 to 1.00 calculated on a trailing 12-month basis. The Obligated Group shall provide certificates to the Bondholder Representative and the Bond Trustee substantially in the form set forth in Exhibit A setting forth the calculation of the Debt Service Coverage Ratio at the times and in the manner provided in Section 4.3(a)(ii).

(b) If the Obligated Group fails to maintain the required Debt Service Coverage Ratio in any Testing Period, then the Obligated Group, at the Obligated Group's expense, shall employ, as soon as practicable thereafter, a Consultant selected by the Bondholder Representative to submit a written report and recommendations with respect to the rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges relating to the Facilities and with respect to improvements or changes in the operation and management of the Facilities unless such requirement for a Consultant is waived in writing by the Bondholder Representative, in which case the Bondholder Representative may require a written report from management of the Obligated Group. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after the last day of such Testing Period. The Obligated Group agrees to cause a copy of such report to be delivered to the Repository contemporaneously with the delivery thereof to the Bondholder Representative.

(c) The Obligated Group shall revise or cause to be revised such rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges in conformity with any recommendations of such Consultant and shall otherwise follow the recommendations of such Consultant, in each case as approved by the Bondholder

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the tax-exempt status of the Support Provider. If the Obligated Group complies with the Consultant's recommendations, failure to generate the required Days' Cash on Hand shall not constitute an Event of Default under this Agreement.

(d) Notwithstanding anything to the contrary contained herein, each of the following shall constitute an Event of Default hereunder, unless waived in writing by the Bondholder Representative: (i) failure to maintain least 50 Days' Cash on Hand on any Liquidity Testing Date prior to the termination of the Support Agreement; or (ii) failure to maintain at least 75 Days' Cash on Hand on any Liquidity Testing Date after termination of the Support Agreement; or (iii) failure to maintain at least 60 Days' Cash on Hand on any three consecutive Liquidity Testing Dates prior to the termination of the Support Agreement; or (iv) failure to maintain at least 80 Days' Cash on Hand on any three consecutive Liquidity Testing Dates after termination of the Support Agreement; or (v) failure to comply with the recommendations of the Consultant pursuant to Section 4.13(c).

*Section 4.14. Occupancy.*

(a) The average number of Occupied Units in the Facilities for each three-month period ending on the last day of each Fiscal Quarter (each, an "Occupancy Testing Date"), expressed as a percentage of the total number of such Units in the Facilities, shall equal or exceed 80% (the "Occupancy Requirement"). The Obligated Group shall provide a certificate to the Bondholder Representative and the Bond Trustee substantially in the form set forth in Exhibit A demonstrating compliance with the requirements of this paragraph as provided in Section 4.3(a)(ii).

(b) If the Obligated Group fails to meet the Occupancy Requirement as of any Occupancy Testing Date, then the Obligated Group shall employ, at the Obligated Group's expense, as soon as practicable thereafter, a Consultant selected by the Bondholder Representative to submit a written report and recommendations with respect to the marketing of the Facilities, unless such requirement to hire a Consultant is waived in writing by the Bondholder Representative. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after such Occupancy Testing Date. The Obligated Group agrees to cause a copy of such report to be delivered to the Repository contemporaneously with the delivery thereof to the Bondholder Representative. Promptly following receipt of such report, the Obligated Group shall adjust its marketing efforts in accordance with the recommendations of the Consultant. The Obligated Group shall make such changes as are recommended by such Consultant and shall otherwise follow the recommendations of such Consultant, in each case to the extent agreed to by the Bondholder Representative.

(c) Failure by the Obligated Group (i) to meet the Occupancy Requirement as of three consecutive Occupancy Testing Dates, (ii) to maintain an average number of Occupied Units in the Facilities for any Occupancy Testing Date, expressed as a percentage of the total number of such Units in the Facilities, of at least 70% or (iii) to substantially comply with and implement the recommendations of the Consultant that have been approved by the Bondholder Representative, in its sole discretion, shall constitute an Event of Default hereunder.

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Representative, unless the Governing Body of a Member determines by resolution, a copy of which shall be provided to the Bond Trustee and the Bondholder Representative, that compliance with such recommendations would jeopardize the disregarded entity status of such Member or the tax-exempt status of the Support Provider. If the Obligated Group complies with the Consultant's recommendations, failure to generate the required Debt Service Coverage Ratio shall not constitute an Event of Default under this Agreement.

(d) Notwithstanding anything to the contrary contained herein, each of the following shall constitute an Event of Default hereunder, unless waived in writing by the Bondholder Representative: (i) failure to maintain a Debt Service Coverage Ratio of at least 1.00 to 1.00 for any Testing Period; or (ii) failure to maintain a Debt Service Coverage Ratio of at least 1.15 to 1.00 for any three consecutive Testing Periods; or (iii) failure to comply with the recommendations of the Consultant pursuant to Section 4.12(c).

*Section 4.13. Days' Cash on Hand.*

(a) The Obligated Group covenants and agrees to maintain, as of June 30 and December 31 of each Fiscal Year commencing December 31, 2022 (each a "Liquidity Testing Date"), as shown on the Obligated Group's quarterly or annual financial statements delivered to the Bond Trustee and the Bondholder Representative (i) prior to the termination of the Support Agreement, at least 60 Days' Cash on Hand, and (ii) after termination of the Support Agreement, at least 80 Days' Cash on Hand (the "Liquidity Requirement"). The Obligated Group shall provide certificates to the Bondholder Representative and the Bond Trustee substantially in the form set forth in Exhibit A demonstrating compliance with the Liquidity Requirement at the times provided in Section 4.3(a)(ii).

(b) If the Obligated Group fails to comply with the Liquidity Requirement on any Liquidity Testing Date, then the Obligated Group, at the Obligated Group's expense, shall employ, as soon as practicable thereafter, a Consultant selected by the Bondholder Representative to submit a written report and recommendations with respect to the rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges relating to the Facilities and with respect to improvements or changes in the operation and management of the Facilities unless such requirement for a Consultant is waived in writing by the Bondholder Representative, in which case the Bondholder Representative may require a written report from management of the Obligated Group. Such report shall be submitted to the Bond Trustee and the Bondholder Representative as soon as practicable but in no event later than 60 days after such Liquidity Testing Date. The Obligated Group agrees to cause a copy of such report to be delivered to the Repository contemporaneously with the delivery thereof to the Bondholder Representative.

(c) The Obligated Group shall revise or cause to be revised such rents, fees (including Entrance Fees and related healthcare obligations), rates, expenses and other charges in conformity with any recommendations of such Consultant and shall otherwise follow the recommendations of such Consultant, in each case as approved by the Bondholder Representative, unless the Governing Body of a Member determines by resolution, a copy of which shall be provided to the Bond Trustee and the Bondholder Representative, that compliance with such recommendations would jeopardize the disregarded entity status of such Member or

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*Section 4.15. Management.*

(a) Each Member shall at all times engage a Facility Manager to conduct the operations of the Facilities pursuant to a management agreement in form and substance satisfactory to the Bondholder Representative (as the same may be amended, supplemented or otherwise modified from time to time, the "Management Agreement"). No Member shall change the Facility Manager without the prior written consent of the Bondholder Representative.

(b) Any management fees (the "Management Fees") paid under a Management Agreement shall be at market rate. Any Management Agreement, other than for the period the Facility Manager is ER Senior Management, LLC, shall provide that fifty percent (50%) of Management Fees shall be subordinate to the payment of principal of and interest on the Series 2022 Bonds.

(c) Upon the occurrence and the continuance of an Event of Default pursuant to Section 6.1(b), 6.1(c) or 6.1(d), the Facility Manager may be removed at the discretion of, and a new Facility Manager appointed with the approval of, the Bondholder Representative.

*Section 4.16. Construction Agreements and Architect Agreement Restrictions.*

(a) No Construction Agreement Change Orders without Bondholder Representative Consent. The Obligated Group shall not enter into or permit any change order to any Construction Agreement in excess of \$100,000 individually or \$1,000,000 in the aggregate, without the prior written consent of the Bondholder Representative.

(b) Exercise of Construction Agreement Remedies. The Obligated Group shall enforce the Construction Agreements, exercise all remedies thereunder, and shall take direction with respect to such enforcement and remedies from the Bond Trustee and the Bondholder Representative.

(c) Construction Agreement Retainage. The Obligated Group agrees that the retainage under any Construction Agreement shall remain at 5% until the Completion Date, unless the prior written consent of the Bondholder Representative is obtained.

(d) Construction Agreement Termination. The Obligated Group shall not terminate any Construction Agreement without the prior written consent of the Bondholder Representative.

(e) Architect Approval. The Obligated Group shall not enter into any Architect Agreement, without the prior written consent of the Bondholder Representative.

(f) Architect Agreement Approvals. The Obligated Group shall not provide any approvals pursuant to any Architect Agreement, without the prior written consent of the Bondholder Representative. The Obligated Group shall cause the architect to confer with the Bondholder Representative prior to its consent to changes pursuant to the Architect Agreement.

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*Section 4.17. Damage, Destruction or Condemnation.*

(a) The Obligated Group Representative agrees to give written notice to the Bond Trustee, the Master Trustee and the Bondholder Representative immediately if the Facilities or any portion thereof is damaged, destroyed or taken in the exercise of the power of eminent domain, condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between a Member and any such public authority in lieu thereof. In the event that the value of the property damaged, destroyed or taken does not exceed \$500,000, the Net Proceeds shall be payable to the Obligated Group and the Obligated Group shall forthwith repair, reconstruct and restore the Facilities to substantially the same or an improved condition and value as existed prior to such damage, destruction or taking and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Obligated Group will apply the Net Proceeds received by the Obligated Group to the payment or reimbursement of the costs thereof.

(b) In the event that the value of the Facilities or portion thereof that is damaged, destroyed or taken equals or exceeds \$500,000, then the Net Proceeds shall be deposited with the Master Trustee and the Obligated Group Representative shall, within 90 days after such damage, destruction or taking elect one of the options set forth below by written notice of such election to the Master Trustee, the Bond Trustee and the Bondholder Representative.

(i) *Repair and Restoration.* The Obligated Group Representative may elect to repair, reconstruct and restore the portion of the Facilities damaged, destroyed or taken. In such event, the Obligated Group shall proceed forthwith to repair, reconstruct and restore the damaged, destroyed or taken property to substantially the same condition and value as existed prior to the event causing such damage, destruction or taking and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Obligated Group will apply the Net Proceeds thereof received by the Obligated Group from the Master Trustee to the payment or reimbursement of the costs thereof. So long as no Event of Default or Default exists, any Net Proceeds received by the Master Trustee shall be released from time to time by the Master Trustee to the Obligated Group in accordance with the written instructions of the Obligated Group Representative; provided, that there is delivered to the Master Trustee and the Bondholder Representative within 60 days of receipt of such Net Proceeds:

(A) an Officer's Certificate specifying the expenditures made or to be made or the Indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other money legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration;

(B) the written concurrence with such Officer's Certificate from an independent engineer;

(C) evidence reasonably satisfactory to the Bondholder Representative that such repair, reconstruction and restoration can be completed within 12 months; and

(D) evidence reasonably satisfactory to the Bondholder Representative that the proceeds of business interruption insurance and other available funds will be sufficient to

in the exercise of the power of eminent domain, condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between a Member and any such public authority in lieu thereof. The Master Trustee shall cooperate fully with the Obligated Group in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Mortgaged Property.

*Section 4.18. Actuarial Study.* In the event that a Member shall enter into Residency Agreements under which basic assisted living, memory care or skilled nursing services are provided to residents at no additional cost, at least once in each five-year period, such Member shall employ a Consultant to perform an analysis of the expected mortality and morbidity rate of the residents of the Facilities and the funds available and expected to become available to such Member with which to meet its obligations to such residents under the Residency Agreements and to make recommendations to such Member with respect to the fees, rentals, rates and charges imposed and collected by such Member in connection with the operation of the Facilities and with respect to changes in the services rendered by such Member. Such Consultant shall submit a written report of such analysis and recommendations to the Obligated Group Representative, the Bond Trustee and the Bondholder Representative. The Obligated Group promptly shall revise or cause to be revised the fees, rentals, rates and charges for use of the Facilities and services provided by the Obligated Group in conformity with any lawful recommendations of the Consultant unless the Governing Body of a Member determines by resolution, a copy of which shall be provided to the Bond Trustee and the Bondholder Representative, that compliance with such recommendations would jeopardize the disregarded entity status of such Member or the tax-exempt status of the Support Provider. With respect to the items received by the Bond Trustee under this Section 4.18, the Bond Trustee shall act solely as a repository without a duty to analyze such materials.

*Section 4.19. Availability of Board-Designated Funds.* Each Member hereby acknowledges and agrees that any assets and revenues that currently or in the future may be classified as board-designated are and shall remain available for the payment of operating expenses and debt service on the Series 2022 Bonds.

*Section 4.20. Calculation of Debt Service and Debt Service Coverage.*

(a) The principal amount becoming due on Balloon Debt in any 12-month period in which 25% or more of such Long-Term Debt becomes due and the amount of any Tender Debt that is or could be required to be purchased or redeemed by a Member shall be disregarded.

(b) For the purpose of determining the debt service requirements of any guaranty of any of any Indebtedness that would constitute Long-Term Debt if incurred directly by a Member (a "Guaranty") becoming due in any 12-month period:

(i) so long as no default shall have occurred and be continuing with respect to such Indebtedness and no demand for payment shall have been made under such Guaranty, there shall be excluded the percentage of the debt service requirements of such guaranteed Indebtedness set forth in the following table to the extent that the aggregate income available for debt service of all primary obligors with respect to such guaranteed Indebtedness for their most recent fiscal year expressed as a percentage of the maximum annual debt service (determined on

pay the principal of and interest on all Indebtedness of the Obligated Group and to meet the other obligations of the Obligated Group during the period of repairs, reconstruction and restoration.

In the event the Obligated Group Representative shall elect the option set forth in Section 4.17(b)(i), the Obligated Group shall complete the repair, reconstruction and restoration of the Facilities, whether or not the Net Proceeds received by the Obligated Group for such purposes are sufficient to pay for the same. Net Proceeds not required for the repair, reconstruction and restoration of the Mortgaged Property may be applied to the prepayment of the Series 2022 Bonds or used for such other purpose as the Obligated Group determines with the prior written consent of the Bondholder Representative and, if required by the Bondholder Representative, an opinion of Bond Counsel to the effect that such other purpose will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds of the Issue which originally financed the damaged, destroyed or taken portion of the Facilities.

(ii) *Redemption of the Series 2022 Bonds.* If the Obligated Group Representative shall determine that it is not practicable or desirable to repair, reconstruct or restore the Facilities or the Obligated Group Representative is unable to deliver or does not deliver the certificates or reports necessary under Section 4.17(b)(i), the Outstanding Series 2022 Bonds of the Issue which originally financed the damaged, destroyed or taken portion of the Facility shall be redeemed in whole on the earliest practicable date after the date of the notice given as to exercise of the option set forth in this Section 4.17(b)(ii), and the Net Proceeds shall be deposited in the Debt Service Fund and shall be applied for that purpose. In such event, the Series 2022 Bonds shall be redeemed at par plus accrued interest and any other fees as may be payable by the Obligated Group to the Master Trustee, the Bond Trustee and the Bondholder Representative hereunder, and redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in the Bond Indenture. If the Net Proceeds, together with all amounts then held by the Bond Trustee under the Bond Indenture available to redeem or retire the Series 2022 Bonds shall be insufficient to so redeem all of the Outstanding Series 2022 Bonds of such Issue (including payment of principal, accrued interest and expenses of redemption), the Obligated Group shall pay the amount of the deficiency to the Bond Trustee as an Additional Payment. If the Series 2022 Bonds of such Issue have been fully paid and all other amounts payable under this Agreement, the Loan Agreement and the Bond Indenture have been paid or provided for, all remaining Net Proceeds shall be paid to the Obligated Group, subject to the terms of the Master Indenture.

(iii) *Other Uses of Proceeds.* Notwithstanding the foregoing, the Obligated Group shall be entitled to apply any Net Proceeds to another lawful purpose, including the redemption of the Outstanding Bonds in part rather than in whole, if the Obligated Group receives the prior written consent of the Bondholder Representative and, if required by the Bondholder Representative, obtains an opinion of Bond Counsel that such application of such Net Proceeds will not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds of the Issue which originally financed the damaged, destroyed or taken portion of the Facilities.

Each Member hereby irrevocably assigns to the Master Trustee all of its right, title and interest in and to any Net Proceeds payable in connection with the taking of any of the Facilities

a basis consistent with the determination of Net Revenues Available for Debt Service under this Agreement) on all Long-Term Debt with respect to which such persons are primary obligors for such period year (determined on a basis consistent with the determination of Maximum Annual Debt Service on Long-Term Debt under this Agreement) is equal to the amount set forth in the following table:

Income Available for Debt Service as a Percentage of Maximum Annual Debt Service	Percentage of Guaranteed Indebtedness to Be Excluded
300% or more	100%
At least 250% but less than 300%	80
At least 200% but less than 250%	75
At least 175% but less than 200%	50
At least 150% but less than 175%	25
Less than 150%	0

(ii) if a default shall have occurred with respect to such Indebtedness or a demand for payment shall have been made under such Guaranty, 100% of the debt service requirements of such Indebtedness shall be taken into account in such calculation; and

(iii) such Indebtedness shall be taken into account only once in calculating the debt service requirements of all Long-Term Indebtedness.

(c) For the purpose of determining the debt service requirements of any agreement (a "Credit Facility Agreement") under which any letter of credit, bond insurance policy, bond purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Long-Term Debt of a Member (a "Credit Facility"), so long as no demand for payment under the Credit Facility issued under such Credit Facility Agreement shall have been made, the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation.

(d) As used herein (i) "Balloon Debt" means Long-Term Debt 25% or more of the principal amount of which matures in the same 12-month period, which portion of such principal amount is not required by the documents governing such Long-Term Indebtedness to be amortized by redemption prior to such period and (ii) "Tender Debt" means Long-Term Debt that is subject to optional or mandatory purchase or redemption prior to the stated maturity date thereof.

*Section 4.21. Subordinate Bonds.* The Obligated Group Representative shall provide the Subordinate Trustee with a copy of this Agreement and shall notify the Subordinate Trustee that (i) no transfer of the Subordinate Bonds are permitted without the prior written consent of the Bondholder Representative and (ii) the Subordinate Trustee shall not exercise any remedies under the Subordinate Indenture without the prior written consent of the Bondholder Representative.

Section 4.22. *Admittance to Lifespace Obligated Group.* In the event that the Members are admitted to the Lifespace Obligated Group the requirements of this Article IV shall be revised to conform to the financial covenants of the Lifespace Master Trust Indenture.

## ARTICLE V

### NEGATIVE COVENANTS

The Members hereby jointly and severally covenant and agree that until this Agreement has expired or been terminated and until all of the Series 2022 Bonds and all other amounts payable under this Agreement, the Loan Agreement and the Bond Indenture have been fully paid and performed (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted) to the satisfaction of the Bond Trustee and the Bondholder Representative, unless the Bondholder Representative shall otherwise consent in writing, each Member shall comply with each and every provision of each Section contained in this Article V:

Section 5.1. *Indebtedness.* No Member shall, directly or indirectly incur, create, assume or permit to exist any Indebtedness other than the following:

- (a) Indebtedness created under this Agreement and the other Related Documents and existing on the Closing Date;
- (b) the Subordinate Bonds; and
- (c) any other Indebtedness approved with the prior written consent of the Bondholder Representative.

Section 5.2. *Investments.* No Member shall purchase, hold or acquire any common stock, evidence of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, guaranty any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person, except for Permitted Investments.

Section 5.3. *Mergers and Consolidations; Transfers of Assets.*

- (a) No Member shall merge or consolidate or enter into any analogous reorganization or transaction with any Person other than the Lifespace Obligated Group without the prior written consent of the Bondholder Representative.
- (b) Except as otherwise expressly permitted by this Agreement, no Member shall consummate any sale, lease (other than operating leases entered into in the ordinary course of business), transfer or other disposition (or series of related sales, leases, transfers or dispositions), including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition") of its Property including (without limitation) cash, except as follows (and in each case, provided, that prior to and after giving effect to such transaction no Event of Default shall have occurred and be continuing or would otherwise arise therefrom):

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Section 5.5. *Derivative Agreements.* No Member shall enter into any interest rate swap agreements or other hedging or derivative transactions.

Section 5.6. *Liens.* Except as otherwise specifically permitted by this Agreement, the Members shall neither create any Lien nor allow any Lien to remain against any of its Property including the Gross Revenues and the Mortgaged Property, except Permitted Encumbrances.

Section 5.7. *Tax Exempt Nature of Tax-Exempt Bonds.* The Members shall not take or permit to be taken on its behalf any action that would adversely affect (a) the exclusion from gross income for federal income tax purposes of interest paid on any Tax-Exempt Bonds or (b) the validity of any of the Series 2022 Bonds.

Section 5.8. *No Amendment or Alteration of Certain Documents or Facilities.* Except with the prior written consent of the Bondholder Representative, the Members shall not (i) amend, supplement or otherwise modify the Organizational Documents of a Member, any Related Document, any Management Agreement or a Members' standard form of Residency Agreement or (ii) reduce the aggregate number of Independent Living Units, Assisted Living Units, Memory Care Units or Skilled Nursing Units in a Facility.

Section 5.9. *Transactions with Affiliates.*

- (a) Except as otherwise expressly provided in this Agreement or with the prior written consent of the Bondholder Representative, the Members shall not purchase or acquire any Property from, or otherwise engage in any other transactions with, any officer, director, employee or Affiliate of a Member, except that: (i) a Member may pay reasonable compensation to employees for actual services rendered to such Member in the ordinary course of business; (ii) a Member may reimburse actual out-of-pocket expenses of officers, directors and employees incurred in the performance of their duties as such officers, directors and employees, respectively; and (iii) management fees to the extent permitted by the Management Agreement.
- (b) The Members shall not make any payment under the Subordinate Bonds or repay any amounts paid under the Support Agreement except in accordance with Section 5.3.

Section 5.10. *Business of the Obligated Group.*

- (a) No Member shall engage at any time in any business or business activity other than the ownership and operation of the Facilities as retirement and skilled nursing communities.
- (b) No Member shall acquire or create any new subsidiary.

(c) No Member shall, without providing at least 30 days' prior written notice to the Bond Trustee, the Master Trustee and the Bondholder Representative, change its name, its places of business, its chief executive office, the locations of its assets or its mailing address or organizational identification number, if any.

Section 5.11. *Inconsistent Agreements.* No Member shall enter into any agreement or arrangement which would restrict in any material respect the ability of the Member to fulfill its obligations under the Related Documents.

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(i) the sale of inventory in the ordinary course of business for fair market value and on an arms' length basis;

(ii) dispositions of obsolete, uneconomical, negligible, worn-out or surplus tangible personal property in the ordinary course of business;

(iii) disposition of tangible personal property if the Member receives consideration in an amount equal to the fair market value of such property and any proceeds thereof are applied to the purchase of property, plant and equipment that is made subject to the Lien of the Mortgages;

(iv) sales, transfers and other disposition of assets (including cash transfers) to the Support Provider to pay interest on the Subordinate Bonds; provided, that (A) no Event of Default or covenant violation has occurred and is continuing under this Agreement or any Related Document and (B) the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement;

(v) sales, transfers and other disposition of assets (including cash transfers) to the Support Provider to repay the principal of Subordinate Bonds; provided, that (A) the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement, (B) no Event of Default or covenant violation has occurred and is continuing under this Agreement or any Related Document, and (C) such principal payments on the Subordinate Bonds are made from cash (1) in excess of 70 Days' Cash on Hand prior to the termination of the Support Agreement and (2) in excess of 80 Days' Cash on Hand after the termination of the Support Agreement;

(vi) sales, transfers and other disposition of assets (including cash transfers) to the Support Provider to repay any amounts paid pursuant to the Support Agreement; provided, that (A) the amount on deposit in the Debt Service Reserve Fund is not less than the Debt Service Reserve Requirement, (B) the Debt Service Coverage Ratio was not less than 1.50 to 1.00 (exclusive of initial Entrance Fees and any contributions under the Support Agreement) for such Fiscal Year and for the prior two consecutive Fiscal Years, (C) the Obligated Group has at least (1) 75 Days' Cash on Hand after giving effect to the sale, transfer or other disposition prior to the termination of the Support Agreement or (2) 90 Days' Cash on Hand after giving effect to the sale, transfer or other disposition after the termination of the Support Agreement and (D) no Event of Default or covenant violation has occurred and is continuing under this Agreement or any Related Document; and, in each case, prior to such sale, transfer or disposition, the Obligated Group shall have provided to the Bondholder Representative audited financial statements showing compliance with this clause (vi); and

(vii) any other sale, lease, transfer or other disposition approved in writing by the Bondholder Representative.

Section 5.4. *Competition.* None of the Members or any of their Affiliates, directly or indirectly, through or with any Person or otherwise, shall promote, develop, construct, acquire, manage, sponsor or otherwise support any additional facility that will compete with any Facility, other than the facilities currently operated by the Support Provider.

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Section 5.12. *Change of Control.* No Member shall undertake, or agree or consent to undertake, any Change of Control without the prior written consent of the Bondholder Representative.

Section 5.13. *Bankruptcy.* Without the prior written consent of the Bondholder Representative, no Member shall file a petition or other pleading seeking an "order for relief" within the meaning of the United States Bankruptcy Code or file any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future Law or regulation, or seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Member, or of substantially all of its assets, or make a general assignment for the benefit of creditors.

Section 5.14. *Guarantees.* Notwithstanding anything to the contrary contained herein, no Member shall, directly or indirectly, guaranty or otherwise secure the Indebtedness of any Person without the prior written consent of the Bondholder Representative.

Section 5.15. *Admissions to and Withdrawals from Obligated Group.* No entity may be admitted to, and no Member may withdraw from the Obligated Group without the prior written consent of the Bondholder Representative. Prior to or contemporaneously with the admission of any Person to the Obligated Group, such Person shall execute and deliver to the Bond Trustee a supplement to this Agreement and such other agreements and instruments as reasonably may be required by the Bondholder Representative to evidence the agreement of such Person to become obligated to perform and comply with all of the provisions of this Agreement and the other Related Documents.

Section 5.15. *Admittance to Lifespace Obligated Group.* In the event that the Members are admitted to the Lifespace Obligated Group the requirements of this Article V shall be revised to conform to the financial covenants of the Lifespace Master Trust Indenture.

## ARTICLE VI

### EVENTS OF DEFAULT

Section 6.1. *Events of Default.* The occurrence of any of the following events or the existence of any of the following circumstances (whatever the reason for such event or circumstance and whether voluntary, involuntary or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by the Bond Trustee, which may waive any such event or circumstance only with the written consent of the Bondholder Representative and shall waive any such event or circumstance at the direction of the Bondholder Representative:

(a) any representation or warranty made herein or any statement or representation made in any certificate, report, financial statement or other instrument furnished by or on behalf of a Member in connection with this Agreement or any of the other Related Documents, proves to have been incorrect, false or misleading in any material respect when made;

(b) the principal of or interest on any Bond shall not be paid when due, whether at maturity, upon proceedings for redemption, acceleration or otherwise;

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(c) any payment required to be made under Section 3.1(a) shall not be made when due;

(d) the Obligated Group shall fail to pay any other amount payable hereunder within 15 days of the due date for the payment thereof;

(e) the Obligated Group shall fail to duly and promptly perform, comply with or observe any of the terms, covenants, conditions or agreements contained in Section 3.3, 4.1(a), 4.3, 4.4(a), 4.5, 4.12(d), 4.13(d), 4.14(c) or in Article V of this Agreement;

(f) the Obligated Group shall fail to duly and promptly perform or comply with Section 4.12(a) of this Agreement, unless the Obligated Group has engaged a Consultant as required by Section 4.12(b) and is adhering to its recommendations in all material respects, in the sole discretion of the Bondholder Representative;

(g) the Obligated Group shall fail to duly and promptly perform or comply with Section 4.13(a) of this Agreement, unless the Obligated Group has engaged a Consultant as required by Section 4.13(b) and is adhering to its recommendations in all material respects in the sole discretion of the Bondholder Representative;

(h) the Obligated Group shall fail to meet the requirement of Section 4.14(a), unless the Obligated Group has engaged a Consultant as required by Section 4.14(b) and is adhering to its recommendations in all material respects in the sole discretion of the Bondholder Representative;

(i) a Member shall fail to observe or perform any of the covenants, conditions or agreements under any Related Documents (other than the Continuing Disclosure Agreement) for a period of 30 days after written notice (unless the Member and the Bond Trustee shall agree in writing, with the written consent of the Bondholder Representative, to an extension of such time prior to its expiration), specifying such failure and requesting that it be remedied, is given to the Member by the Bond Trustee or the Bondholder Representative, or in the case of any default which cannot with due diligence be cured within such 30 day period, failure by the Member to proceed promptly to pursue the curing of such default with due diligence and to cure such failure within 90 days;

(j) the Obligated Group shall default in the payment of principal of or interest on any Indebtedness, which default shall not have been cured within any applicable grace period provided in such Indebtedness or any agreement for the repayment of such Indebtedness;

(k) a Member shall have become insolvent or shall be subject of any insolvency proceeding or shall file a petition or other pleading seeking an "order for relief" within the meaning of the United States Bankruptcy Code or shall file any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future Law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a Member, or of substantially all of its

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shall, at the direction of the Bondholder Representative, take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) declare the outstanding amount of the Series 2022 Bonds and accrued interest thereon to be immediately due and payable by written notice to the Issuer and the Obligated Group Representative or take such other remedial action as is provided for in the Bond Indenture or the Related Documents or request the Master Trustee to take such other remedial actions as is provided for in the Master Indenture;

(b) by written notice to the Obligated Group Representative, declare all amounts payable under this Agreement and the Loan Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(c) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of a Member under the Related Documents, whether for specific performance of any agreement or covenant of a Member or in aid of the execution of any power granted to the Bond Trustee or the Master Trustee in the Related Documents;

(d) cure any Default, Event of Default or event of nonperformance hereunder or under any other Related Document; provided, however, that none of the Bond Trustee, the Master Trustee or the Bondholder Representative shall have any obligation to effect such a cure;

(e) require a Member to cause to be appointed a representative of the Bondholder Representative to the Governing Body of such Member;

(f) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity; and

(g) the Bondholder Representative may enter into any agreement it deems necessary with any consultant selected by the Bondholder Representative for the benefit of a Member. Such consultant may be paid by the Obligated Group or with moneys held by the Bond Trustee under the Bond Indenture, as directed in writing by the Bondholder Representative.

Any amounts collected by the Bond Trustee upon the pursuit of remedies hereunder or under the other Related Documents shall be applied to the payment of amounts payable under this Agreement, the Loan Agreement and the Bond Indenture in accordance with Section 905 of the Bond Indenture.

*Section 6.3. Confession of Judgment.* In the event that the Obligated Group fails to pay when due any amount required to be paid under Section 3.1(a) or any other amounts due under this Agreement, the Loan Agreement and the Bond Indenture, each Member authorizes any

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assets, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(l) a petition or other pleading shall be filed against a Member seeking an "order for relief" within the meaning of the United States Bankruptcy Code or any reorganization, composition, readjustment, liquidation or similar relief under any present or future Law or regulation and shall remain undismissed or unstayed for an aggregate period of 90 days (whether or not consecutive); or if, by an order or decree of a court of competent jurisdiction, a Member shall become the subject of an "order for relief" within the meaning of the United States Bankruptcy Code or relief shall be granted under or pursuant to any such petition or other pleading; or if, by order or decree of such court, there shall be appointed, without the consent or acquiescence of a Member, a trustee in bankruptcy or reorganization or a receiver or liquidator of a Member or of all or any substantial part of the property of a Member and such order or decree continues unvacated or unstayed, on appeal or otherwise, and in effect for a period of 90 days;

(m) the State or any other Governmental Authority having jurisdiction over the Issuer imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on the Series 2022 Bonds;

(n) any provision of this Agreement or the Series 2022 Bonds setting forth the payment obligations of the Obligated Group or the Issuer (as the case may be) shall at any time for any reason cease to be valid and binding on a Member, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by a Member, or any case, proceeding or action shall be commenced by any Governmental Authority seeking to establish the invalidity or unenforceability thereof, or a Member shall deny that it has any or further liability or obligation for such payment obligations;

(o) any judgment, decree or order for the payment of money, which is uninsured (or which the carrier of any insurance with respect to such judgment, decree or order has denied coverage) shall be rendered against a Member and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, decree or order, or (ii) there shall be any period of 20 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(p) the Support Provider shall fail to duly and promptly perform, comply with or observe any of the terms, covenants, conditions or agreements contained in the Support Agreement; or

(q) the Notes shall cease to be Master Notes or the Master Indenture or the Liens granted pursuant to this Agreement, the Master Indenture or the Mortgages shall cease to create a Lien on the Collateral with the priority purported to be created thereby securing the obligations of the Obligated Group under the Master Indenture or the obligations of the Obligated Group under the other Related Documents, respectively.

*Section 6.2. Remedies.* In every such Event of Default, and at any time thereafter during the continuance of such event, the Bond Trustee may, with the written consent of the Bondholder Representative, and subject to its receipt of indemnity in accordance with the Bond Indenture,

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attorney at law licensed in the State of Texas to appear on behalf of such Member in any court having jurisdiction in one or more proceedings, or before any clerk thereof or prothonotary or other court official, and to CONFESS JUDGMENT AGAINST SUCH MEMBER, WITHOUT PRIOR NOTICE OR OPPORTUNITY OF SUCH MEMBER FOR PRIOR HEARING, in favor of the Bond Trustee for the full amount due under this Agreement and the other Related Documents plus court costs and reasonable attorneys' fees incurred to confess judgment. Each Member waives the benefit of any and every statute, ordinance or rule of court which may be lawfully waived conferring upon the Member any right or privilege of exemption, appeal, stay of execution or supplementary proceedings, injunction, extension upon any levy on real estate or personal property and any other relief from the enforcement or immediate enforcement of a judgment or related proceedings on a judgment. The authority and power to appear for and enter judgment against such Member shall not be exhausted by one or more exercises thereof, or by any imperfect exercise thereof, and shall not be extinguished by any judgment entered pursuant thereto; such authority and power may be exercised on one or more occasions from time to time, in the same or different jurisdictions, as often as the Bond Trustee or the Bondholder Representative shall deem necessary or advisable, for all of which this Agreement shall be sufficient authority.

Notwithstanding the foregoing, in enforcing any judgment by confession obtained against a Member in connection with this Agreement, the Bond Trustee shall not retain, solely with respect to attorney's fees incurred by the Bond Trustee in connection with this Agreement, any amounts in excess of the actual amount of attorneys' fees charged or billed to the Bond Trustee.

The Bond Trustee shall be entitled to recover its reasonable attorney's fees and expenses in connection with enforcing any judgment by confession obtained against a Member and each of the Bond Trustee and the Bondholder Representative shall be entitled to recover its reasonable attorney's fees and expenses in connection with the enforcement of any other provision contained in this Agreement.

*Section 6.4. Attorneys' Fees and Other Expenses.* Upon the occurrence of an Event of Default, the Obligated Group shall on demand pay to the Bond Trustee, HCA and the Bondholder Representative the reasonable fees and expenses of attorneys and other reasonable expenses incurred by them in the collection of payments due on the Series 2022 Bonds or the enforcement of performance of any other obligations of the Obligated Group hereunder and under the Related Documents, including without limitation, work out costs and expenses.

*Section 6.5. Remedies Cumulative; Solely for the Benefit of Bondholders and Bondholder Representative.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Bond Trustee or the Bondholder Representative in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Bond Trustee or the Bondholder Representative, as the case may be, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

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The rights and remedies of the Bond Trustee and the Bondholder Representative specified herein are for the sole and exclusive benefit, use and protection of the Bond Trustee, the Bondholder Representative and the Bondholders, and the Bond Trustee and the Bondholder Representative are entitled, but shall have no duty or obligation to the Members or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Bond Trustee and the Bondholder Representative hereunder or under any of the other Related Documents.

*Section 6.6. Waivers or Omissions.* No delay or omission by the Bond Trustee or the Bondholder Representative in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver of any default on the part of the Bond Trustee or the Bondholder Representative or to be an acquiescence therein. No express or implied waiver by the Bond Trustee or the Bondholder Representative of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 6.7. Discontinuance of Proceedings.* In case the Bond Trustee or the Bondholder Representative shall proceed to invoke any right, remedy or recourse permitted hereunder or under the other Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Members, the Bond Trustee and the Bondholder Representative shall be restored to their former positions hereunder, under the other Related Documents and otherwise, and the rights, remedies, recourse and powers of the Bond Trustee and the Bondholder Representative hereunder shall continue as if the same had never been invoked.

*Section 6.8. Injunctive Relief.* Each Member recognizes that in the event that an Event of Default occurs, any remedy of Law may prove to be inadequate relief to the Bond Trustee; therefore, each Member agrees that the Bond Trustee at the request of the Bondholder Representative may or upon the direction of the Bondholder Representative shall seek and be entitled to temporary and permanent injunctive relief or specific performance in any such case.

**ARTICLE VII**

**INDEMNIFICATION**

*Section 7.1. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights hereunder and under the other Related Documents or at law or in equity, the Members hereby agree (to the extent permitted by Law) to indemnify, hold harmless and defend the Bond Trustee and its officers, directors, employees and agents and the Bondholder Representative and its officers, directors, employees and agents (each, an "Indemnitee") from and against any and all claims, damages, losses, liabilities, costs or expenses of any conceivable nature, kind or character (including reasonable fees and expenses of attorneys, accountants, consultants and other experts, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which any Indemnitee may become subject under statutory Law (including federal or state securities Laws) or at common Law or otherwise (collectively, "Liabilities"), arising out of or based upon or in any way relating to:

thereof, including the employment of counsel selected by the Indemnitee, and shall assume the payment of all reasonable expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnitee shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnitee shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Obligated Group shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnitee may only employ separate counsel at the expense of the Obligated Group if in the judgment of such Indemnitee a conflict of interest exists by reason of common representation or if all Persons commonly represented do not agree as to the action (or inaction) of counsel.

The indemnity provided to the Bondholder Representative shall cover any actions taken by the Bondholder Representative under the Related Documents, including (without limitation) enforcing any remedies, foreclosure, providing consents, waivers and directing any actions of the Bond Trustee or the Master Trustee, including (without limitation) acceleration and foreclosure.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Series 2022 Bonds and in the case of the Bond Trustee any resignation or removal.

**ARTICLE VIII**

**MISCELLANEOUS**

*Section 8.1. Further Assurances.* From time to time upon the request of the Bond Trustee or the Bondholder Representative, the Members shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the Bond Trustee or the Bondholder Representative may in its reasonable discretion deem necessary or desirable to confirm this Agreement and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the Bond Trustee or the Bondholder Representative to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bond Trustee or the Bondholder Representative, the Members will, at the Obligated Group's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents.

*Section 8.2. Amendments and Waivers.* The Bond Trustee and the Members may, with the written consent of the Bondholder Representative, from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Bond Trustee, the Members or the Bondholder Representative hereunder or thereunder, and the Bond Trustee may, with the written consent of the Bondholder Representative, and shall, upon the direction of the Bondholder Representative, from time to time grant waivers or consents to a departure from the due performance of the obligations of the Members hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing.

*Section 8.3. Notices.* All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including

(a) the Series 2022 Bonds, this Agreement, the Bond Indenture, the Master Indenture, the Loan Agreement, the Mortgages or any other Related Document or the execution or amendment hereof or thereof or in connection with the transactions contemplated hereby or thereby, including (without limitation) the issuance, sale or resale of the Series 2022 Bonds;

(b) any act or omission of the Members or any of their respective agents, contractors, servants, employees, tenants or licensees in connection with the Project, the Facilities or the operations thereof, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Facilities or any part thereof;

(c) any Lien or charge upon payments by the Members to the Bond Trustee or the Bondholder Representative hereunder, or any taxes (including *ad valorem* taxes and sales taxes), assessments, impositions and other charges imposed on the Bond Trustee or the Bondholder Representative in respect of any portion of the Project or the Facilities;

(d) any violation of any environmental regulations with respect to, or the release of any hazardous substances from, the Project, the Facilities or any part thereof;

(e) the defeasance or redemption, in whole or in part, of the Series 2022 Bonds;

(f) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Series 2022 Bonds or any of the documents relating to the Series 2022 Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Series 2022 Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(g) any declaration of taxability of interest on the Tax-Exempt Bonds, or allegations that interest on the Tax-Exempt Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Tax-Exempt Bonds is taxable;

(h) the Bond Trustee's acceptance or administration of the trust created by the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Series 2022 Bonds to which it is a party; and

(i) any injury to or death of any Person or damage to property in or upon the Project or the Facilities or growing out of or connected with the use, nonuse, condition or occupancy of the Project or the Facilities;

provided, however, that no Indemnitee shall be entitled to indemnification with respect to any Liabilities, to the extent that such Liabilities are caused by the negligence or willful misconduct of such Indemnitee.

In the event that any action or proceeding is brought against any Indemnitee with respect to which indemnity may be sought hereunder, the Members, upon written notice from the Indemnitee to the Obligated Group Representative, shall assume the investigation and defense

facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (a) if by first class mail, 5 days after mailing; (b) if by overnight delivery, on the next Business Day; and (c) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the address shown below or in accordance with the last unrevoked written direction from such party to the other parties hereto. 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.

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|--|--|
| If to the Members, to the Obligated Group Representative at: | Meadow Lake, LLC<br>c/o Lifespace Communities, Inc.<br>4201 Corporate Drive<br>West Des Moines, IA 50266<br>Attention: Nicholas A. Harshfield<br>Telephone: (515) 288-5805<br>E-Mail: <a href="mailto:nick.harshfield@lifespacecommunities.com">nick.harshfield@lifespacecommunities.com</a> |
| If to the Bondholder Representative:                         | Hamlin Capital Management, LLC<br>640 Fifth Avenue, 11 <sup>th</sup> Floor<br>New York, NY 10019<br>Attention: Joseph J. Bridy<br>Telephone: (212) 292-4127<br>Email: <a href="mailto:jbridy@hamlincm.com">jbridy@hamlincm.com</a>   |
| with a copy to (which shall not constitute notice):          | McCarter & English, LLP<br>100 Mulberry Street, Four Gateway Center<br>Newark, NJ 07102<br>Attention: Jacqueline Shanes<br>Telephone: (973) 639-7955<br>Email: <a href="mailto:jshanes@mccarter.com">jshanes@mccarter.com</a>  |
| If to HCA:   | Hamlin Capital Advisors, LLC<br>5550 West Executive Drive, Suite 235<br>Tampa, FL 33609<br>Attention: Paul Towell<br>Telephone: (813) 280-1001<br>Email: <a href="mailto:ptowell@hamlinadvisors.com">ptowell@hamlinadvisors.com</a>  |
| If to the Bond Trustee:                                      | UMB Bank, National Association<br>2 South Broadway Suite 600<br>St. Louis, Missouri 63102<br>Attention: Corporate Trust Services<br>Telephone: (314) 612-8480<br>Email: <a href="mailto:Brian.Krippner@umb.com">Brian.Krippner@umb.com</a>   |

If to the Underwriter: Odeon Capital Group LLC  
750 Lexington Avenue, 27th Floor  
New York, NY 10022  
Attention: Scott Kaysen  
Telephone: (704) 317-8535  
Email: [skaysen@odeoncap.com](mailto:skaysen@odeoncap.com)

with a copy (which shall not constitute notice) to: McKennon Shelton & Henn LLP  
401 East Pratt St., Suite 2600  
Baltimore, MD 21202  
Attention: David Gregory  
Telephone: (410) 843-3543  
Email: [david.gregory@mshllp.com](mailto:david.gregory@mshllp.com)

A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given hereunder by either the Bond Trustee or a Member to the other under any Related Document shall also be given to the Bondholder Representative and, if requested by the Underwriter or HCA, the Underwriter and HCA, respectively. The Obligated Group Representative, the Bond Trustee, the Bondholder Representative, the Underwriter and HCA 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.

Except as otherwise directed in writing by the Bondholder Representative, no notices shall be sent to the Holder of any Hamlin Investor Bond, including (without limitation) notices of failure to comply with covenants and Events of Default. Notwithstanding the foregoing, the Bond Trustee may send routine payment processing and similar notices to DTC as long as DTC is the registered owner of the Series 2022 Bonds.

The Bondholder Representative may rely on any notice (including telephonic communication) purportedly made by or on behalf of a Member or the Bond Trustee, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 8.4. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto, the Bondholder Representative and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto, the Bondholder Representative and the Bondholders.

*Section 8.5. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

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IN WITNESS WHEREOF, the parties hereto have caused this Continuing Covenants Agreement to be duly executed and delivered as of the Closing Date.

WESLEY COURT, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

CRAIG AMARILLO, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

MEADOW LAKE, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

UMB BANK, NATIONAL ASSOCIATION,

By: \_\_\_\_\_  
Name: Brian P. Krippner  
Title: Senior Vice President

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*Section 8.6. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.*

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State without giving effect to conflicts of law provisions.

(b) Each party hereto consents to and submits to *in personam* jurisdiction and venue exclusively in the State and in the federal district courts which are located in the State. Each party (i) asserts that it has purposefully availed itself of the benefits of the Laws of the State, (ii) waives any objection to *in personam* jurisdiction on the grounds of minimum contacts, (iii) waives any objection to venue and waives any plea of *forum non conveniens* and (iv) agrees not to seek removal of such proceedings to any court or forum other than as specified above. This consent and submission to jurisdiction is with regard to any action related to this Agreement.

(c) To the extent permitted by applicable Law, each of the parties hereto hereby waives its right to a jury trial of any claim or cause of action based upon or arising out of this Agreement, the other Related Documents or any of the transactions contemplated hereby or thereby, including contract claims, tort claims, breach of duty claims, and all other common law or statutory claims.

(d) The covenants and waivers made pursuant to this Section shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 8.7. Prior Understandings.* This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 8.8. Duration.* All representations and warranties of the Members contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Members contained herein shall continue in full force and effect from and after the date hereof until the Series 2022 Bonds and all other amounts payable hereunder have been fully discharged.

*Section 8.9. Counterparts.* This Agreement may be executed in any number of counterparts and by each of the parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

*Section 8.10. Successors and Assigns.* This Agreement is a continuing obligation and shall be binding upon the Members, their respective successors, transferees and assigns and shall inure to the benefit of the Bondholder Representative and the Bondholders and their respective permitted successors, transferees and assigns. No Member may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bondholder Representative.

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ACKNOWLEDGED:

UMB BANK, NATIONAL ASSOCIATION,  
as Master Trustee

By: \_\_\_\_\_  
Name: Brian P. Krippner  
Title: Senior Vice President

UMB BANK, NATIONAL ASSOCIATION,  
as Subordinate Trustee

By: \_\_\_\_\_  
Name: Brian P. Krippner  
Title: Senior Vice President

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EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

The undersigned duly authorized officer of Meadow Lake, LLC (the "Obligated Group Representative") hereby certifies as follows to demonstrate compliance with certain provisions of the Continuing Covenants Agreement dated as of July 1, 2022, among UMB Bank, National Association and the Obligated Group (the "Continuing Covenants Agreement"):

This Certificate is being delivered with respect to the following (each, a "Testing Period"):

Fiscal Year ended June 30, 20\_\_ : OR

Fiscal Quarter ended [March 31] [June 30] [September 30] [December 31], 20\_\_ :

Capitalized terms used but not defined in this Certificate shall have the meanings set forth in the Continuing Covenants Agreement.

(Unless otherwise indicated, all calculations shall be made in accordance with accounting principles generally accepted in the United States of America.)

(a) Debt Service Coverage Ratio

Net Revenues Available for Debt Service (A).....

Maximum Annual Debt Service (B).....

Debt Service Coverage Ratio (A/B).....

Is the Debt Service Coverage Ratio of the Obligated Group an amount at least equal to the Debt Service Coverage Ratio requirement for the applicable period? (Y) (N)

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group defer any management fees payable during the Testing Period? (Y) (N)

If yes, please identify the amount of such deferral: \$

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period? (Y) (N)

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If yes, please identify the amount of such contribution: \$

(b) Days' Cash on Hand Requirement

Unrestricted Cash and Marketable Securities (A)..... \$

Operating expenses ..... \$

(Deduct):

Depreciation .....

Amortization .....

Total Operating Expenses (B) ..... \$

Days' Cash on Hand (Ratio of A to B/365) or 366, as applicable)

Is the Days' Cash on Hand of the Obligated Group an amount at least equal to the Days' Cash on Hand requirement for the applicable period? (Y) (N)

In order to achieve the Days' Cash on Hand requirement, did the Obligated Group defer any management fees? (Y) (N)

If yes, please identify the amount of such funds deferral: \$

In order to meet the Days' Cash on Hand requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period? (Y) (N)

If yes, please identify the amount of such contribution: \$

(c) Occupancy.

Total Units.

Total Number of Units in the Facilities (A).....

Average Number of Occupied Units (B) .....

Percent of Occupied Units (B/A).....

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Is the occupancy of the Facilities an amount at least equal to the occupancy requirement for the applicable period? (Y) (N)

(d) Related Party Transactions

During the Testing Period, has a Member entered into any Related Party Agreement? (Y) (N)

If yes, please attach Agreement (if written) or describe the Agreement (if oral).

During the Testing Period, has any director, trustee, officer or member of a Member filed a Conflict of Interest Questionnaire? (Y) (N)

If yes, please attach

(e) Certification as to Financial Statements. To the best of the undersigned's knowledge, the financial statements provided to the Bond Trustee with this Compliance Certificate fairly set forth the financial position and results of operations of the Obligated Group as of the date and for the period covered by such financial statements, subject to year-end adjustments.

(f) Subordinate Bonds. During the Testing Period, did the Obligated Group pay any interest or principal on the Subordinate Bonds? (Y) (N)

Interest Paid: \$
Principal Paid: \$

(g) Certification as to no Event of Default.

To the best of the undersigned's knowledge, has an Event of Default or Default under any Related Document occurred? (Y) (N)

If yes, please attach a statement describing the nature thereof and the steps the Obligated Group intends to take to cure such default.

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IN WITNESS WHEREOF, I have hereunto set my hand, this \_\_ day of \_\_, 20\_\_.

MEADOW LAKE, LLC

By:
Name: Jesse Jantzen
Title: President

By:
Name: Nicholas A. Harshfield
Title: Treasurer

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**EXHIBIT B**

**RELATED PARTY TRANSACTIONS**

1. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Meadow Lake.
2. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Craig.
3. First Amended and Restated Management Services Agreement dated July 19, 2022 between the Support Provider and Wesley.

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**PROPOSED FORM**  
**LIQUIDITY SUPPORT AGREEMENT**

**THIS LIQUIDITY SUPPORT AGREEMENT** (this "Agreement"), dated as of July 1, 2022, is by and between Lifespace Communities, Inc., an Iowa nonprofit corporation (the "Support Provider"), and UMB Bank, National Association, as trustee (the "Bond Trustee") under the Bond Trust Indenture dated as of July 1, 2022 between the Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") and the Bond Trustee (the "Indenture"), solely for the benefit of the holders from time to time of the Bonds (as hereinafter defined).

**RECITALS**

Concurrently with the execution and delivery of this Agreement, the Issuer has authorized the issuance of its Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,890,000 consisting of \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A (the "Series 2022A Bonds"), \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B (the "Series 2022B Bonds") and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (the "Series 2022C Bonds, and, together with the Series 2022A Bonds and the Series 2022B Bonds, the "Bonds") pursuant to the Indenture. The proceeds of the Bonds will be loaned to Wesley Court, LLC ("Wesley"), Craig Amarillo, LLC ("Craig") and Meadow Lake, LLC ("Meadow" or the "Obligated Group Representative"), each a limited liability company organized and existing under the laws of the State of Texas (collectively, the "Obligated Group" and each individually a "Member"), pursuant to the Loan Agreement dated as of July 1, 2022 (the "Loan Agreement") between the Issuer and the Obligated Group Representative, on behalf of the Obligated Group.

The obligations of the Obligated Group under the Loan Agreement are secured by, among other things, (i) the Continuing Covenants Agreement, dated as of July 1, 2022 (the "Continuing Covenants Agreement") between the Obligated Group and the Bond Trustee; (ii) the Master Trust Indenture, dated as of July 1, 2022 (the "Master Trust Indenture"), as supplemented and amended by Supplemental Master Trust Indenture No. 1, dated as of July 1, 2022, each among the Obligated Group, such other persons as from time to time are members of the Obligated Group and UMB Bank, National Association, as the Master Trustee (as defined thereunder); and (iii) the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Wesley to the mortgage trustee named therein for the benefit of the Master Trustee, as the same may be amended and supplemented from time to time with the prior written consent of the Bondholder Representative, the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Craig to the mortgage trustee named therein for the benefit of the Master Trustee, as the same may be amended and supplemented from time to time with the prior written consent of the Bondholder Representative and the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of July 1, 2022 by Meadow to the mortgage trustee named therein for the benefit of the Master Trustee, as the same may be amended and supplemented from time to time with the prior written consent of the Bondholder Representative (collectively, the "Mortgages").

(iii) that the Support Provider shall contribute to the Obligated Group on or before each June 30 and December 31 of each Fiscal Year commencing December 31, 2022, any money required to cause the Obligated Group to achieve Days' Cash on Hand of at least 60 on such date;

*provided*, however, that the Support Provider's total obligation to the Bond Trustee and the Holders pursuant to this Section 2(a) and otherwise shall be limited to the Support Amount (hereinafter defined) and shall be payable only from the Support Provider's Unrestricted Cash and Marketable Securities.

For the purposes of this Agreement, "Support Amount" means: (i) a total aggregate amount of not to exceed \$7,412,300; or (ii) a total aggregate amount of not to exceed \$4,235,600 if (A) no Default or Event of Default hereunder or under the Continuing Covenants Agreement or any of the other Related Documents has occurred and is continuing; **AND** (B) the average occupancy of the total number of Units in the Project (including any units financed by the Series 2022C Bonds) has been at least 85% for twelve consecutive months; **AND** (C) the Debt Service Coverage Ratio of the Obligated Group is not less than 1.40 to 1.00, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; **AND** (D) the Days' Cash on Hand of the Obligated Group is not less than 85, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; **AND** (E) all monthly payments due with respect to the Bonds as of such date have been made, in each case based on two consecutive annual audits or external reviews prepared by CliftonLarsonAllen LLP or other audit firm approved by the Bondholder Representative.

(b) All amounts payable hereunder shall be paid in lawful money of the United States of America. Each and every default in performance of any of the obligations of the Support Provider hereunder shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

**3. TERM OF AGREEMENT.**

Subject to the provisions of Section 4 of this Agreement, so long as no Default or Event of Default has occurred and is continuing hereunder, under the Continuing Covenants Agreement, or under any of the other Related Documents, this Agreement and the obligations hereunder shall terminate on the date (the "Termination Date") that is the earliest of:

(a) the last day of the first Fiscal Quarter in which (i) average occupancy of the total number of Units in the Project (including any units financed by the Series 2022C Bonds) has been at least 85% for twelve consecutive months; **AND** (ii) the Debt Service Coverage Ratio of the Obligated Group is not less than 1.60 to 1.00, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; **AND** (iii) the Days' Cash on Hand of the Obligated Group is not less than 100, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property; **AND** (iv) all monthly payments due with respect to the Bonds as of such date have been made; *provided* that the Obligated Group shall deliver to the Bond

**THIS AGREEMENT CONTAINS A CONFESSION OF JUDGMENT PROVISION WHICH CONSTITUTES A WAIVER OF IMPORTANT RIGHTS THAT THE SUPPORT PROVIDER MAY HAVE AND ALLOWS THE BOND TRUSTEE, FOR THE BENEFIT OF THE HOLDERS OF THE BONDS FROM TIME TO TIME, TO OBTAIN A JUDGMENT AGAINST THE SUPPORT PROVIDER WITHOUT ANY FURTHER NOTICE.**

In order to induce the Issuer to issue the Bonds and loan the proceeds thereof to the Obligated Group, to induce the holders from time to time of the Bonds (each, a "Holder" and collectively, the "Holders") to purchase such Bonds and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Support Provider does hereby agree as follows:

**1. DEFINITIONS.**

Terms used but not otherwise defined herein shall have the meanings given such terms in the Continuing Covenants Agreement or the Indenture, as applicable. In addition, the following terms shall have the following meanings:

"*Change of Control*" means one or more transactions resulting in: (a) the Support Provider at any time for any reason ceasing to be the record and beneficial member or owner of all of the membership interests or stock, respectively, in the Members of the Obligated Group, free and clear of all liens, rights, options, warrants or other similar agreements or understandings; or (b) the sale of all or substantially all of the assets of the Support Provider.

"*Unrestricted Cash and Marketable Securities*" means the sum of unrestricted cash, cash equivalents, marketable securities and other liquid investments, including board-designated funds, excluding (a) all Trustee-held funds; (b) donor-restricted funds; and (c) any funds pledged or otherwise subject to a Lien other than the Liens created by the documents relating to the issuance of the Bonds. For the avoidance of doubt, "Unrestricted Cash and Marketable Securities" shall not include any note or other obligation evidencing Subordinate Bonds.

**2. OBLIGATION OF SUPPORT PROVIDER.**

(a) The Support Provider hereby guarantees to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, the following:

(i) the full and prompt payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due and payable;

(ii) that the Support Provider shall contribute to the Obligated Group in each Fiscal Quarter commencing with the Fiscal Quarter ending December 31, 2024, any money required to cause the Obligated Group to achieve a Debt Service Coverage Ratio as of the last day of such Fiscal Quarter of not less than 1.15 to 1.00; and

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Trustee and the Bondholder Representative written certificates of the president and the treasurer of the Obligated Group and the chief executive officer and the chief financial officer of the Support Provider that the Obligated Group has met each of the requirements of (i) through (iv) of this Section 3(a) and a report prepared by CliftonLarsonAllen LLP or other independent public accountant approved by the Bondholder Representative to the effect that, based upon two consecutive annual audits, copies of which shall be delivered to the Bond Trustee and the Bondholder Representative, the Obligated Group has met each of the requirements of the foregoing clauses (i), (ii) and (iii);

(b) the date on which the Series 2022 Bonds shall be fully and finally paid or provision for the payment thereof shall have been made in accordance with the Indenture; or

(c) the date upon which the total of amounts tendered by the Support Provider pursuant to this Agreement is equal to at least the Support Amount.

**4. DISALLOWED PAYMENTS; BANKRUPTCY.**

Notwithstanding the provisions of Section 3, this Agreement shall be reinstated if, during the one year period following the Termination Date, for any reason, (a) the Bond Trustee or any Holder or former Holder of the Bonds is not permitted to retain any payment of the principal of or premium, if any, or interest on any Bond made by the Obligated Group or the Support Provider (the "Disallowed Payments"); or (b) a petition seeking reorganization, arrangement, adjustment or composition of or in respect of any Member of the Obligated Group or the Support Provider under the United States Bankruptcy Code or any similar federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of any Member of the Obligated Group or the Support Provider or of any substantial part of its respective Property or ordering the winding up or liquidation of its affairs shall be filed or any Member of the Obligated Group or the Support Provider shall institute proceedings for an order for relief, or consent to an order for relief against it, or file a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any similar federal or state law, or consent to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of any Member of the Obligated Group or of any substantial part of its respective Property, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due pursuant to which there may be Disallowed Payments. In such event, this reinstated Agreement shall continue until the earlier of (i) a non-appealable decision by a court of competent jurisdiction shall be rendered pursuant to which the Bond Trustee or such Holder or former Holder, respectively, shall be entitled to retain all Disallowed Payments and any such petition shall be dismissed; or (ii) the Support Provider has paid to the Bond Trustee, the Holders or the former Holders, or the court the lesser of (a) the total amount of the Disallowed Payments or (b) the Support Amount.

The Support Provider shall be liable under this Agreement for the amounts payable under Section 2, including (without limitation) the amount of any Disallowed Payments to the Bond Trustee or any of such Holders or former Holders as if the requirements of Section 3 had not been satisfied; *provided, however*, that in no event shall the Support Provider be required to pay in the aggregate with respect to all payments pursuant to this Agreement more than the Support Amount.

## 5. OBLIGATIONS ABSOLUTE AND UNCONDITIONAL.

The obligations of the Support Provider hereunder shall be absolute, irrevocable, complete and unconditional and shall not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished or otherwise modified in any manner or to any extent whatsoever regardless of any right of setoff, recoupment or counterclaim that the Support Provider might otherwise have against the Issuer, the Bond Trustee, the Bondholder Representative or any of them or any other person and shall remain in full force and effect and shall inure to the benefit of the Bond Trustee until this Agreement shall terminate and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including (without limitation) any of the following, whether with or without notice to, or the consent of, the Support Provider: (a) any extension, in whole or in part, by renewal or otherwise, from time to time of the period or the time for performance or payment of any indebtedness or other obligation of the Obligated Group to the Issuer or the Bond Trustee or by any other person, firm or corporation whose obligation is held by the Issuer or the Bond Trustee as security for any obligation of the Obligated Group to the Issuer or the Bond Trustee; (b) any release, surrender, exchange, modification or impairment of any collateral securing any obligation of the Obligated Group to the Issuer or the Bond Trustee; (c) any settlement or compromise of any claim of the Issuer or the Bond Trustee against the Obligated Group or against any other person, firm or corporation whose obligation is held by the Issuer or the Bond Trustee as collateral security for any obligation of the Obligated Group to the Issuer or the Bond Trustee; (d) any release in whole or in part of any person liable for the payment of any obligation of the Obligated Group to the Issuer or the Bond Trustee, including (without limitation) any person liable as an endorser, guarantor or judgment debtor; and (e) any failure by the Bond Trustee or any other person to obtain or perfect or to maintain the perfection of any security interest or other lien on property to secure indebtedness of the Obligated Group to the Issuer or the Bond Trustee. The Support Provider hereby ratifies and confirms any such extension, renewal, release, surrender, exchange, modification, impairment, settlement, compromise or failure, and all such actions shall be binding upon the Support Provider.

## 6. SUBROGATION; SUBORDINATION.

To the extent of any payments made under this Agreement, the Support Provider shall be subrogated to the rights of the Bond Trustee to receive payments, but the Support Provider covenants and agrees that such right of subrogation shall be subordinate in right of payment to the rights of the Bond Trustee for full and final payment of the principal of and premium, if any, and interest on the Bonds and, to that end, the Support Provider agrees not to claim or enforce any such right of subrogation or any right of setoff or any other right that may arise on account of any payment made by the Support Provider in accordance with the provisions of this Agreement unless and until all principal of and premium, if any, and interest on the Bonds shall have been fully and finally paid and discharged or deemed to have been paid in accordance with the Indenture.

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## 8. COVENANTS OF SUPPORT PROVIDER.

During the term hereof the Support Provider agrees as follows:

(a) The Support Provider covenants that as of June 30 and December 31 in each year, it shall maintain Unrestricted Cash and Marketable Securities (excluding the Subordinate Bonds) in an aggregate amount not less than the sum of (i) 130% of the Support Amount, **plus** (ii) the greatest then applicable amount of Unrestricted Cash and Marketable Securities required to be maintained by the Support Provider under any other agreement or instrument to which the Support Provider is a party or otherwise (the "Support Provider Liquidity Covenant"). The amounts required to be maintained under clause (i) of this subsection 8(a) may not be pledged or assigned, and no security interest may be granted in such amounts, as security for any Indebtedness and such amounts may not be applied to the payment of any Indebtedness other than the Bonds. The Support Provider further covenants that it shall deliver to the Bond Trustee and the Bondholder Representative, semi-annually, a certificate of its compliance with the Support Provider Liquidity Covenant in the form attached hereto as Exhibit A.

(b) If the Support Provider fails to meet the Support Provider Liquidity Covenant on any June 30 or December 31 (a "Testing Failure"), the Support Provider shall within 5 business days of the Testing Failure deposit with the Bond Trustee an amount equal to the Support Amount less the amount of any payments previously made by the Support Provider pursuant to this Agreement. Notwithstanding the foregoing, if the Support Provider fails to meet the Support Provider Liquidity Covenant on any June 30 or December 31 but (A) the Debt Service Coverage Ratio of the Obligated Group is not less than 1.25 to 1.00 for two consecutive Testing Periods, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property **AND**; (B) the Days' Cash on Hand of the Obligated Group is not less than 85 for two consecutive Testing Periods, exclusive of all contributions from the Support Provider or any source other than the revenues derived from the operation of the Mortgaged Property, in each case based on the annual audit or external review prepared by CliftonLarsonAllen LLP or other audit firm approved by the Bondholder Representative, then the Support Provider shall within 5 business days of the Testing Failure deposit with the Bond Trustee an amount equal to 70% of the Support Amount and shall within 6 months of the Testing Failure deposit with the Bond Trustee an amount equal to the remaining 30% of the Support Amount less the amount of any payments previously made by the Support Provider pursuant to this Agreement.

(c) The Support Provider will not permit one or more other corporations to consolidate with or merge into it other than as permitted pursuant to the Lifespace Master Trust Indenture.

(d) The Support Provider covenants and agrees to furnish or cause to be furnished all such information required to be provided pursuant to the documents governing any outstanding debt issued pursuant to or secured by the Lifespace Master Trust Indenture. The posting of any information described in this clause (d) to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") indexed under any outstanding securities issued by or for the benefit of the Support Provider shall be sufficient to satisfy the delivery requirement of this clause (d). In the event that the Lifespace Master Trust Indenture is terminated prior to the

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## 7. REPRESENTATIONS AND WARRANTIES OF SUPPORT PROVIDER.

The Support Provider warrants and represents that:

(a) It is a nonprofit corporation duly organized and existing in good standing under the laws of the State of Iowa having all necessary corporate power under such laws and under its corporate charter and by-laws to enter into and perform all agreements on its part herein contained.

(b) (i) It is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or corresponding provisions of prior law; (ii) such status is determined by means of a letter from the Internal Revenue Service, which letter has not been modified, limited or revoked; (iii) it is in compliance with all material terms, conditions and limitations, if any, contained in such letter; (iv) the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue to exist; and (v) it is exempt from federal income taxes under Section 501(a) of the Code.

(c) This Agreement is made in furtherance of the purposes for which it has been organized and its obligations hereunder will substantially contribute to the ability of the Obligated Group to finance the Project.

(d) It has duly authorized, executed and delivered this Agreement. This Agreement constitutes the legal, valid and binding obligation of the Support Provider enforceable in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights generally and such principles of equity as the court having jurisdiction may impose).

(e) Compliance by the Support Provider with all of the provisions of this Agreement is within its corporate powers and will not conflict with or result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any lien upon any of its property under the provisions of, any agreement, charter instrument, by-law or other instrument to which it or any of its subsidiaries or affiliates is a party or by which any of them or their respective properties may be bound.

(f) The execution and delivery of this Agreement does not require the consent, approval or authorization of any third party, or filing, registration or qualification with, any governmental authority as a condition to the execution, delivery or performance by the Support Provider of this Agreement.

(g) At the time of the execution and delivery of this Agreement, no circumstances exist or are expected to exist that would impair the effectiveness of its obligations hereunder or the effectiveness of this Agreement.

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termination of this Support Agreement, the Support Provider covenants and agrees to deliver to the Bond Trustee and the Bondholder Representative and file on EMMA under the CUSIP numbers associated with the Series 2022 Bonds all such information that was required to be provided pursuant to the documents governing any outstanding debt issued pursuant to or secured by the Lifespace Master Trust Indenture immediately prior to its termination.

(e) Within 45 calendar days following the end of each Fiscal Quarter of each Fiscal Year, the Support Provider shall (i) deliver to the Bond Trustee and the Bondholder Representative a certificate of the Support Provider certifying as to compliance by the Support Provider with its covenants hereunder in the form attached hereto as Exhibit A and (ii) post on EMMA under the CUSIP numbers associated with the Series 2022 Bonds the financial information included in Exhibit A.

(f) Within 150 calendar days following the end of each Fiscal Year, the Support Provider shall deliver to the Bond Trustee and the Bondholder Representative and file on EMMA under the CUSIP numbers associated with the Series 2022 Bonds a summary of all of the Support Provider's outstanding guaranties, support or similar obligations.

(g) The Support Provider shall not undertake, or agree or consent to undertake, any Change of Control.

(h) The Support Provider shall not accept or demand any payments from the Obligated Group with respect to the Subordinate Bonds except in accordance with Section 5.3 of the Continuing Covenants Agreement. To the extent that the Support Provider receives any payments from the Obligated Group with respect to the Subordinate Bonds in violation of Section 5.3 of the Continuing Covenants Agreement, the Support Provider shall promptly, and in no event later than five (5) business days after receipt thereof, deliver such amounts to the Bond Trustee with the written instruction to apply such funds toward the payment of interest or principal on the Bonds.

## 9. EVENTS OF DEFAULT.

The term "Event of Default," whenever used in this Agreement, shall mean any one or more of the following events or conditions:

(a) failure by the Support Provider to make any payment required to be made under this Agreement when the same becomes due and payable;

(b) failure by the Support Provider to satisfy the requirements of Section 8(a) of this Agreement;

(c) failure by the Support Provider to perform or observe any other term, covenant or agreement contained in this Agreement or any other agreement entered into in connection with any other debt incurred by the Support Provider and such performance or observation is not corrected within thirty (30) days;

(d) failure by the Support Provider to pay its debts generally as they come due; or

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(e) the filing by the Support Provider of any petition or other proceeding for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law for the relief of, or relating to, debtors or the filing against the Support Provider or its property or assets of an involuntary petition under any bankruptcy statute or the appointment of a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) to take possession, custody or control of the Support Provider or its properties, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 calendar days from the date of such filing or appointment.

#### 10. REMEDIES.

If an Event of Default shall have occurred, the Bond Trustee, with the written consent of the Bondholder Representative, may, and upon the written direction of the Bondholder Representative shall, take one or more of the following remedial steps:

(a) require the Support Provider to deposit with the Bond Trustee within five business days of the occurrence of the Event of Default cash, cash equivalents and marketable securities having a market value not less than the Support Amount less the amount of any payments previously made by the Support Provider pursuant to this Agreement; and

(b) exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement, under any other document or at law or in equity.

#### 11. CONFESSION OF JUDGMENT.

Upon the occurrence of any Event of Default under Section 9(a) hereof related to a failure of the Support Provider to satisfy its payment obligations under Section 2(a) hereof, the Bond Trustee shall provide notice of such failure to the Support Provider and the Bondholder Representative. In the event that such Event of Default is not cured by payment of the amounts required by this Agreement within 20 calendar days of the date of the Support Provider's receipt of such notice, the Support Provider hereby authorizes, constitutes and appoints an attorney licensed to practice law in the State of Texas approved by the Bondholder Representative, as the Support Provider's true and lawful attorney-in-fact in the Support Provider's name, place and stead to appear on its behalf in any court having jurisdiction in one or more proceedings, or before the clerk's office of any of the district courts in the State of Texas, or before any clerk thereof or prothonotary or other court official, and to CONFESS JUDGMENT AGAINST THE SUPPORT PROVIDER, WITHOUT PRIOR NOTICE (EXCEPT THE 20 CALENDAR DAY NOTICE SET FORTH ABOVE) OR OPPORTUNITY OF THE SUPPORT PROVIDER FOR PRIOR HEARING, in favor of the Bond Trustee for the full amount due under this Agreement plus actual court costs and actual attorneys' fees, which shall not exceed 15% of the total amount then due hereunder. The Support Provider waives the benefit of any and every statute, ordinance or rule of court which may be lawfully waived conferring upon the Support Provider any right or privilege of exemption, appeal, stay of execution or supplementary proceedings, inquisition, extension upon any levy on real estate or personal property and any other relief from the enforcement or immediate enforcement of a judgment or related proceedings on a judgment. The authority and power to appear for and enter judgment against the Support Provider shall not be exhausted by one or more exercises thereof, or by any imperfect exercise thereof, and shall not be extinguished by any

judgment entered pursuant thereto; such authority and power may be exercised on one or more occasions from time to time, in the same or different jurisdictions, as often as the Bond Trustee or the Bondholder Representative shall deem necessary or advisable, for all of which this Agreement shall be sufficient authority.

The Bondholder Representative shall be entitled to recover its reasonable fees and expenses, including the fees and expenses of counsel to the Bondholder Representative, in connection with enforcing any judgment by confession obtained against the Support Provider and in connection with the enforcement of any other provision contained in this Agreement.

Notwithstanding the foregoing, in enforcing any judgment by confession obtained against the Support Provider in connection with this Agreement, neither the Bond Trustee nor the Bondholder Representative shall be entitled to retain any amounts in excess of the actual amount of attorneys' fees and expenses charged or billed to the Bond Trustee or the Bondholder Representative, as applicable.

#### 12. NO REMEDY EXCLUSIVE.

No remedy herein conferred upon or reserved to the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bond Trustee to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

#### 13. NOTICES.

All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (a) if by first class mail, five days after mailing; and (b) if by overnight delivery, on the next Business Day. All notices shall be sent to the applicable party at the address shown below or in accordance with the last unrevoked written direction from such party to the other parties hereto. 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.

If to the Support Provider: Lifespace Communities, Inc.  
4201 Corporate Drive  
West Des Moines, IA 50266  
Attention: Nicholas A. Harshfield  
Telephone: (515) 288-5805  
Email: nick.harshfield@lifespacecommunities.com

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If to the Bondholder Representative: Hamlin Capital Management, LLC  
640 Fifth Avenue, 11<sup>th</sup> Floor  
New York, NY 10019  
Attention: Joseph J. Bridy  
Telephone: (212) 292-4127  
Email: [jbridy@hamlinem.com](mailto:jbridy@hamlinem.com)

with a copy to: McCarter & English, LLP  
100 Mulberry Street, Four Gateway Center  
Newark, NJ 07102  
Attention: Jacqueline Shanes  
Telephone: (973) 639-7955  
Email: [jshanes@mccarter.com](mailto:jshanes@mccarter.com)

If to the Bond Trustee: UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust  
Telephone: (314) 612-8480  
Email: [Brian.Krippner@umb.com](mailto:Brian.Krippner@umb.com)

The Support Provider, the Bond Trustee and the Bondholder Representative 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.

No notices shall be sent to the Holder of any Hamlin Investor Bond, including (without limitation) notices of failure to comply with covenants and Events of Default. Notwithstanding the foregoing, the Bond Trustee may send routine payment processing and similar notices to DTC provided DTC is the registered owner of the Bonds.

The Bondholder Representative may rely on any notice (including telephonic communication) purportedly made by or on behalf of the Support Provider or the Bond Trustee and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

#### 14. SEVERABILITY.

The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

#### 15. SUCCESSORS AND ASSIGNS.

This Agreement is a continuing obligation and shall be binding upon the Support Provider, its successors, transferees and assigns and shall inure to the benefit of the Bond Trustee, the Bondholder Representative and the Bondholders and their respective successors, transferees and assigns. The Support Provider may not assign or otherwise transfer any of its obligations hereunder without the prior written consent of the Bondholder Representative.

#### 16. CONSTRUCTION AND BENEFIT; VENUE.

This Agreement is delivered and made in and shall be construed in accordance with and governed by the laws of the State of Texas. This Agreement shall be binding upon the Support Provider and shall inure to the benefit of the Support Provider, the Bondholder Representative, the Bondholders and the Bond Trustee and their successors and assigns. Venue shall be in the district courts of the State of Texas, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

#### 17. MISCELLANEOUS.

(a) In the event that it becomes necessary for the Bond Trustee to exercise its rights under this Agreement, whether suit be brought or not, the Support Provider shall be liable for all costs and attorneys' fees incurred by the Issuer, the Bond Trustee and the Bondholder Representative, including (without limitation) costs and attorneys' fees and expenses incurred by the Issuer, the Bond Trustee and the Bondholder Representative on appeal. In the event that the Bond Trustee obtains a final judgment against the Support Provider upon this Agreement, post-judgment interest shall be payable at a rate per annum equal to the highest interest rate on the Bonds plus 400 basis points, but not to exceed the maximum rate permitted by applicable law. This provision shall not apply to the extent that costs and fees are recovered pursuant to Section 11 hereof.

(b) In the event that there ceases to be a Bondholder Representative, then any reference herein to the Bondholder Representative shall be of no further force and effect and where there is a reference to an action being taken solely by the Bondholder Representative, such reference shall be deemed instead to be a reference to the holders of a majority in aggregate principal amount of Outstanding Bonds.

(c) The provisions of Article VIII of the Indenture shall apply to the Bond Trustee in the enforcement of its obligations hereunder as if set forth herein and are incorporated herein by this reference thereto and, for the avoidance of doubt, all of the provisions of the Indenture and the Loan Agreement governing the rights, immunities and protections of the Bond Trustee thereunder are hereby granted to the Bond Trustee and incorporated into this Agreement as though fully set forth herein. In the event of any conflict between this Agreement and the Indenture and/or Loan Agreement with respect to the rights, immunities and protections of the Bond Trustee, the Indenture and/or Loan Agreement shall control, as applicable.

(d) This Agreement may be executed in any number of counterparts and by each of the parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first written above.

**18. WAIVER OF JURY TRIAL.**

EACH OF THE SUPPORT PROVIDER AND THE BOND TRUSTEE KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE ISSUANCE OF THE BONDS, THE LOAN OF THE PROCEEDS THEREOF TO THE OBLIGATED GROUP AND THE PURCHASE OF THE BONDS BY THE PURCHASERS FROM TIME TO TIME THEREOF. THE SUPPORT PROVIDER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF THE ISSUER, THE BOND TRUSTEE OR ANY OTHER PERSON OR ENTITY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BOND TRUSTEE WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL PROVISION.

**LIFESPACE COMMUNITIES, INC.**

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President and Chief Executive Officer

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Chief Financial Officer

**UMB BANK, NATIONAL ASSOCIATION,  
as Trustee**

By: \_\_\_\_\_  
Name: Brian P. Krippner  
Title: Senior Vice President

**19. WAIVERS; AMENDMENTS.**

No waiver, amendment, change or modification of this Agreement shall be established by conduct, custom or course of dealing, but shall be made solely by a written instrument executed by the party against whom enforcement thereof shall be sought with the written consent of the Bondholder Representative.

**20. COMPLETE AGREEMENT.**

The whole of this Agreement is hereby set forth and there is no other oral or written agreement, understanding or custom affecting the terms hereof.

[Remainder of Page Left Intentionally Blank]

[Signature page to Support Agreement]

**EXHIBIT A**

IN WITNESS WHEREOF, I have hereunto set my hand, this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FORM OF COMPLIANCE CERTIFICATE**

**LIFESPACE COMMUNITIES, INC.**

The undersigned duly authorized officer of Lifespace Communities, Inc., an Iowa nonprofit corporation (the "Support Provider"), hereby certifies as follows to demonstrate compliance with certain provisions of the Liquidity Support Agreement dated as of July 1, 2022, between UMB Bank, National Association and the Support Provider (the "Support Agreement"):

By: \_\_\_\_\_  
Name:  
Title:

This Certificate is being delivered with respect to the following (each, a "Testing Period"):

Fiscal Quarter ended [March 31] [June 30] [September 30] [December 31], 20\_\_:

Capitalized terms used but not defined in this Certificate shall have the meanings set forth in the Support Agreement.

Unless otherwise indicated, all calculations shall be made in accordance with accounting principles generally accepted in the United States of America.

(a) Liquidity Requirement<sup>1</sup>

Unrestricted Cash and Marketable Securities.....	\$
Support Amount (A) .....	\$
Other Guarantee Requirement (B) .....	\$
Liquidity Requirement (A+B) .....	\$

Is the Unrestricted Cash and Marketable Securities of the Support Provider at least equal to the Liquidity Requirement for the applicable period?

\_\_\_\_\_ (Y) \_\_\_\_\_ (N)

(b) Additional Information. Additional information about the Support Provider is available on EMMA under the CUSIP numbers associated with the Series 2022 Bonds.

(c) Certification as to no Event of Default. To the best of the undersigned's knowledge, has an Event of Default under the Support Agreement occurred?

\_\_\_\_\_ (Y) \_\_\_\_\_ (N)

If yes, please attach a statement describing the nature thereof and the steps the Support Provider intends to take to cure such default.

[Signature Page to Follow]

<sup>1</sup> Applicable only on June 30 and December 31; provided for information purposes only on other dates.



**PROPOSED FORM**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

**WHEN RECORDED MAIL TO**

William D. Burns  
Gilmore & Bell, P.C.  
2405 Grand Boulevard, Suite 1100  
Kansas City, Missouri 64108

SPACE ABOVE THIS LINE FOR RECORDER'S  
USE

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.  
ATTENTION COUNTY RECORDER:**

**THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9.502(C) OF THE TEXAS BUSINESS AND COMMERCE CODE. PORTIONS OF THE GOODS COMPOSING A PART OF THE PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE REAL PROPERTY RECORDS OF POTTER COUNTY, TEXAS AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF GRANTOR AND BENEFICIARY ARE SPECIFIED ON THE PREAMBLE OF THIS INSTRUMENT. GRANTOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 804537743.**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, this "Deed of Trust") is made and entered into as of the 1<sup>st</sup> day of July, 2022 by Craig Amarillo, LLC, a Texas limited liability company ("Grantor") with a principal place of business located at 3501 Olympus Boulevard, Suite 300, Coppell, Texas 75019, to Israel Lugo ("Trustee"), for the benefit of UMB Bank, National Association, as master trustee under the herein referenced Master Indenture (together with its successors and assigns, "Beneficiary") with a principal place of business located at 2 South Broadway, Suite 600, St. Louis, Missouri 63102.

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Bond Trustee constitutes a Related Bond Trustee, the Issuer constitutes a Related Bond Issuer, and the Loan Agreement and the Bond Indenture constitute Related Bond Documents under the Master Indenture.

I. To evidence and to provide for the payment of any additional Indebtedness incurred under the Master Indenture, the Obligated Group Representative may execute additional Master Notes (the "Additional Notes"), which together with the Series 2022 Master Notes are collectively referred to as the "Master Notes").

J. The Grantor desires to make and enter into this Deed of Trust to secure the payments and performance of the obligations of the Grantor under the Master Notes, the Master Indenture and this Deed of Trust and the other Obligations (as defined below).

K. Grantor desires to secure the payment of the Master Notes and the Obligations (as defined below) together with all interest accrued and unpaid thereon and all other sums due to Beneficiary under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents (defined below) and the performance of all of Grantor's obligations due under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents.

L. This Deed of Trust is given pursuant to the Master Indenture and payment, fulfillment, and performance by Grantor of its obligations thereunder, and the obligations of the Members of the Obligated Group under the Master Indenture and the Master Notes are secured hereby in accordance with the terms hereof, and each and every term and provision of the Master Notes, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Deed of Trust. The Master Notes, this Deed of Trust, and the Master Indenture and all other documents evidencing or securing the indebtedness evidenced by a Master Note (including, without limitation, all additional mortgages, deeds to secure debt, security agreements, and pledge agreements) executed or delivered in connection therewith, are hereinafter referred to collectively as the "Loan Documents".

M. Unless otherwise defined in this Deed of Trust, capitalized words and terms used in this Deed of Trust shall have the meanings ascribed to them in the Master Indenture and the Bond Indenture, unless some other meaning is plainly indicated. A copy of the Master Indenture, the Bond Indenture and this Deed of Trust will be kept on file at the corporate trust office of the Beneficiary.

NOW THEREFORE, Grantor, to secure the prompt payment and performance of the Obligations and the performance of the covenants and agreements herein contained to be performed by Grantor or any Member of the Obligated Group under the Master Indenture, for good and valuable consideration in hand paid, the receipt and sufficiency whereof are hereby acknowledged, and intending to be legally bound, hereby agrees and covenants as follows:

**1. Grant and Obligations.**

1.1. Grant. For the purposes and upon the terms and conditions in this Deed of Trust, Grantor hereby irrevocably grants, bargains, sells, pledges, assigns, warrants, transfers, conveys and grants a security interest to Trustee, in trust for the benefit and security of Beneficiary, with THE POWER OF SALE and right of entry and possession, to Beneficiary and its successors and assigns, in and to the following property, rights, interests and estates now owned, or hereafter acquired by Grantor: (a) all real property located in Potter County, Texas and described on Exhibit A attached hereto and made a part hereof (the "Land"); (b) all buildings, improvements and landscaping now or hereafter erected or located on said real property (collectively, the "Improvements"); (c) all rights now or hereafter existing,

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**Recitals:**

A. The Grantor is a Member of the Obligated Group under a Master Trust Indenture, dated as of July 1, 2022, (as supplemented and amended at any given time, the "Master Indenture"), among Meadow Lake, LLC, a Texas limited liability company, as a Member and as the Obligated Group Representative, the Grantor, and Wesley Court, LLC, as Texas limited liability company, as the initial Members of the Obligated Group, and all other future Members of the Obligated Group, as Members, and the Beneficiary, as Master Trustee, as those terms are defined in the Master Indenture.

B. Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") has issued its Revenue Bonds (CMW Obligated Group), Series 2022A in the aggregate principal amount of \$53,310,000 (the "Series 2022A Bonds"), its Taxable Revenue Bonds (CMW Obligated Group), Series 2022B in the aggregate principal amount of \$52,580,000 (the "Series 2022B Bonds"), and its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C in the aggregate principal amount of \$5,000,000 (the "Series 2022C Bonds"), and collectively with the Series 2022A Bonds and the Series 2022B Bonds, the "Series 2022 Bonds") pursuant to a Bond Trust Indenture, dated as of July 1, 2022 (the "Bond Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Bond Trustee"), the proceeds of which will be applied as provided in the Bond Indenture.

C. In conjunction with the Bond Indenture and this Deed of Trust, the Obligated Group Representative and the Issuer entered into a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), by which the Issuer is loaning the proceeds of the Series 2022 Bonds to the Obligated Group, and the Obligated Group is agreeing to make Loan Payments, as defined in the Loan Agreement, sufficient to pay the principal of and premium, if any, and interest on the Series 2022 Bonds.

D. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Loan Agreement, and to provide for payment of the Series 2022 Bonds, the Obligated Group Representative has made and delivered to the Issuer the CMW Obligated Group Master Indenture Note, Series 2022A, dated July 19, 2022, in the principal amount of \$110,890,000 and maturing on July 15, 2027 (the "Series 2022A Master Note").

E. The obligations of the Grantor and the other Members of the Obligated Group with respect to the Series 2022 Bonds are further set forth in the Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenants Agreement") among the Members of the Obligated Group and the Bond Trustee.

F. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Continuing Covenants Agreement, the Obligated Group Representative has made and delivered to the Bond Trustee the CMW Obligated Group Master Indenture Note, Series 2022B, dated July 19, 2022, in the same principal amount as the Series 2022 Bonds and maturing on July 15, 2027 (the "Series 2022B Master Note") and together with the Series 2022A Master Note, the "Series 2022 Master Notes").

G. To secure the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds, the Issuer, by the Bond Indenture, has assigned to the Bond Trustee substantially all of the Issuer's right, title and interest in and to the Loan Agreement, the Bond Indenture, the Series 2022A Master Note, and the Master Indenture, and all payments derived by the Issuer under the Loan Agreement (but excluding the Issuer's rights to payment of its fees and expenses and to indemnification).

H. The Series 2022 Bonds constitute Related Bonds, and the obligations of the Members of the Obligated Group under the Loan Agreement constitute Indebtedness under the Master Indenture. The

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belonging, pertaining, or appurtenant to the Land or Improvements; (d) all mineral rights, oil and gas rights, air rights, water or water rights, including without limitation, all wells, canals, ditches and reservoirs of any nature and all rights thereto, appurtenant to or associated with the Land and/or Improvements, whether decreed or undeclared, tributary or non-tributary, surface or underground, appropriated or unappropriated, and all shares of stock in any water, canal, ditch or reservoir company, and all well permits, water service contracts, drainage rights and other evidences of any such rights; (e) all goods, furniture, machinery, equipment, fixtures, materials (building or otherwise), accounts, contract rights, documents, instruments, proceeds of insurance, general intangibles and other items of personal property of Grantor or in which it has an interest, now owned or hereafter acquired, that are located on or used in connection with the Land or Improvements and any substitutions, replacements, accessions and proceeds of any of the foregoing; (f) all judgments, awards of damages and settlements hereafter made as a result or in lieu of any Taking, as hereinafter defined; and (g) all contracts, permits and licenses respecting the use, operation or maintenance of the Land or Improvements (collectively, the "Property"). The listing of specific rights or property shall not be interpreted as a limitation of general terms.

**1.2. Security Interest in Property; Fixture Filing.**

(a) As continuing security for the Obligations, Grantor hereby pledges, assigns and grants to Beneficiary a security interest in any of the Property constituting personal property or fixtures.

(b) This Deed of Trust shall constitute a security agreement and financing statement under the Uniform Commercial Code as adopted in the state in which the Land is located (the "Uniform Commercial Code"), so that Beneficiary shall have and may enforce a security interest in any or all of that portion of the Property which constitutes personal property, in addition to the lien of this Deed of Trust upon the same as part of the realty. Grantor will assist in the preparation of and execute from time to time, alone or with Beneficiary, and deliver, file or record any financing or continuation statements, or other instruments, and do such further acts as Beneficiary may request to establish, maintain and perfect the security interest of Beneficiary in that portion of the Property which constitutes personal property, including all renewals, additions, substitutions, improvements to the same and the proceeds thereof, and otherwise to protect the same against the rights and interest of third parties. The terms of this Deed of Trust shall be deemed commercially reasonable within the meaning of the Uniform Commercial Code.

(c) This instrument covers goods that are or are to become fixtures on the Property described herein and is to be filed for record in the records where security instruments on real estate are recorded. Additionally, this instrument should be appropriately indexed, not only as a security instrument but also as a financing statement covering goods that are or are to become fixtures on the Property described herein. The mailing address of Grantor (Debtor) and Beneficiary (Secured Party) are set forth in this Deed of Trust.

(d) Beneficiary may elect to treat any part of the Property, which consists of a right in action or of property that can be severed from the Property without causing structural damage thereto, as personal property and may exercise as to such Property all of the rights, remedies and privileges with respect to repossession, retention, sale and disposition of proceeds as are accorded to a secured party by the applicable provisions of Article 9 of the Uniform Commercial Code.

(e) With respect to the exercise of Beneficiary's rights, remedies and privileges under the Uniform Commercial Code as aforesaid: (i) Beneficiary's and Trustee's attorneys' fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Property shall be chargeable to Grantor; (ii) Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, and in addition to Beneficiary's other remedies hereunder: (A) enter upon or within the Property peaceably by Beneficiary's own means

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or with legal process and take possession of all Property in which Beneficiary has a security interest under the Uniform Commercial Code, or render it unusable, or dispose of it, and Grantor agrees not to resist or interfere with such action taken by Beneficiary; and (B) require Grantor to assemble such Property and make it available to Beneficiary at a place to be designated by Beneficiary, convenient to both parties; and (iii) unless such Property is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market, Beneficiary will give Grantor notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of notice will be met if such notice is sent in accordance with this Deed of Trust, at least five days before the time of sale or disposition.

1.3. **Obligations.** This Deed of Trust and the grants, assignments and transfers made herein are given for the purpose of securing the Obligations. The term "Obligation" or "Obligations", as used in this Deed of Trust, shall mean, without limitation, (a) the loans, advances, indebtedness, notes, liabilities, and amounts, liquidated or unliquidated, owing by Grantor to Beneficiary (or Trustee) pursuant to the Master Notes, this Deed of Trust, or any of the other Loan Documents; (b) the performance of all of Grantor's obligations due under the Master Notes, this Deed of Trust or any of the other Loan Documents; (c) all other obligations of the Grantor contained herein; (d) each other obligation of the Grantor contained in the Master Notes and any other Loan Document; and (e) each obligation of Grantor contained in any modification, extension and renewal of any of the foregoing Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes. Said term shall also include all interest and other charges chargeable to Grantor or due from Grantor to Beneficiary from time to time and all costs and expenses referred to in this Deed of Trust.

1.4. **Security and Priority of Advances.** This Deed of Trust secures future advances. The Obligated Group may issue Additional Notes under the Master Indenture from time to time hereafter and each such Additional Note shall be secured hereby as if made on the date hereof. This Deed of Trust also secures, and the Master Notes and the Loan Documents evidence, the obligation of Grantor to repay the Obligations and (a) all advances made after the date hereof with respect to the Property for the payment of real estate taxes, water and sewer rents, assessments, maintenance charges, insurance premiums or costs incurred for the protection of the Property and the lien of this Deed of Trust, (b) all costs and expenses incurred by Beneficiary by reason of an Event of Default hereunder, and (c) all advances made by Beneficiary to enable completion of construction of improvements to the Property. This Deed of Trust shall constitute a lien on the Property from the time this Deed of Trust is recorded and secures, among other things, all such advances and expenses, plus interest thereon, regardless of the time when such advances are made or such expenses are incurred.

## 2. Representations, Warranties, Covenants.

2.1. **Representations and Warranties.** Grantor represents and warrants to Beneficiary and Trustee that:

(a) this Deed of Trust has been duly executed and delivered by Grantor and is the legal, valid and binding obligation of Grantor enforceable in accordance with its terms except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally;

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and maintain all governmental or other approvals, relating to Grantor, the Property or the use thereof, including without limitation, any applicable zoning or building codes or regulations and any laws or regulations relating to the handling, storage, release or clean-up of Hazardous Substances, and will give prompt written notice to Beneficiary and Bondholder Representative of any notice required by the Master Indenture relating to the Property.

(b) Grantor will at all times keep the Property insured as provided for in the Master Indenture.

(c) Grantor will at all times (i) maintain complete and accurate records and books regarding the Property in accordance with the Master Indenture and (ii) permit Beneficiary, Bondholder Representative and their agents, employees and representatives, at such reasonable times as Beneficiary or Bondholder Representative may request, to enter and inspect the Property and such books and records.

(d) Grantor will at all times keep the Property in good and first rate repair and condition (damage from casualty not excepted) and will not commit or permit any strip, waste, impairment, deterioration or alteration of the Property or any part thereof.

(e) Grantor will not construct any improvements on the Property in violation of applicable law or the terms of any Permitted Encumbrances.

(f) Grantor does hereby unconditionally and absolutely sell, assign and transfer unto Beneficiary all of the leases, rents, issues, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement or license for the use or occupancy of the Property, whether now existing or entered into at any time during the term of this Deed of Trust, all guaranties of any lessee's obligations under any such lease and all security deposits, it being the intention of this Deed of Trust to establish an absolute transfer and assignment of all such leases and agreements and all of the rents and profits from the Property and/or Grantor's operation or ownership thereof unto Beneficiary and Grantor does hereby appoint irrevocably Beneficiary as Grantor's true and lawful attorney in Grantor's name and stead, which appointment is coupled with an interest, to collect all of said rents and profits; provided, Grantor shall have the right to collect and retain such rents and profits unless and until an Event of Default exists under this Deed of Trust. Grantor assigns to Beneficiary all guaranties of lessee's obligation under leases and all proceeds from settlements relating to terminations of leases and all claims for damages arising from rejection of any lease under the bankruptcy laws. Upon the occurrence of an Event of Default and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder or during any period of redemption existing by law, forthwith, upon demand of Beneficiary, Grantor shall surrender to Beneficiary and Beneficiary shall be entitled to enter upon and take and maintain possession of the Property and any leases thereunder and collect and retain any rents and profits from the Property and hold, operate, manage and control the Property and any such leases and to do such things in its discretion as may be deemed proper or necessary to enforce the payment or security of the rents and profits of the Property and the performance of the tenants' obligations under any leases of the Property, with full power to cancel or terminate any lease for any cause or on any grounds which would entitle Grantor to cancel the same, and to elect to disaffirm any lease made subsequent to this Deed of Trust or subordinated to the lien hereof. All rents and payments received by Grantor after Beneficiary has exercised any of its rights under this assignment shall be held by Grantor in trust for Beneficiary and shall be delivered to Beneficiary immediately without demand.

(g) Beneficiary shall not be obligated to perform or discharge any obligation or liability of the landlord under any of said leases and Grantor shall and does hereby agree to indemnify and hold Beneficiary harmless of and from any and all expenses, liabilities, losses or damages which it might incur under said leases or under or by reason of this Deed of Trust. Any amounts incurred by Beneficiary,

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(b) Grantor is the sole legal owner of the Property, holding good and marketable fee simple title to the Property, subject to no liens, encumbrances, leases, security interests or rights of others other than Permitted Encumbrances, as defined in the Master Indenture; and

(c) as of the date hereof, there are no Hazardous Substances (as herein defined) in, on or under the Property, except as disclosed in writing to and acknowledged by Beneficiary.

2.2. **Recording; Further Assurances.** Grantor covenants that it shall, at its sole cost and expense and upon the request of Beneficiary or Trustee, cause this Deed of Trust, and each amendment, modification or supplement hereto, to be recorded and filed in such manner and in such places, and shall at all times comply with all such statutes and regulations, as may be required by law in order to establish, preserve and protect the interest of Beneficiary and Trustee in the Property and the rights of Beneficiary and Trustee under this Deed of Trust. Upon the written request of Beneficiary, Bondholder Representative or Trustee, and at the sole expense of Grantor, Grantor will promptly execute and deliver such further instruments and documents and take such further actions as Beneficiary, Bondholder Representative or Trustee may deem desirable to obtain the full benefits of this Deed of Trust and of the rights and powers herein granted, including, without limitation, delivery of any certificate of title and filing any financing statement under the Uniform Commercial Code. Grantor authorizes Beneficiary to file any such financing statement without the signature of Grantor to the extent permitted by applicable law, and to file a copy of this Deed of Trust in lieu of a financing statement.

2.3. **Restrictions on Grantor.** Grantor covenants that it will not, directly or indirectly, without the prior written approval of Beneficiary and Bondholder Representative in each instance:

(a) Sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any part of any legal or beneficial interest in Grantor or the Property or any part thereof or permit any of the foregoing, except as expressly permitted by the Master Indenture or this Deed of Trust;

(b) Permit the use, generation, treatment, storage, release or disposition of any Hazardous Substances on the Property, except as permitted by the Master Indenture. As used in this Deed of Trust, the term "Hazardous Substances" shall include any oil or other material or substance constituting hazardous waste or hazardous materials or substances under any applicable federal or state law, regulation or rule; or

(c) Permit to be created or suffer to exist any mortgage, lien, security interest, attachment, or other encumbrance or charge on the Property or any part thereof or interest therein (except for the Permitted Encumbrances), including, without limitation, (i) any lien arising under any federal, state or local statute, rule, regulation or law pertaining to the release or clean-up of Hazardous Substances and (ii) any mechanics' or materialmen's lien. Grantor further agrees to give Beneficiary and Bondholder Representative prompt written notice required by the Master Indenture of the imposition of any lien referred to in this Section and to take any action necessary to secure the prompt discharge or release of the same in accordance with the Master Indenture. Grantor agrees to defend its title to the Property and Beneficiary's and Trustee's interest therein against the claims of all persons and, unless Beneficiary requests otherwise, to appear in and diligently contest, at Grantor's sole cost and expense, any action or proceeding that purports to affect Grantor's title to the Property or the priority or validity of this Deed of Trust or Beneficiary's and Trustee's interest hereunder.

2.4. **Operation of Property.** Grantor covenants and agrees as follows:

(a) Grantor will not permit the Property to be used for any unlawful or improper purpose, will at all times comply with all federal, state and local laws, ordinances and regulations, and will obtain

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Bondholder Representative or Trustee in connection with its rights hereunder, including costs, expenses and reasonable attorneys' fees, shall bear interest thereon in accordance with the Master Notes and the Loan Documents, shall be additional an additional Obligation and Grantor shall reimburse Beneficiary therefor immediately upon demand. Beneficiary may apply any of said rents and profits received to the costs and expenses of collection, including reasonable attorneys' fees, to the payment of taxes, assessments and insurance premiums and expenditures for the upkeep of the Property, to the performance of the landlord's obligations under the lease, to the performance of any of Grantor's covenants hereunder, and to any Obligations in such order as Beneficiary may determine in consultation with Bondholder Representative. The entering upon and taking possession of the Property, the collection of such rents and profits and the application thereof as aforesaid shall not cure or waive any Event of Default under this Deed of Trust nor in any way operate to prevent Beneficiary from pursuing any other remedy which it may now or hereafter have under the terms of this Deed of Trust nor shall it in any way be deemed to constitute Beneficiary a "mortgagee-in-possession". The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Property is in danger of being lost, materially injured or damaged or whether the Property is adequate to discharge the Obligations. Grantor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Property for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Property has been or will be waived, released, reduced, discounted, or otherwise discharged or compromised by Grantor. Grantor waives any right of set off against any person in possession of any portion of the Property. Grantor further agrees that Grantor will not execute or agree to any subsequent assignment of any of the rents or profits from the Property without the prior written consent of Beneficiary and Bondholder Representative.

2.5. **Payments.** Grantor covenants to pay when due all federal, state, municipal or other taxes, betterment assessments and other governmental levies, water rates, sewer charges, insurance premiums, and other charges on the Property, this Deed of Trust or any Obligation secured hereby that could, if unpaid, result in a lien on the Property or on any interest therein. Grantor shall have the right to contest any notice, lien, encumbrance, claim, tax, charge, betterment assessment or premium filed or asserted against or relating to the Property; provided that it contests the same diligently and in good faith and by proper proceedings and, at Beneficiary's request, provides Beneficiary with adequate cash security, in Beneficiary's reasonable judgment, against the enforcement thereof. Grantor shall furnish to Beneficiary and Bondholder Representative evidence of all other payments referred to above within 15 days after written request therefor by Beneficiary or Bondholder Representative.

2.6. **Notices; Notice of Default.** Grantor will deliver to Beneficiary and Bondholder Representative, promptly upon receipt of the same, copies of all notices or other documents it receives that affect the Property or its use or claim that Grantor is in default in the performance or observance of any of the terms hereof. Grantor further agrees to deliver to Beneficiary and Bondholder Representative written notice promptly upon the occurrence of any Event of Default hereunder, or event that with the giving of notice or lapse of time or both would constitute an Event of Default hereunder.

2.7. **Compensation; Exculpation; Indemnification.**

(a) Grantor shall pay all Trustee's and Bondholder Representative's fees and reimburse Trustee and Bondholder Representative for all expenses in the administration of this trust, including reasonable attorneys' fees. Grantor shall reimburse Beneficiary and Bondholder Representative reasonable compensation for services rendered concerning this Deed of Trust. Beneficiary and Bondholder Representative shall not directly or indirectly be liable to Grantor or any other person as a consequence of: (i) the exercise of any rights, remedies or powers granted to Beneficiary or Bondholder Representative in this Deed of Trust; (ii) the failure or refusal of Beneficiary or Bondholder Representative to perform or discharge any obligation or liability of Grantor under this Deed of Trust or

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any lease or other agreement related to the Property; or (iii) any loss sustained by Grantor or any third party as a result of Beneficiary's or Bondholder Representative's failure to lease the Property after any Event of Default or from any other act or omission of Beneficiary or Bondholder Representative in managing the Property after any Event of Default unless such loss is caused by the willful misconduct or gross negligence of Beneficiary or Bondholder Representative; and no such liability shall be asserted or enforced against Beneficiary or Bondholder Representative, and all such liability is hereby expressly waived and released by Grantor.

(b) Grantor shall indemnify Trustee, Bondholder Representative and Beneficiary, together with their respective directors, officers, employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns (each an "Indemnitee" and, collectively, the "Indemnitees") against, and hold them harmless from, any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses to the extent any such party suffers or incurs: (i) by reason of this Deed of Trust; (ii) by reason of the execution of this trust or the performance of any act required or permitted hereunder or by law; (iii) as a result of any failure of Grantor to perform Grantor's obligations; or (iv) by reason of any alleged obligation or undertaking of Beneficiary or Bondholder Representative to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other document related to the Property, including without limitation, the payment of any taxes, assessments, rents or other lease obligations, liens, encumbrances or other obligations of Grantor under this Deed of Trust.

(c) Grantor shall pay all indebtedness arising under this Section 2.7 within 10 days following demand by Trustee, Bondholder Representative or Beneficiary, and if not paid within such 10 days, together with interest thereon from the date of demand until paid in full at the highest rate per annum payable under any Obligation. Beneficiary may, in consultation with Bondholder Representative, add any such indebtedness to any Obligation.

3. **Takings.** In case of any condemnation for public use of, or any damage by reason of the action of any public or governmental entity or authority to, all or any part of the Property (a "Taking"), or the commencement of any proceedings or negotiations that might result in a Taking, Grantor shall promptly give written notice to Beneficiary and Bondholder Representative, describing the nature and extent thereof. Beneficiary may, with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, appear in any proceeding for a Taking or any negotiations relating to a Taking and Grantor shall promptly give to Beneficiary and Bondholder Representative copies of all notices, pleadings, determinations, and other papers relating thereto. Grantor shall in good faith and with due diligence and by proper proceedings file and prosecute its claims for any award or payment on account of any Taking. Grantor shall not settle any such claim without Beneficiary's and Bondholder Representative's prior written consent. Grantor shall hold any amounts received with respect to such awards or claims, by settlement, judicial decree, or otherwise, in trust for Beneficiary and promptly pay the same to Beneficiary. Grantor authorizes any award or settlement due in connection with a Taking to be paid directly to Beneficiary in amounts not exceeding the Obligations. Beneficiary may apply such amounts to the Obligations in such order as Beneficiary may in consultation with Bondholder Representative determine.

4. **Insurance Proceeds.** The proceeds of any insurance resulting from any loss with respect to the Property shall be paid to Beneficiary as its interests appear, and, at the option of Beneficiary with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, be applied to the Obligations in accordance with the Master Indenture as Beneficiary in consultation with Bondholder Representative may determine; provided, however, that if Beneficiary and Bondholder Representative shall require repair of the Property, Beneficiary may release all or any portion of such

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by injunction or any other appropriate equitable remedy; and (ii) subject to any specific limitations set forth in any Obligation, to seek recovery of a deficiency judgment against Grantor and any other party liable for payment of the Obligations, concurrently with or following any judicial foreclosure of this Deed of Trust. For the purposes of any suit brought under this Section 6.2(c), Grantor waives the defenses of laches and any applicable statute of limitations.

(d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Obligations; (ii) the existence of a declaration that the Obligations are immediately due and payable; or (iii) the filing of a notice of default; and Grantor consents to such appointment.

(e) To take and possess all documents, books, records, papers and accounts of Grantor or the then owner of the Property; to make or modify Leases of, and other agreements with respect to, the Property upon such terms and conditions as Beneficiary, in consultation with Bondholder Representative, deems proper; and to make repairs, alterations and improvements to the Property deemed necessary, in Trustee's or Beneficiary's judgment, in consultation with Bondholder Representative, to protect or enhance the security hereof.

(f) To execute or cause Trustee to execute a written notice of such Event of Default and of its election to cause the Property to be sold by advertisement and/or sale under applicable law to satisfy the Obligations. Trustee shall give and record such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor, except as otherwise required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as directed by Beneficiary in consultation with Bondholder Representative, at public auction to the highest bidder for cash, in lawful money of the United States, payable at the time of sale. Except as required by law, neither Grantor nor any other person or entity shall have the right to direct the order in which the Property is sold. Subject to requirements and limits imposed by law, Trustee may postpone any sale of the Property by public announcement at such time and place of sale, and from time to time may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in said deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Grantor, Bondholder Representative or Beneficiary, may purchase at such sale.

(g) To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received in accordance with Section 6.3, all in such order and manner as Beneficiary in consultation with Bondholder Representative shall determine.

(h) Upon sale of the Property at any judicial or non-judicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in consultation with Bondholder Representative) all or any portion of the Obligations. In determining such credit bid, Beneficiary may, with consent of Bondholder Representative or shall, at the direction of Bondholder Representative, take into account all or any of the following: (i) appraisals of the Property as such appraisals may be discounted or adjusted by Beneficiary in consultation with Bondholder Representative; (ii) expenses and costs incurred by Beneficiary and Bondholder Representative with respect to the Property prior to foreclosure; (iii) expenses and costs which Beneficiary and Bondholder Representative anticipate will be incurred with respect to the Property after foreclosure, but prior to resale, including without limitation, costs of structural reports and other due

proceeds to Grantor for such purpose. Any insurance proceeds paid to Grantor shall be held in trust for Beneficiary under the Master Indenture and promptly paid to it.

## 5. Certain Rights of Beneficiary.

5.1. **Advances.** If Grantor fails to pay or perform any of its obligations respecting the Property, after notice to Grantor, Beneficiary may with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, do so. Such payments may include, but are not limited to, payments for taxes, assessments and other governmental levies, water and sewer charges, insurance premiums, maintenance, repairs or improvements constituting part of the Property.

5.2. **Legal Proceedings.** Beneficiary and Bondholder Representative shall have the right, but not the duty, to intervene or otherwise participate in any legal or equitable proceeding that, in Beneficiary's reasonable judgment, in consultation with Bondholder Representative, might affect the Property or any of the rights created or secured by this Deed of Trust. Beneficiary and Bondholder Representative shall have such right whether or not there shall have occurred an Event of Default hereunder.

5.3. **No Merger of Deed of Trust.** In the event Beneficiary shall acquire title to the Property by conveyance from Grantor or as a result of foreclosure, this Deed of Trust shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record.

## 6. Defaults and Remedies.

6.1. **Events of Default.** "Event of Default" shall have the meaning given that term in the Master Indenture.

6.2. **Rights and Remedies.** On the occurrence of any Event of Default, including such notice as is required under the applicable Loan Documents, Beneficiary and Trustee may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, at any time thereafter, exercise any or all of the following remedies to the extent permitted by applicable law:

(a) With or without notice, to declare all Obligations immediately due and payable in full.

(b) With or without notice, without releasing Grantor from any Obligation and without becoming a "mortgagee in possession," to cure any Event of Default of Grantor and, in connection therewith: (i) to enter upon the Property and to do such acts and things as Beneficiary or Trustee in consultation with Bondholder Representative, deems necessary or desirable to protect the security of this Deed of Trust, including without limitation, to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee hereunder; (ii) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, in consultation with Bondholder Representative, is senior in priority to this Deed of Trust, the judgment of Beneficiary or Trustee and Bondholder Representative being conclusive as between the parties hereto; (iii) to obtain, and to pay any premiums or charges with respect to, any insurance required to be carried hereunder; and (iv) to employ counsel, accountants, contractors and other appropriate persons to assist them.

(c) To commence and maintain an action or actions in any court of competent jurisdiction: (i) to foreclose this Deed of Trust as a mortgage or to obtain specific enforcement of the covenants of Grantor under this Deed of Trust, and Grantor agrees that such covenants shall be specifically enforceable

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diligence, costs to carry the Property prior to resale, costs of resale (e.g., commissions, attorneys' fees, and taxes), hazardous materials clean-up and monitoring, deferred maintenance, repair, refurbishment and retrofit, and costs of defending or settling litigation affecting the Property; (iv) declining trends in real property values generally and with respect to properties similar to the Property; (v) anticipated discounts upon resale of the Property as a distressed or foreclosed property; (vi) the existence of additional collateral, if any, for the Obligations; and (vii) such other factors or matters that Beneficiary and Bondholder Representative deem appropriate. Grantor acknowledges and agrees that: (A) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (B) this Section 6.2(h) does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (C) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in any agreement between Grantor and Beneficiary or previously discussed by Grantor and Beneficiary; and (D) Beneficiary's credit bid may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, be higher or lower than any appraised value of the Property.

(i) Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, exercise any of the remedies made available to a secured party under the Uniform Commercial Code, or other applicable law, with respect to any of the Property which constitutes personal property, including without limitation the right to take possession thereof, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof), which Grantor hereby waives, and the right to sell, lease or otherwise dispose of or use any or all of such personal property. For purposes of this power of sale, Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, elect to treat as personal property any Property that is intangible or that can be severed from the Land or improvements thereon without causing structural damage. Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, require Grantor to assemble such personal property and make it available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both Grantor and Beneficiary. If notice to Grantor of any intended disposition of any of the Property constituting personal property or any other, intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 6.4 hereof) at least 10 calendar days prior to the date of intended disposition or other action.

(j) To exercise any other rights and remedies available under applicable law.

6.3. **Application of Foreclosure Sale Proceeds.** After deducting all costs, fees and expenses of Trustee and Bondholder Representative, and of this trust, including costs of evidence of title and attorneys' fees in connection with a sale, all proceeds of any foreclosure sale shall be applied first, to payment of all Obligations (including without limitation, all sums expended by Beneficiary and Bondholder Representative under the terms hereof and not then repaid, with accrued interest at the highest rate per annum payable under any Obligation), in accordance with the terms sets forth in the Master Indenture; and the remainder, if any, to the person or persons legally entitled thereto.

6.4. **Application of Other Sums.** All rents or other sums received by Beneficiary or any agent or receiver hereunder, less all costs and expenses incurred by Beneficiary and Bondholder Representative or such agent or receiver, including reasonable attorneys' fees, shall be applied to payment of the Obligations in accordance with the terms sets forth in the Master Indenture; provided however, that Beneficiary shall have no liability for funds not actually received by Beneficiary.

6.5. **No Cure or Waiver.** None of Beneficiary's, Trustee's or any receiver's entry upon and taking possession of the Property, or any collection of rents, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, or the application of any collected

sum to any Obligation, or the exercise of any other right or remedy by Beneficiary, Trustee, Bondholder Representative or any receiver shall impair the status of this Deed of Trust, or cure or waive any breach, Event of Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Obligations then due and any other sums then due hereunder have been paid in full and Grantor has cured all other Events of Default), or prejudice Beneficiary, Bondholder Representative or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option of the Property or a subordination of the lien of this Deed of Trust.

6.6. Costs, Expenses and Attorneys' Fees. Grantor agrees to pay to Beneficiary promptly upon demand the full amount of all payments, advances, charges, costs and expenses, including court costs and reasonable attorneys' fees, expended or incurred by Trustee, Bondholder Representative or Beneficiary pursuant to this Section 6, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Beneficiary or any other person) relating to Grantor or in any way affecting any of the Property or Beneficiary's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Grantor with interest from the date of demand until paid in full at the highest rate per annum payable under any Obligation.

6.7. Power to File Notices and Cure Events of Default. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns as Grantor's true attorney-in-fact to perform any of the following powers, which agency is coupled with an interest: (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary, in consultation with Bondholder Representative, deems appropriate to protect Beneficiary's interest; and (b) upon the occurrence of any event, act or omission which with the giving of notice or the passage of time, or both, would constitute an Event of Default, to perform any obligation of Grantor hereunder; provided however, that Beneficiary, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Beneficiary, and Beneficiary shall not be liable to Grantor or any other person or entity for any failure to act under this Section 6.7.

6.8. Remedies Cumulative; No Waiver. All rights, powers and remedies of Beneficiary, Bondholder Representative and Trustee hereunder are cumulative and are in addition to all rights, powers and remedies provided by law or in any other agreements between Grantor and Beneficiary. No delay, failure or discontinuance of Beneficiary in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy.

6.9. Amendments. This Deed of Trust may be supplemented and amended in the manner and to the extent provided in the Master Indenture.

## 7. Miscellaneous.

7.1. Acceptance of Trust; Powers and Duties of Trustee. Trustee accepts this trust when this Deed of Trust is executed. From time to time, upon written request of Beneficiary, with the consent of Bondholder Representative, and, to the extent required by applicable law, presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any of the Obligations, Beneficiary, or Trustee at Beneficiary's direction, may, with the consent of Bondholder Representative, without obligation to do so or liability therefor and without notice: (a) reconvey all or any part of the Property from the lien of this Deed of Trust; (b) consent

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of the Obligations, and Beneficiary and Bondholder Representative shall be entitled, to the extent permitted by law, to receive and retain such amounts in any action for a deficiency against or redemption by Grantor, or any accounting for the proceeds of a foreclosure sale or of insurance proceeds. All references to "attorneys" in this Section 7 and elsewhere in this Deed of Trust shall include without limitation any attorney or law firm engaged by Beneficiary and Bondholder Representative, and all references to "fees and expenses" in this Deed of Trust shall include without limitation any fees of such attorney or law firm. The obligations of Grantor under this Section 7 shall survive any payment or satisfaction of any of the other Obligations.

7.5. Indemnification Regarding Hazardous Substances. Grantor hereby agrees to indemnify and hold harmless the Indemnitees from and against any and all losses, damages, claims, costs or expenses, including without limitation litigation costs and attorneys' fees and expenses and fees or expenses of any environmental engineering or clean-up firm, incurred by such Indemnitee and arising out of or in connection with the Property or resulting from the application of any current or future law, regulation or ordinance relating to the presence or clean-up of Hazardous Substances on or affecting the Property. This covenant shall survive payment in full of the Master Notes and satisfaction of this Deed of Trust.

7.6. Indemnitees' Expenses. If any Indemnitee is made a party defendant in any litigation or any claim is threatened or brought against such Indemnitee concerning this Deed of Trust or the Property or any part thereof or therein, or concerning the construction, maintenance, operation or the occupancy or use thereof by Grantor or other person or entity, then Grantor shall indemnify, defend and hold each Indemnitee harmless from and against all liability by reason of said litigation or claims, including attorneys' fees and expenses incurred by such Indemnitee in connection with any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment.

7.7. Waivers. Except as set forth in the Loan Documents, Grantor waives notice of nonpayment, demand, presentment, protest or notice of protest of the collateral, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof. No delay or omission of Beneficiary or Bondholder Representative in exercising or enforcing any of its rights, powers, privileges, remedies, immunities or discretions (all of which are hereinafter collectively referred to as "Beneficiary's rights and remedies") hereunder shall constitute a waiver thereof; and no waiver by Beneficiary or Bondholder Representative of any default of Grantor hereunder or of any demand shall operate as a waiver of any other default hereunder or of any other demand. No term or provision hereof shall be waived, altered, or modified except with the prior written consent of Beneficiary and Bondholder Representative, which consent makes explicit reference to this Deed of Trust. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between Beneficiary and Grantor at any time (whether before, during or after the effective date or term of this Deed of Trust) shall be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under this Deed of Trust (nor shall anything in this Deed of Trust be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under any such other agreement or transaction) but all Beneficiary's rights and remedies not only under the provisions of this Deed of Trust but also under any such other agreement or transaction shall be cumulative and not alternative or exclusive, and, with the exception of Beneficiary's rights under any Guaranty, may be exercised by Beneficiary at such time or times and in such order of preference as Beneficiary in consultation with Bondholder Representative may determine. For avoidance of doubt, Beneficiary shall not take any action, including any exercise of rights or remedies nor provide any waivers without the consent of Bondholder Representative.

7.8. Severability. If any provision of this Deed of Trust or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the

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to the making of any map or plat of the Property; and (c) join in any grant of easement or declaration of covenants and restrictions with respect to the Property, or any extension agreement or any agreement subordinating the lien or charge of this Deed of Trust. Trustee or Beneficiary may, with the consent of Bondholder Representative, from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts and the enforcement of its rights and remedies available under this Deed of Trust, and may, with the consent of Bondholder Representative, obtain orders or decrees directing, confirming or approving acts in the execution of said trusts and the enforcement of said rights and remedies. Trustee has no obligation to notify any party other than Bondholder Representative of any pending sale or any action or proceeding (including, but not limited to, actions in which Grantor, Beneficiary or Trustee shall be a party) unless held or commenced and maintained by Trustee under this Deed of Trust. Trustee shall not be obligated to perform any act required of it under this Deed of Trust unless the performance of the act is requested in writing and Trustee is reasonably indemnified against all losses, costs, liabilities and expenses in connection therewith.

7.2. Substitution of Trustees. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in each office in which this Deed of Trust is recorded, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth the recordation date and any recording or other information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee hereunder. A writing recorded pursuant to the provisions of this Section 7.12 shall be conclusive proof of the proper substitution of such new Trustee.

7.3. Termination and Reconveyance. This Deed of Trust shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until the Beneficiary agrees to terminate this Deed of Trust upon (a) any and all commitments to extend credit under the Loan Documents have terminated, and the Master Indenture has terminated pursuant to its express terms and (b) all of the Obligations (other than contingent indemnification obligations not then due) have been indefeasibly paid in cash and performed in full and no commitments of the Beneficiary or Bondholder Representative which would give rise to any Obligations are outstanding. Thereafter, upon Beneficiary's written request, with the consent of Bondholder Representative, and solely to the extent required by applicable law upon surrender of this Deed of Trust and every note or other instrument setting forth any Obligations to Trustee for cancellation, Trustee shall reconvey, without warranty, the Property, or that portion thereof then covered hereby, from the lien of this Deed of Trust. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." None of Beneficiary, Bondholder Representative or Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. Within 10 days following Beneficiary's demand, Grantor shall pay all actual, out-of-pocket costs and expenses incurred by Beneficiary and Bondholder Representative in connection with any reconveyance.

7.4. Payments by Beneficiary. To the extent permitted by applicable law, Grantor shall pay to Beneficiary, on demand, all reasonable expenses (including attorneys' fees and expenses and reasonable consulting, accounting, appraisal, brokerage and similar professional fees and charges) incurred by Beneficiary and Bondholder Representative in connection with the interpretation, exercise, preservation or enforcement of any of its rights, remedies and options set forth in this Deed of Trust (including without limitation any amounts expended pursuant to Sections 5 and 6 hereof) and in connection with any litigation, proceeding or dispute whether arising hereunder or otherwise relating to the Obligations, together with interest thereon to the extent permitted by applicable law until paid in full by Grantor at the highest rate set forth in the Obligations. Any amounts owed by Grantor hereunder shall be, until paid, part

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remainder of this Deed of Trust (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

7.9. Binding Effect of Agreement. This Deed of Trust shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and Beneficiary shall be entitled to rely thereon) until terminated in accordance with the applicable provisions hereof. Beneficiary may transfer and assign this Deed of Trust and deliver the collateral to the assignee, who shall thereupon have all of the rights of Beneficiary; and Beneficiary shall then be relieved and discharged of any responsibility or liability with respect to this Deed of Trust and the collateral; provided that there shall not be any transfer without Bondholder Representative consent.

7.10. Notices to Grantor. Any notices under or pursuant to this Deed of Trust shall be deemed duly received by Grantor as provided in the Master Indenture. Copies of all notices shall be provided to Bondholder Representative.

7.11. Notices to Beneficiary. Any notices to Beneficiary under or pursuant to this Deed of Trust shall be sent in accordance with the Master Indenture.

7.12. Reproductions. This Deed of Trust and all documents which have been or may be hereinafter furnished by Grantor to Beneficiary may be reproduced by Beneficiary by any photographic, photostatic, microfilm, xerographic, or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.13. Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS DEED OF TRUST WILL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO CONFLICT OF LAWS OR PRINCIPLES THEREOF.

7.14. Jurisdiction and Venue. AT THE OPTION OF BENEFICIARY, THIS DEED OF TRUST MAY BE ENFORCED IN TEXAS STATE COURT SITTING IN POTTER COUNTY, OR ANY STATE COURT OF COMPETENT JURISDICTION LOCATED IN TEXAS; PROVIDED, THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT BENEFICIARY'S OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE PARTIES CONSENT TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVE ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IF PARTIES COMMENCE ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS DEED OF TRUST, ANY OF THE PARTIES AT THEIR OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE MAY HAVE THE CASE TRANSFERRED TO THE JURISDICTION AND VENUE ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

7.15. JURY WAIVER. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND BENEFICIARY EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS DEED OF TRUST, THE OBLIGATIONS, IN ALL MATTERS

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CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH. GRANTOR CERTIFIES THAT NEITHER THE BENEFICIARY NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BENEFICIARY WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

8. State-Specific Provisions. It is the intention of Grantor and Beneficiary that the enforcement of the terms and provisions of this Deed of Trust shall be accomplished in accordance with Texas law. In the event of any inconsistencies between the terms and conditions of this Section 8 and the other terms and conditions of this Deed of Trust, the terms and conditions of this Section 8 shall control and be binding.

8.1. Secured Obligations. For the avoidance of doubt, (a) any attorney's fees required to be paid by Grantor in accordance with the Master Indenture or any other Loan Document are secured by this Deed of Trust, and (b) the indebtedness evidenced by the Series 2022 Master Notes dated July 19, 2022, incorporated herein by reference, executed by Grantor in the principal amount of up to **\$110,890,000**, bearing interest as therein specified, and finally maturing on July 15, 2027, and secured by this Deed of Trust includes any indebtedness evidenced by any amendment, restatement, supplement or modification of or to the Series 2022 Master Notes.

8.2. Foreclosure, Sale and Other Matters.

(a) Upon the occurrence and during the continuation of any Event of Default, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, by and through the Trustee, or successor trustee, and upon receipt of instructions from Beneficiary to Trustee, or any successor trustee, Trustee or any such successor trustee shall, sell or offer for sale the Property in such portions, order and parcels as Beneficiary may, in consultation with Bondholder Representative, determine, with or without having first taken possession of same, to the highest bidder for cash at public auction in accordance with the requirements of Section 51.002 of the Texas Property Code (as said section now exists or may be hereinafter amended or succeeded). Such sale shall be made at the courthouse of the county in which the Property (or any of that portion thereof to be sold) is located (whether the parts or parcels thereof, if any, in different counties are contiguous or not, and without the necessity of having any person present at such sale) in the area designated by the county commissioners for foreclosure sales (or, if no area has been designated, at the location at the courthouse designated by Beneficiary by or through Trustee in the written notice hereinafter described) on the first Tuesday of a month between the hours of 10:00 a.m. and 4:00 p.m. after advertising the time, place and terms of sale and that portion of the Property to be sold by posting or causing to be posted written or printed notice thereof at least twenty-one (21) days before the date of the sale both at the courthouse door of each county in which the Property is located and with the county clerk of each county in which the Property is located, which notice shall be posted at the courthouse door and filed with the county clerk by the Trustee, or by any person acting for him. The written notice shall include the earliest time at which the sale will be held. To the extent required by applicable law, such sale must begin at the time stated in the notice of sale or not later than three (3) hours after that time. Beneficiary shall serve or shall cause to be served at least twenty-one (21) days before the date of sale, written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness constituting Obligations according to the records of Beneficiary by the deposit of such notice in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of Beneficiary. The affidavit of a person knowledgeable of the facts to the effect that service was completed is prima facie evidence of service.

(b) To the extent permitted by applicable law, any sale made by Trustee hereunder may, in lieu of cash, be upon such other terms and conditions as Beneficiary may, with the consent of Bondholder

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(d) This Deed of Trust shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to any of the Property in any manner permitted by the laws of the State of Texas or of any other state in which any part of the Property is situated, and any foreclosure suit may be brought by Trustee or by Beneficiary. In the event a foreclosure hereunder shall be commenced by Trustee or his substitute or successor, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the sale of the Property direct the said Trustee to abandon the sale, and may then institute suit for the collection of the Master Notes and the other secured indebtedness, and for the foreclosure of this Deed of Trust. It is agreed that if Beneficiary should institute a suit for the collection of the Master Notes or any other secured indebtedness and for the foreclosure of this Deed of Trust, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his substitute or successor to sell the Property in accordance with the provisions of this Deed of Trust.

(e) Beneficiary may, with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, accomplish all or any of the aforesaid in such manner as permitted or required by Section 51.002 of the Texas Property Code relating to the sale of real Property or by Chapter 9 of the Texas Business and Commerce Code relating to the sale of collateral after default by a debtor (as said section and chapter now exist or may be hereinafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. At such sale:

(i) whether made under the power herein contained, the aforesaid Section 51.002 of the Texas Property Code, the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Property (Grantor shall deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such Property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale;

(ii) each instrument of conveyance executed by Trustee shall contain a special warranty of title, made on behalf of Grantor;

(iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including nonpayment of the indebtedness constituting Obligations, nonperformance of the Obligations, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder;

(iv) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed;

(v) the receipt by Trustee or by such other party or officer making the sale of the full amount of the purchase money shall be sufficient to discharge the purchaser or purchasers from any further obligation for the payment thereof, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof;

(vi) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Property sold, and such sale shall be a perpetual bar, both at law and in equity,

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Representative, from time to time hereafter elect. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale(s) under such power until the whole of the Property shall be sold and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the indebtedness secured hereby and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Property but Beneficiary shall have the right, with the consent of Bondholder Representative, to request Trustee to sell less than the whole of the Property. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Beneficiary may, with the consent of Bondholder Representative, deem necessary until all of the Property has been sold and all secured indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Beneficiary, such sale shall not exhaust the power of sale hereunder and Beneficiary shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the indebtedness secured hereby, or as to the occurrence of any Event of Default, or as to Beneficiary having declared all of such indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Beneficiary, by Bondholder Representative or by such Trustee, substitute or successor, shall be taken as conclusive evidence of the truth of the facts so stated and recited. Trustee, its successor or substitute, may, with the consent of Bondholder Representative, appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, its successor or substitute.

(c) At any time during the bidding of any sale conducted by Trustee, Trustee may require a bidding party (i) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal and the bidding party is representing (if applicable); and (ii) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party), as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "**Questioned Bidder**") declines to comply with Trustee's requirement in this regard, or if such Questioned Bidder does respond but Trustee, in Trustee's consultation with Bondholder Representative, deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, Trustee may continue the bidding with reservation; and in such event (y) Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (z) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to Trustee, all bids by the Questioned Bidder shall be null and void. Trustee may, in consultation with Bondholder Representative, determine that a credit bid may be in the best interest of Grantor and Beneficiary and elect to sell the Property for credit or for a combination of cash and credit; provided, however, that Trustee shall have no obligation to accept any bid except an all cash bid unless directed to do so by Bondholder Representative. In the event Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by Trustee (but in no event later than 3:45 p.m. local time on the date of sale), then said contingent sale shall be null and void, the bidding process may be recommenced, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

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against Grantor and against all other persons claiming or to claim the Property sold or to any part thereof by, through or under Grantor; and

(vii) to the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale.

(f) In the event of a default in the payment of any part of the indebtedness constituting Obligations, Beneficiary shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire indebtedness due, and in such event any such foreclosure sale may be made subject to the unmaturing part of the indebtedness; and any such sale shall not in any manner affect the unmaturing part of the indebtedness, but as to such unmaturing part, this Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in this Deed of Trust.

8.3. Waiver of Marshalling, Homestead and Other Matters.

(a) To the full extent Grantor may do so, Grantor, for Grantor and Grantor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, presentment and demand of the whole of the secured indebtedness, notice of intention to mature or declare due the whole of the secured indebtedness, notice of intent to accelerate, notice of acceleration, and all rights to a marshalling of the assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created.

(b) To the extent that Grantor, any partner thereof or any other entity responsible for the payment of the indebtedness is now, or at any time or from time to time hereafter is, a partnership, Grantor and Beneficiary expressly acknowledge and agree that Beneficiary is not required to comply with Section 152.306(b) of the Texas Business Organizations Code, as same may be hereafter amended or modified, or any other or further laws, rules or regulations now or hereafter in effect which may limit the rights and remedies of a creditor to pursue partners of a partnership prior to the pursuit of such creditor's rights and remedies against such partnership. This waiver of Section 152.306(b) of the Texas Business Organizations Code is not intended to affect the limited liability of the limited partners of Grantor or any non-recourse provisions set forth in the Loan Documents.

8.4. Waiver of Notice. Grantor shall not be entitled to any notices of any nature whatsoever from Beneficiary except with respect to matters for which this Deed of Trust or the Master Indenture or other Loan Documents specifically and expressly provides for the giving of notice by Beneficiary to Grantor and except with respect to matters for which Beneficiary is required by applicable law to give notice, and, to the extent not prohibited by applicable law, Grantor hereby expressly waives the right to receive any notice from Beneficiary with respect to any matter for which this Deed of Trust does not specifically and expressly provide for the giving of notice by Beneficiary to Grantor.

8.5. Waiver of Deficiency Statute.

(a) In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Grantor agrees that notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), to the extent permitted by law, Beneficiary, for the ratable benefit of Beneficiary, shall be entitled to seek a deficiency judgment from Grantor and any other party obligated on the Master Notes equal to the difference between the amount owing on the Master Notes and the amount for which the Property was

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sold pursuant to judicial or nonjudicial foreclosure sale. Grantor expressly recognizes that this subsection (a) constitutes a waiver of the above cited provisions of the Texas Property Code which would otherwise permit Grantor and other persons against whom recovery of deficiencies is sought (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Grantor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Grantor, and others against whom recovery of a deficiency is sought.

(b) Alternatively, in the event the waiver provided for in subparagraph (a) above is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time):

(i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure;

(ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than twelve months) following the foreclosure sale;

(iii) all reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Property, including brokerage commissions, title insurance, a survey of the Property, tax prorations, reasonable attorneys' fees and marketing costs;

(iv) the gross fair market value of the Property shall be further discounted to account for any estimated holding costs associated with maintaining the Property pending sale, including utilities expenses, Property management fees, taxes and assessments (to the extent not accounted for in subparagraph (b)(iii) above) and other maintenance expenses; and

(v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least five years' experience in appraising Property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above.

8.6. No Partnership. Notwithstanding anything to the contrary contained herein or otherwise (a) the relationship between Grantor and Beneficiary hereunder and otherwise shall be deemed, construed and treated by Grantor and Beneficiary for all purposes to be solely that of debtor/creditor; (b) the various consent, approval and other rights afforded to Beneficiary under this Deed of Trust have been granted and designed solely to protect the value of the Property and to assure Grantor's payment of the indebtedness constituting Obligations and all of such rights are customarily granted lenders in a secured lending transactions; (c) Grantor and Beneficiary hereby expressly disclaim any sharing of liabilities, losses, costs or expenses with respect to the ownership or operation of all or any portion of the Property, or otherwise; and (d) the terms contained herein are not intended by Grantor and Beneficiary and shall not for any purpose be deemed, construed or treated by Grantor and Beneficiary so as (i) to create a partnership or joint venture between Beneficiary and Grantor or between Beneficiary and any other party, or (ii) to cause

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ATTORNEYS FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY AND/OR ANY OTHER PARTY; PROVIDED, HOWEVER, THAT GRANTOR SHALL NOT HAVE ANY OBLIGATION TO INDEMNIFY BENEFICIARY TO THE EXTENT THAT IT IS FINALLY JUDICIALLY DETERMINED THAT THE SUBJECT OF INDEMNIFICATION AROSE FROM THE GROSS NEGLIGENCE, ILLEGAL ACTS, FRAUD OR WILLFUL MISCONDUCT OF BENEFICIARY.

(b) GRANTOR HERBY ACKNOWLEDGES AND AGREES THAT THIS DEED OF TRUST CONTAINS CERTAIN INDEMNIFICATION PROVISIONS (INCLUDING, WITHOUT LIMITATION, THOSE CONTAINED IN THIS SECTION 8.9) WHICH, IN CERTAIN CIRCUMSTANCES, COULD INCLUDE AN INDEMNIFICATION BY GRANTOR OF BENEFICIARY FROM CLAIMS OR LOSSES ARISING AS A RESULT OF BENEFICIARY'S OWN NEGLIGENCE.

8.10. Incorporation by Reference. The terms, covenants and provisions of the Master Notes and the other Loan Documents have been incorporated into this Deed of Trust by this reference. All persons from time to time having an interest in all or any portion of the Property are hereby placed on notice of all of the terms, covenants and provisions of the instruments incorporated herein and that copies of same may be obtained by those having an appropriate interest in the Property or any portion thereof upon written request to the Beneficiary at the address set forth on the cover page of this Deed of Trust. Any such request shall include the name and address of the requesting party and also contain a brief explanation of the nature and reason for such request.

8.11. Jury Trial and DTPA Waiver. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY ABSOLUTELY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY AND THE RIGHT TO CLAIM OR RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY LITIGATION, ACTION, CLAIM, SUIT OR PROCEEDING, AT LAW OR IN EQUITY, ARISING OUT OF, PERTAINING TO OR IN ANY WAY ASSOCIATED WITH THE INDEBTEDNESS, THE RELATIONSHIP OF THE PARTIES HERETO AS BENEFICIARY AND GRANTOR, THE MASTER NOTES, THIS DEED OF TRUST, THE OTHER LOAN DOCUMENTS, THE PREMISES OR THE ACTIONS OF GRANTOR AND/OR BENEFICIARY IN CONNECTION WITH ANY OF THE FOREGOING. FURTHER, GRANTOR REPRESENTS AND ACKNOWLEDGES THAT GRANTOR IS A "BUSINESS CONSUMER" FOR PURPOSES OF THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, AS FROM TIME TO TIME AMENDED (THE "ACT"), THAT GRANTOR HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE GRANTOR TO EVALUATE THE MERITS AND RISKS OF CREDIT TRANSACTIONS GENERALLY AND OF THE TRANSACTIONS CONTEMPLATED BY THE MASTER NOTES AND THE OTHER LOAN DOCUMENTS, THAT GRANTOR IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION WITH RESPECT TO BENEFICIARY AND SUCH TRANSACTIONS, THAT GRANTOR HAS BEEN REPRESENTED BY COUNSEL OF ITS SELECTION IN CONNECTION WITH THE MASTER NOTES AND SUCH TRANSACTIONS, AND THAT GRANTOR HEREBY WAIVES THE APPLICABILITY OF THE PROVISIONS OF THE ACT (OTHER THAN SECTION 17.555 THEREOF) WITH RESPECT TO THE MASTER NOTES AND SUCH TRANSACTIONS.

8.12. Section 26.02 Notice. IN ACCORDANCE WITH SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, THIS DEED OF TRUST AND THE OTHER DOCUMENTS EVIDENCING, SECURING OR PERTAINING TO ALL OR ANY PORTION OF THE MASTER NOTES REPRESENT THE FINAL AGREEMENT BETWEEN GRANTOR AND BENEFICIARY AS

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Beneficiary to be or become liable in any way for the debts and obligations of Grantor (including any losses attributable to Grantor's operation of the Property) or any other party.

8.7. Insurance. Notwithstanding any provision herein or in the Master Indenture or any other Loan Document to the contrary, pursuant to Section 549.054 of the Texas Insurance Code, Grantor shall not be required to furnish evidence of insurance more than fifteen (15) days prior to the termination date of an existing insurance policy, and pursuant to Section 549.052 of the Texas Insurance Code, Grantor shall not be required to obtain an insurance policy from or through a particular agent, insurer or other person or a particular type of class of agent, insurer or other person. Grantor shall, at Grantor's own expense, obtain and maintain and keep in full force and effect insurance upon and relating to the Property. TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE:

(a) GRANTOR IS REQUIRED TO: (I) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT BENEFICIARY SPECIFIES, (II) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (III) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS;

(b) GRANTOR MUST, IF REQUIRED BY BENEFICIARY, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND

(c) IF GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF GRANTOR AT GRANTOR'S EXPENSE.

8.8. Assignment of Lease and Rents. If any provision of any of this Deed of Trust or any other Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, then neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. Without limiting the generality of the foregoing, to the extent that (a) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Chapter 64 of Subtitle B, Title 5 of the Texas Property Code (the "Texas Assignment of Rents Statute") and such terms and requirements of the Texas Assignment of Rents Statute may be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of this Assignment hereby supersede such specific terms and requirements of the Texas Assignment of Rents Statute, and (b) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Texas Assignment of Rents Statute, and such terms and requirements of the Texas Assignment of Rents Statute cannot be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of the Texas Assignment of Rents Statute shall control, and Grantor further agrees that all other terms and requirements of this Assignment shall not otherwise be impaired or superseded thereby and shall remain in full force and effect.

8.9. Indemnity.

(a) SUBJECT TO ANY PROVISIONS CONTAINED IN THE MASTER INDENTURE, IT IS THE EXPRESS INTENTION OF GRANTOR, AND GRANTOR HEREBY AGREES THAT, THE INDEMNITIES SET FORTH IN THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE

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TO THE SUBJECT MATTER THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN SUCH PARTIES. THE PROVISIONS HEREOF AND THE OTHER LOAN DOCUMENTS MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY GRANTOR AND BENEFICIARY.

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IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**  
**CRAIG AMARILLO, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Jesse Jantzen  
President

STATE OF TEXAS  
COUNTY OF DALLAS

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Jesse Jantzen as President of Craig Amarillo, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

**Exhibit A**

**Property Description**

**Lot 1, Block 2, Los Altos Unit No. 2, an Addition to the City of Amarillo, in Potter County, Texas, according to the map or plat thereof, recorded in Volume 2609, Page 346 of the Official Public Records of Potter County, Texas.**

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**  
**CRAIG AMARILLO, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

STATE OF IOWA  
COUNTY OF POLK

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Nicholas A. Harshfield as Treasurer of Craig Amarillo, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

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**PROPOSED FORM**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

**Recitals:**

**WHEN RECORDED MAIL TO**

William D. Burns  
Gilmore & Bell, P.C.  
2405 Grand Boulevard, Suite 1100  
Kansas City, Missouri 64108

SPACE ABOVE THIS LINE FOR RECORDER'S  
USE

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER. ATTENTION COUNTY RECORDER:**

**THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9.502(C) OF THE TEXAS BUSINESS AND COMMERCE CODE. PORTIONS OF THE GOODS COMPOSING A PART OF THE PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE REAL PROPERTY RECORDS OF SMITH COUNTY, TEXAS AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF GRANTOR AND BENEFICIARY ARE SPECIFIED ON THE PREAMBLE OF THIS INSTRUMENT. GRANTOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 804527044.**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, this "Deed of Trust") is made and entered into as of the 1<sup>st</sup> day of July, 2022 by Meadow Lake, LLC, a Texas limited liability company ("Grantor") with a principal place of business located at 3501 Olympus Boulevard, Suite 300, Coppell, Texas 75019, to Israel Lugo ("Trustee"), for the benefit of UMB Bank, National Association, as master trustee under the herein referenced Master Indenture (together with its successors and assigns, "Beneficiary") with a principal place of business located at 2 South Broadway, Suite 600, St. Louis, Missouri 63102.

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H. The Series 2022 Bonds constitute Related Bonds, and the obligations of the Members of the Obligated Group under the Loan Agreement constitute Indebtedness under the Master Indenture. The Bond Trustee constitutes a Related Bond Trustee, the Issuer constitutes a Related Bond Issuer, and the Loan Agreement and the Bond Indenture constitute Related Bond Documents under the Master Indenture.

I. To evidence and to provide for the payment of any additional Indebtedness incurred under the Master Indenture, the Grantor may execute additional Master Notes (the "Additional Notes", which together with the Series 2022 Master Notes are collectively referred to as the "Master Notes").

J. The Grantor desires to make and enter into this Deed of Trust to secure the payments and performance of the obligations of the Grantor under the Master Notes, the Master Indenture and this Deed of Trust and the other Obligations (as defined below).

K. Grantor desires to secure the payment of the Master Notes and the Obligations (as defined below) together with all interest accrued and unpaid thereon and all other sums due to Beneficiary under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents (defined below) and the performance of all of Grantor's obligations due under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents.

L. This Deed of Trust is given pursuant to the Master Indenture and payment, fulfillment, and performance by Grantor of its obligations thereunder, and the obligations of the Members of the Obligated Group under the Master Indenture and the Master Notes are secured hereby in accordance with the terms hereof, and each and every term and provision of the Master Notes, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Deed of Trust. The Master Notes, this Deed of Trust, and the Master Indenture and all other documents evidencing or securing the indebtedness evidenced by a Master Note (including, without limitation, all additional mortgages, deeds to secure debt, security agreements, and pledge agreements) executed or delivered in connection therewith, are hereinafter referred to collectively as the "Loan Documents".

M. Unless otherwise defined in this Deed of Trust, capitalized words and terms used in this Deed of Trust shall have the meanings ascribed to them in the Master Indenture and the Bond Indenture, unless some other meaning is plainly indicated. A copy of the Master Indenture, the Bond Indenture and this Deed of Trust will be kept on file at the corporate trust office of the Beneficiary.

NOW THEREFORE, Grantor, to secure the prompt payment and performance of the Obligations and the performance of the covenants and agreements herein contained to be performed by Grantor or any Member of the Obligated Group under the Master Indenture, for good and valuable consideration in hand paid, the receipt and sufficiency whereof are hereby acknowledged, and intending to be legally bound, hereby agrees and covenants as follows:

**1. Grant and Obligations.**

1.1. Grant. For the purposes and upon the terms and conditions in this Deed of Trust, Grantor hereby irrevocably grants, bargains, sells, pledges, assigns, warrants, transfers, conveys and grants a security interest to Trustee, in trust for the benefit and security of Beneficiary, with THE POWER OF SALE and right of entry and possession, to Beneficiary and its successors and assigns, in and to the following property, rights, interests and estates now owned, or hereafter acquired by Grantor: (a) all real property located in Smith County, Texas and described on Exhibit A attached hereto and made a part hereof (the "Land"); (b) all buildings, improvements and landscaping now or hereafter erected or located

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A. The Grantor is the Obligated Group Representative and a Member of the Obligated Group under a Master Trust Indenture, dated as of July 1, 2022, (as supplemented and amended at any given time, the "Master Indenture"), among the Grantor, Craig Amarillo, LLC, a Texas limited liability company, and Wesley Court, LLC, as Texas limited liability company, as the initial Members of the Obligated Group, and all other future Members of the Obligated Group, as Members, and the Beneficiary, as Master Trustee, as those terms are defined in the Master Indenture. Any reference in this Deed of Trust to the Grantor includes Grantor acting on behalf of itself and as the Obligated Group Representative under the Master Indenture.

B. Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") has issued its Revenue Bonds (CMW Obligated Group), Series 2022A in the aggregate principal amount of \$53,310,000 (the "Series 2022A Bonds"), its Taxable Revenue Bonds (CMW Obligated Group), Series 2022B in the aggregate principal amount of \$52,580,000 (the "Series 2022B Bonds"), and its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C in the aggregate principal amount of \$5,000,000 (the "Series 2022C Bonds"), and collectively with the Series 2022A Bonds and the Series 2022B Bonds, the "Series 2022 Bonds" pursuant to a Bond Trust Indenture, dated as of July 1, 2022 (the "Bond Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Bond Trustee"), the proceeds of which will be applied as provided in the Bond Indenture.

C. In conjunction with the Bond Indenture and this Deed of Trust, the Grantor and the Issuer entered into a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), by which the Issuer is loaning the proceeds of the Series 2022 Bonds to the Obligated Group, and the Obligated Group is agreeing to make Loan Payments, as defined in the Loan Agreement, sufficient to pay the principal of and premium, if any, and interest on the Series 2022 Bonds.

D. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Loan Agreement, and to provide for payment of the Series 2022 Bonds, the Grantor, as Obligated Group Representative, has made and delivered to the Issuer the CMW Obligated Group Master Indenture Note, Series 2022A, dated July 19, 2022, in the principal amount of \$110,890,000 and maturing on July 19, 2027 (the "Series 2022A Master Note").

E. The obligations of the Grantor and the other Members of the Obligated Group with respect to the Series 2022 Bonds are further set forth in the Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenants Agreement") among the Members of the Obligated Group and the Bond Trustee.

F. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Continuing Covenants Agreement, the Grantor, as Obligated Group Representative, has made and delivered to the Bond Trustee the CMW Obligated Group Master Indenture Note, Series 2022B, dated July 19, 2022, in the same principal amount as the Series 2022 Bonds and maturing on July 15, 2027 (the "Series 2022B Master Note" and together with the Series 2022A Master Note, the "Series 2022 Master Notes").

G. To secure the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds, the Issuer, by the Bond Indenture, has assigned to the Bond Trustee substantially all of the Issuer's right, title and interest in and to the Loan Agreement, the Bond Indenture, the Series 2022A Master Note, and the Master Indenture, and all payments derived by the Issuer under the Loan Agreement (but excluding the Issuer's rights to payment of its fees and expenses and to indemnification).

on said real property (collectively, the "Improvements"); (c) all rights now or hereafter existing, belonging, pertaining, or appurtenant to the Land or Improvements; (d) all mineral rights, oil and gas rights, air rights, water or water rights, including without limitation, all wells, canals, ditches and reservoirs of any nature and all rights thereto, appurtenant to or associated with the Land and/or Improvements, whether decreed or undeclared, tributary or non-tributary, surface or underground, appropriated or unappropriated, and all shares of stock in any water, canal, ditch or reservoir company, and all well permits, water service contracts, drainage rights and other evidences of any such rights; (e) all goods, furniture, machinery, equipment, fixtures, materials (building or otherwise), accounts, contract rights, documents, instruments, proceeds of insurance, general intangibles and other items of personal property of Grantor or in which it has an interest, now owned or hereafter acquired, that are located on or used in connection with the Land or Improvements and any substitutions, replacements, accessions and proceeds of any of the foregoing; (f) all judgments, awards of damages and settlements hereafter made as a result or in lieu of any Taking, as hereinafter defined; and (g) all contracts, permits and licenses respecting the use, operation or maintenance of the Land or Improvements (collectively, the "Property"). The listing of specific rights or property shall not be interpreted as a limitation of general terms.

**1.2. Security Interest in Property; Fixture Filing.**

(a) As continuing security for the Obligations, Grantor hereby pledges, assigns and grants to Beneficiary a security interest in any of the Property constituting personal property or fixtures.

(b) This Deed of Trust shall constitute a security agreement and financing statement under the Uniform Commercial Code as adopted in the state in which the Land is located (the "Uniform Commercial Code"), so that Beneficiary shall have and may enforce a security interest in any or all of that portion of the Property which constitutes personal property, in addition to the lien of this Deed of Trust upon the same as part of the realty. Grantor will assist in the preparation of and execute from time to time, alone or with Beneficiary, and deliver, file or record any financing or continuation statements, or other instruments, and do such further acts as Beneficiary may request to establish, maintain and perfect the security interest of Beneficiary in that portion of the Property which constitutes personal property, including all renewals, additions, substitutions, improvements to the same and the proceeds thereof, and otherwise to protect the same against the rights and interest of third parties. The terms of this Deed of Trust shall be deemed commercially reasonable within the meaning of the Uniform Commercial Code.

(c) This instrument covers goods that are or are to become fixtures on the Property described herein and is to be filed for record in the records where security instruments on real estate are recorded. Additionally, this instrument should be appropriately indexed, not only as a security instrument but also as a financing statement covering goods that are or are to become fixtures on the Property described herein. The mailing address of Grantor (Debtor) and Beneficiary (Secured Party) are set forth in this Deed of Trust.

(d) Beneficiary may elect to treat any part of the Property, which consists of a right in action or of property that can be severed from the Property without causing structural damage thereto, as personal property and may exercise as to such Property all of the rights, remedies and privileges with respect to repossession, retention, sale and disposition of proceeds as are accorded to a secured party by the applicable provisions of Article 9 of the Uniform Commercial Code.

(e) With respect to the exercise of Beneficiary's rights, remedies and privileges under the Uniform Commercial Code as aforesaid: (i) Beneficiary's and Trustee's attorneys' fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Property shall be chargeable to Grantor; (ii) Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, and in addition to Beneficiary's

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other remedies hereunder: (A) enter upon or within the Property peaceably by Beneficiary's own means or with legal process and take possession of all Property in which Beneficiary has a security interest under the Uniform Commercial Code, or render it unusable, or dispose of it, and Grantor agrees not to resist or interfere with such action taken by Beneficiary; and (B) require Grantor to assemble such Property and make it available to Beneficiary at a place to be designated by Beneficiary, convenient to both parties; and (iii) unless such Property is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market, Beneficiary will give Grantor notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of notice will be met if such notice is sent in accordance with this Deed of Trust, at least five days before the time of sale or disposition.

1.3. Obligations. This Deed of Trust and the grants, assignments and transfers made herein are given for the purpose of securing the Obligations. The term "Obligation" or "Obligations", as used in this Deed of Trust, shall mean, without limitation, (a) the loans, advances, indebtedness, notes, liabilities, and amounts, liquidated or unliquidated, owing by Grantor to Beneficiary (or Trustee) pursuant to the Master Notes, this Deed of Trust, or any of the other Loan Documents; (b) the performance of all of Grantor's obligations due under the Master Notes, this Deed of Trust or any of the other Loan Documents; (c) all other obligations of the Grantor contained herein; (d) each other obligation of the Grantor contained in the Master Notes and any other Loan Document; and (e) each obligation of Grantor contained in any modification, extension and renewal of any of the foregoing Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes. Said term shall also include all interest and other charges chargeable to Grantor or due from Grantor to Beneficiary from time to time and all costs and expenses referred to in this Deed of Trust.

1.4. Security and Priority of Advances. This Deed of Trust secures future advances. The Obligated Group may issue Additional Notes under the Master Indenture from time to time hereafter and each such Additional Note shall be secured hereby as if made on the date hereof. This Deed of Trust also secures, and the Master Notes and the Loan Documents evidence, the obligation of Grantor to repay the Obligations and (a) all advances made after the date hereof with respect to the Property for the payment of real estate taxes, water and sewer rents, assessments, maintenance charges, insurance premiums or costs incurred for the protection of the Property and the lien of this Deed of Trust, (b) all costs and expenses incurred by Beneficiary by reason of an Event of Default hereunder, and (c) all advances made by Beneficiary to enable completion of construction of improvements to the Property. This Deed of Trust shall constitute a lien on the Property from the time this Deed of Trust is recorded and secures, among other things, all such advances and expenses, plus interest thereon, regardless of the time when such advances are made or such expenses are incurred.

## 2. Representations, Warranties, Covenants.

2.1. Representations and Warranties. Grantor represents and warrants to Beneficiary and Trustee that:

(a) this Deed of Trust has been duly executed and delivered by Grantor and is the legal, valid and binding obligation of Grantor enforceable in accordance with its terms except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally;

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and maintain all governmental or other approvals, relating to Grantor, the Property or the use thereof, including without limitation, any applicable zoning or building codes or regulations and any laws or regulations relating to the handling, storage, release or clean-up of Hazardous Substances, and will give prompt written notice to Beneficiary and Bondholder Representative of any notice required by the Master Indenture relating to the Property.

(b) Grantor will at all times keep the Property insured as provided for in the Master Indenture.

(c) Grantor will at all times (i) maintain complete and accurate records and books regarding the Property in accordance with the Master Indenture and (ii) permit Beneficiary, Bondholder Representative and their agents, employees and representatives, at such reasonable times as Beneficiary or Bondholder Representative may request, to enter and inspect the Property and such books and records.

(d) Grantor will at all times keep the Property in good and first rate repair and condition (damage from casualty not excepted) and will not commit or permit any strip, waste, impairment, deterioration or alteration of the Property or any part thereof.

(e) Grantor will not construct any improvements on the Property in violation of applicable law or the terms of any Permitted Encumbrances.

(f) Grantor does hereby unconditionally and absolutely sell, assign and transfer unto Beneficiary all of the leases, rents, issues, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement or license for the use or occupancy of the Property, whether now existing or entered into at any time during the term of this Deed of Trust, all guaranties of any lessee's obligations under any such lease and all security deposits, it being the intention of this Deed of Trust to establish an absolute transfer and assignment of all such leases and agreements and all of the rents and profits from the Property and/or Grantor's operation or ownership thereof unto Beneficiary and Grantor does hereby appoint irrevocably Beneficiary as Grantor's true and lawful attorney in Grantor's name and stead, which appointment is coupled with an interest, to collect all of said rents and profits; provided, Grantor shall have the right to collect and retain such rents and profits until and until an Event of Default exists under this Deed of Trust. Grantor assigns to Beneficiary all guaranties of lessee's obligation under leases and all proceeds from settlements relating to terminations of leases and all claims for damages arising from rejection of any lease under the bankruptcy laws. Upon the occurrence of an Event of Default and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder or during any period of redemption existing by law, forthwith, upon demand of Beneficiary, Grantor shall surrender to Beneficiary and Beneficiary shall be entitled to enter upon and take and maintain possession of the Property and any leases thereunder and collect and retain any rents and profits from the Property and hold, operate, manage and control the Property and any such leases and to do such things in its discretion as may be deemed proper or necessary to enforce the payment or security of the rents and profits of the Property and the performance of the tenants' obligations under any leases of the Property, with full power to cancel or terminate any lease for any cause or on any grounds which would entitle Grantor to cancel the same, and to elect to disaffirm any lease made subsequent to this Deed of Trust or subordinated to the lien hereof. All rents and payments received by Grantor after Beneficiary has exercised any of its rights under this assignment shall be held by Grantor in trust for Beneficiary and shall be delivered to Beneficiary immediately without demand.

(g) Beneficiary shall not be obligated to perform or discharge any obligation or liability of the landlord under any of said leases and Grantor shall and does hereby agree to indemnify and hold Beneficiary harmless of and from any and all expenses, liabilities, losses or damages which it might incur under said leases or under or by reason of this Deed of Trust. Any amounts incurred by Beneficiary,

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(b) Grantor is the sole legal owner of the Property, holding good and marketable fee simple title to the Property, subject to no liens, encumbrances, leases, security interests or rights of others other than Permitted Encumbrances, as defined in the Master Indenture; and

(c) as of the date hereof, there are no Hazardous Substances (as herein defined) in, on or under the Property, except as disclosed in writing to and acknowledged by Beneficiary.

2.2. Recording; Further Assurances. Grantor covenants that it shall, at its sole cost and expense and upon the request of Beneficiary or Trustee, cause this Deed of Trust, and each amendment, modification or supplement hereto, to be recorded and filed in such manner and in such places, and shall at all times comply with all such statutes and regulations, as may be required by law in order to establish, preserve and protect the interest of Beneficiary and Trustee in the Property and the rights of Beneficiary and Trustee under this Deed of Trust. Upon the written request of Beneficiary, Bondholder Representative or Trustee, and at the sole expense of Grantor, Grantor will promptly execute and deliver such further instruments and documents and take such further actions as Beneficiary, Bondholder Representative or Trustee may deem desirable to obtain the full benefits of this Deed of Trust and of the rights and powers herein granted, including, without limitation, delivery of any certificate of title and filing any financing statement under the Uniform Commercial Code. Grantor authorizes Beneficiary to file any such financing statement without the signature of Grantor to the extent permitted by applicable law, and to file a copy of this Deed of Trust in lieu of a financing statement.

2.3. Restrictions on Grantor. Grantor covenants that it will not, directly or indirectly, without the prior written approval of Beneficiary and Bondholder Representative in each instance:

(a) Sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any part of any legal or beneficial interest in Grantor or the Property or any part thereof or permit any of the foregoing, except as expressly permitted by the Master Indenture or this Deed of Trust;

(b) Permit the use, generation, treatment, storage, release or disposition of any Hazardous Substances on the Property, except as permitted by the Master Indenture. As used in this Deed of Trust, the term "Hazardous Substances" shall include any oil or other material or substance constituting hazardous waste or hazardous materials or substances under any applicable federal or state law, regulation or rule; or

(c) Permit to be created or suffer to exist any mortgage, lien, security interest, attachment, or other encumbrance or charge on the Property or any part thereof or interest therein (except for the Permitted Encumbrances), including, without limitation, (i) any lien arising under any federal, state or local statute, rule, regulation or law pertaining to the release or clean-up of Hazardous Substances and (ii) any mechanics' or materialmen's lien. Grantor further agrees to give Beneficiary and Bondholder Representative prompt written notice required by the Master Indenture of the imposition of any lien referred to in this Section and to take any action necessary to secure the prompt discharge or release of the same in accordance with the Master Indenture. Grantor agrees to defend its title to the Property and Beneficiary's and Trustee's interest therein against the claims of all persons and, unless Beneficiary requests otherwise, to appear in and diligently contest, at Grantor's sole cost and expense, any action or proceeding that purports to affect Grantor's title to the Property or the priority or validity of this Deed of Trust or Beneficiary's and Trustee's interest hereunder.

2.4. Operation of Property. Grantor covenants and agrees as follows:

(a) Grantor will not permit the Property to be used for any unlawful or improper purpose, will at all times comply with all federal, state and local laws, ordinances and regulations, and will obtain

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Bondholder Representative or Trustee in connection with its rights hereunder, including costs, expenses and reasonable attorneys' fees, shall bear interest thereon in accordance with the Master Notes and the Loan Documents, shall be additional an additional Obligation and Grantor shall reimburse Beneficiary therefor immediately upon demand. Beneficiary may apply any of said rents and profits received to the costs and expenses of collection, including reasonable attorneys' fees, to the payment of taxes, assessments and insurance premiums and expenditures for the upkeep of the Property, to the performance of the landlord's obligations under the lease, to the performance of any of Grantor's covenants hereunder, and to any Obligations in such order as Beneficiary may determine in consultation with Bondholder Representative. The entering upon and taking possession of the Property, the collection of such rents and profits and the application thereof as aforesaid shall not cure or waive any Event of Default under this Deed of Trust nor in any way operate to prevent Beneficiary from pursuing any other remedy which it may now or hereafter have under the terms of this Deed of Trust nor shall it in any way be deemed to constitute Beneficiary a "mortgagee-in-possession". The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Property is in danger of being lost, materially injured or damaged or whether the Property is adequate to discharge the Obligations. Grantor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Property for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Property has been or will be waived, released, reduced, discounted, or otherwise discharged or compromised by Grantor. Grantor waives any right of set off against any person in possession of any portion of the Property. Grantor further agrees that Grantor will not execute or agree to any subsequent assignment of any of the rents or profits from the Property without the prior written consent of Beneficiary and Bondholder Representative.

2.5. Payments. Grantor covenants to pay when due all federal, state, municipal or other taxes, betterment assessments and other governmental levies, water rates, sewer charges, insurance premiums, and other charges on the Property, this Deed of Trust or any Obligation secured hereby that could, if unpaid, result in a lien on the Property or on any interest therein. Grantor shall have the right to contest any notice, lien, encumbrance, claim, tax, charge, betterment assessment or premium filed or asserted against or relating to the Property; provided that it contests the same diligently and in good faith and by proper proceedings and, at Beneficiary's request, provides Beneficiary with adequate cash security, in Beneficiary's reasonable judgment, against the enforcement thereof. Grantor shall furnish to Beneficiary and Bondholder Representative evidence of all other payments referred to above within 15 days after written request therefor by Beneficiary or Bondholder Representative.

2.6. Notices; Notice of Default. Grantor will deliver to Beneficiary and Bondholder Representative, promptly upon receipt of the same, copies of all notices or other documents it receives that affect the Property or its use or claim that Grantor is in default in the performance or observance of any of the terms hereof. Grantor further agrees to deliver to Beneficiary and Bondholder Representative written notice promptly upon the occurrence of any Event of Default hereunder, or event that with the giving of notice or lapse of time or both would constitute an Event of Default hereunder.

2.7. Compensation; Exculpation; Indemnification.

(a) Grantor shall pay all Trustee's and Bondholder Representative's fees and reimburse Trustee and Bondholder Representative for all expenses in the administration of this trust, including reasonable attorneys' fees. Grantor shall reimburse Beneficiary and Bondholder Representative reasonable compensation for services rendered concerning this Deed of Trust. Beneficiary and Bondholder Representative shall not directly or indirectly be liable to Grantor or any other person as a consequence of: (i) the exercise of any rights, remedies or powers granted to Beneficiary or Bondholder Representative in this Deed of Trust; (ii) the failure or refusal of Beneficiary or Bondholder Representative to perform or discharge any obligation or liability of Grantor under this Deed of Trust or

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any lease or other agreement related to the Property; or (iii) any loss sustained by Grantor or any third party as a result of Beneficiary's or Bondholder Representative's failure to lease the Property after any Event of Default or from any other act or omission of Beneficiary or Bondholder Representative in managing the Property after any Event of Default unless such loss is caused by the willful misconduct or gross negligence of Beneficiary or Bondholder Representative; and no such liability shall be asserted or enforced against Beneficiary or Bondholder Representative, and all such liability is hereby expressly waived and released by Grantor.

(b) Grantor shall indemnify Trustee, Bondholder Representative and Beneficiary, together with their respective directors, officers, employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns (each an "Indemnitee" and, collectively, the "Indemnitees") against, and hold them harmless from, any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses to the extent any such party suffers or incurs: (i) by reason of this Deed of Trust; (ii) by reason of the execution of this trust or the performance of any act required or permitted hereunder or by law; (iii) as a result of any failure of Grantor to perform Grantor's obligations; or (iv) by reason of any alleged obligation or undertaking of Beneficiary or Bondholder Representative to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other document related to the Property, including without limitation, the payment of any taxes, assessments, rents or other lease obligations, liens, encumbrances or other obligations of Grantor under this Deed of Trust.

(c) Grantor shall pay all indebtedness arising under this Section 2.7 within 10 days following demand by Trustee, Bondholder Representative or Beneficiary, and if not paid within such 10 days, together with interest thereon from the date of demand until paid in full at the highest rate per annum payable under any Obligation. Beneficiary may, in consultation with Bondholder Representative, add any such indebtedness to any Obligation.

3. **Takings.** In case of any condemnation for public use of, or any damage by reason of the action of any public or governmental entity or authority to, all or any part of the Property (a "Taking"), or the commencement of any proceedings or negotiations that might result in a Taking, Grantor shall promptly give written notice to Beneficiary and Bondholder Representative, describing the nature and extent thereof. Beneficiary may, with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, appear in any proceeding for a Taking or any negotiations relating to a Taking and Grantor shall promptly give to Beneficiary and Bondholder Representative copies of all notices, pleadings, determinations, and other papers relating thereto. Grantor shall in good faith and with due diligence and by proper proceedings file and prosecute its claims for any award or payment on account of any Taking. Grantor shall not settle any such claim without Beneficiary's and Bondholder Representative's prior written consent. Grantor shall hold any amounts received with respect to such awards or claims, by settlement, judicial decree, or otherwise, in trust for Beneficiary and promptly pay the same to Beneficiary. Grantor authorizes any award or settlement due in connection with a Taking to be paid directly to Beneficiary in amounts not exceeding the Obligations. Beneficiary may apply such amounts to the Obligations in such order as Beneficiary may in consultation with Bondholder Representative determine.

4. **Insurance Proceeds.** The proceeds of any insurance resulting from any loss with respect to the Property shall be paid to Beneficiary as its interests appear, and, at the option of Beneficiary with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, be applied to the Obligations in accordance with the Master Indenture as Beneficiary in consultation with Bondholder Representative may determine; provided, however, that if Beneficiary and Bondholder Representative shall require repair of the Property, Beneficiary may release all or any portion of such

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by injunction or any other appropriate equitable remedy; and (ii) subject to any specific limitations set forth in any Obligation, to seek recovery of a deficiency judgment against Grantor and any other party liable for payment of the Obligations, concurrently with or following any judicial foreclosure of this Deed of Trust. For the purposes of any suit brought under this Section 6.2(c), Grantor waives the defenses of laches and any applicable statute of limitations.

(d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Obligations; (ii) the existence of a declaration that the Obligations are immediately due and payable; or (iii) the filing of a notice of default; and Grantor consents to such appointment.

(e) To take and possess all documents, books, records, papers and accounts of Grantor or the then owner of the Property; to make or modify Leases of, and other agreements with respect to, the Property upon such terms and conditions as Beneficiary, in consultation with Bondholder Representative, deems proper; and to make repairs, alterations and improvements to the Property deemed necessary, in Trustee's or Beneficiary's judgment, in consultation with Bondholder Representative, to protect or enhance the security hereof.

(f) To execute or cause Trustee to execute a written notice of such Event of Default and of its election to cause the Property to be sold by advertisement and/or sale under applicable law to satisfy the Obligations. Trustee shall give and record such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor, except as otherwise required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as directed by Beneficiary in consultation with Bondholder Representative, at public auction to the highest bidder for cash, in lawful money of the United States, payable at the time of sale. Except as required by law, neither Grantor nor any other person or entity shall have the right to direct the order in which the Property is sold. Subject to requirements and limits imposed by law, Trustee may postpone any sale of the Property by public announcement at such time and place of sale, and from time to time may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in said deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Grantor, Bondholder Representative or Beneficiary, may purchase at such sale.

(g) To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received in accordance with Section 6.3, all in such order and manner as Beneficiary in consultation with Bondholder Representative shall determine.

(h) Upon sale of the Property at any judicial or non-judicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in consultation with Bondholder Representative) all or any portion of the Obligations. In determining such credit bid, Beneficiary may, with consent of Bondholder Representative or shall, at the direction of Bondholder Representative, take into account all or any of the following: (i) appraisals of the Property as such appraisals may be discounted or adjusted by Beneficiary in consultation with Bondholder Representative; (ii) expenses and costs incurred by Beneficiary and Bondholder Representative with respect to the Property prior to foreclosure; (iii) expenses and costs which Beneficiary and Bondholder Representative anticipate will be incurred with respect to the Property after foreclosure, but prior to resale, including without limitation, costs of structural reports and other due

proceeds to Grantor for such purpose. Any insurance proceeds paid to Grantor shall be held in trust for Beneficiary under the Master Indenture and promptly paid to it.

## 5. Certain Rights of Beneficiary.

5.1. **Advances.** If Grantor fails to pay or perform any of its obligations respecting the Property, after notice to Grantor, Beneficiary may with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, do so. Such payments may include, but are not limited to, payments for taxes, assessments and other governmental levies, water and sewer charges, insurance premiums, maintenance, repairs or improvements constituting part of the Property.

5.2. **Legal Proceedings.** Beneficiary and Bondholder Representative shall have the right, but not the duty, to intervene or otherwise participate in any legal or equitable proceeding that, in Beneficiary's reasonable judgment, in consultation with Bondholder Representative, might affect the Property or any of the rights created or secured by this Deed of Trust. Beneficiary and Bondholder Representative shall have such right whether or not there shall have occurred an Event of Default hereunder.

5.3. **No Merger of Deed of Trust.** In the event Beneficiary shall acquire title to the Property by conveyance from Grantor or as a result of foreclosure, this Deed of Trust shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record.

## 6. Defaults and Remedies.

6.1. **Events of Default.** "Event of Default" shall have the meaning given that term in the Master Indenture.

6.2. **Rights and Remedies.** On the occurrence of any Event of Default, including such notice as is required under the applicable Loan Documents, Beneficiary and Trustee may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, at any time thereafter, exercise any or all of the following remedies to the extent permitted by applicable law:

(a) With or without notice, to declare all Obligations immediately due and payable in full.

(b) With or without notice, without releasing Grantor from any Obligation and without becoming a "mortgagee in possession," to cure any Event of Default of Grantor and, in connection therewith: (i) to enter upon the Property and to do such acts and things as Beneficiary or Trustee in consultation with Bondholder Representative, deems necessary or desirable to protect the security of this Deed of Trust, including without limitation, to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee hereunder; (ii) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, in consultation with Bondholder Representative, is senior in priority to this Deed of Trust, the judgment of Beneficiary or Trustee and Bondholder Representative being conclusive as between the parties hereto; (iii) to obtain, and to pay any premiums or charges with respect to, any insurance required to be carried hereunder; and (iv) to employ counsel, accountants, contractors and other appropriate persons to assist them.

(c) To commence and maintain an action or actions in any court of competent jurisdiction: (i) to foreclose this Deed of Trust as a mortgage or to obtain specific enforcement of the covenants of Grantor under this Deed of Trust, and Grantor agrees that such covenants shall be specifically enforceable

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diligence, costs to carry the Property prior to resale, costs of resale (e.g., commissions, attorneys' fees, and taxes), hazardous materials clean-up and monitoring, deferred maintenance, repair, refurbishment and retrofit, and costs of defending or settling litigation affecting the Property; (iv) declining trends in real property values generally and with respect to properties similar to the Property; (v) anticipated discounts upon resale of the Property as a distressed or foreclosed property; (vi) the existence of additional collateral, if any, for the Obligations; and (vii) such other factors or matters that Beneficiary and Bondholder Representative deem appropriate. Grantor acknowledges and agrees that: (A) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (B) this Section 6.2(h) does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (C) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in any agreement between Grantor and Beneficiary or previously discussed by Grantor and Beneficiary; and (D) Beneficiary's credit bid may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, be higher or lower than any appraised value of the Property.

(i) Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, exercise any of the remedies made available to a secured party under the Uniform Commercial Code, or other applicable law, with respect to any of the Property which constitutes personal property, including without limitation the right to take possession thereof, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof), which Grantor hereby waives, and the right to sell, lease or otherwise dispose of or use any or all of such personal property. For purposes of this power of sale, Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, elect to treat as personal property any Property that is intangible or that can be severed from the Land or improvements thereon without causing structural damage. Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, require Grantor to assemble such personal property and make it available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both Grantor and Beneficiary. If notice to Grantor of any intended disposition of any of the Property constituting personal property or any other, intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 6.4 hereof) at least 10 calendar days prior to the date of intended disposition or other action.

(j) To exercise any other rights and remedies available under applicable law.

6.3. **Application of Foreclosure Sale Proceeds.** After deducting all costs, fees and expenses of Trustee and Bondholder Representative, and of this trust, including costs of evidence of title and attorneys' fees in connection with a sale, all proceeds of any foreclosure sale shall be applied first, to payment of all Obligations (including without limitation, all sums expended by Beneficiary and Bondholder Representative under the terms hereof and not then repaid, with accrued interest at the highest rate per annum payable under any Obligation), in accordance with the terms sets forth in the Master Indenture; and the remainder, if any, to the person or persons legally entitled thereto.

6.4. **Application of Other Sums.** All rents or other sums received by Beneficiary or any agent or receiver hereunder, less all costs and expenses incurred by Beneficiary and Bondholder Representative or such agent or receiver, including reasonable attorneys' fees, shall be applied to payment of the Obligations in accordance with the terms sets forth in the Master Indenture; provided however, that Beneficiary shall have no liability for funds not actually received by Beneficiary.

6.5. **No Cure or Waiver.** None of Beneficiary's, Trustee's or any receiver's entry upon and taking possession of the Property, or any collection of rents, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, or the application of any collected

sum to any Obligation, or the exercise of any other right or remedy by Beneficiary, Trustee, Bondholder Representative or any receiver shall impair the status of this Deed of Trust, or cure or waive any breach, Event of Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Obligations then due and any other sums then due hereunder have been paid in full and Grantor has cured all other Events of Default), or prejudice Beneficiary, Bondholder Representative or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option of the Property or a subordination of the lien of this Deed of Trust.

6.6. Costs, Expenses and Attorneys' Fees. Grantor agrees to pay to Beneficiary promptly upon demand the full amount of all payments, advances, charges, costs and expenses, including court costs and reasonable attorneys' fees, expended or incurred by Trustee, Bondholder Representative or Beneficiary pursuant to this Section 6, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Beneficiary or any other person) relating to Grantor or in any way affecting any of the Property or Beneficiary's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Grantor with interest from the date of demand until paid in full at the highest rate per annum payable under any Obligation.

6.7. Power to File Notices and Cure Events of Default. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns as Grantor's true attorney-in-fact to perform any of the following powers, which agency is coupled with an interest: (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary, in consultation with Bondholder Representative, deems appropriate to protect Beneficiary's interest; and (b) upon the occurrence of any event, act or omission which with the giving of notice or the passage of time, or both, would constitute an Event of Default, to perform any obligation of Grantor hereunder; provided however, that Beneficiary, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Beneficiary, and Beneficiary shall not be liable to Grantor or any other person or entity for any failure to act under this Section 6.7.

6.8. Remedies Cumulative; No Waiver. All rights, powers and remedies of Beneficiary, Bondholder Representative and Trustee hereunder are cumulative and are in addition to all rights, powers and remedies provided by law or in any other agreements between Grantor and Beneficiary. No delay, failure or discontinuance of Beneficiary in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy.

6.9. Amendments. This Deed of Trust may be supplemented and amended in the manner and to the extent provided in the Master Indenture.

## 7. Miscellaneous.

7.1. Acceptance of Trust; Powers and Duties of Trustee. Trustee accepts this trust when this Deed of Trust is executed. From time to time, upon written request of Beneficiary, with the consent of Bondholder Representative, and, to the extent required by applicable law, presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any of the Obligations, Beneficiary, or Trustee at Beneficiary's direction, may, with the consent of Bondholder Representative, without obligation to do so or liability therefor and without notice: (a) reconvey all or any part of the Property from the lien of this Deed of Trust; (b) consent

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of the Obligations, and Beneficiary and Bondholder Representative shall be entitled, to the extent permitted by law, to receive and retain such amounts in any action for a deficiency against or redemption by Grantor, or any accounting for the proceeds of a foreclosure sale or of insurance proceeds. All references to "attorneys" in this Section 7 and elsewhere in this Deed of Trust shall include without limitation any attorney or law firm engaged by Beneficiary and Bondholder Representative, and all references to "fees and expenses" in this Deed of Trust shall include without limitation any fees of such attorney or law firm. The obligations of Grantor under this Section 7 shall survive any payment or satisfaction of any of the other Obligations.

7.5. Indemnification Regarding Hazardous Substances. Grantor hereby agrees to indemnify and hold harmless the Indemnitees from and against any and all losses, damages, claims, costs or expenses, including without limitation litigation costs and attorneys' fees and expenses and fees or expenses of any environmental engineering or clean-up firm, incurred by such Indemnitee and arising out of or in connection with the Property or resulting from the application of any current or future law, regulation or ordinance relating to the presence or clean-up of Hazardous Substances on or affecting the Property. This covenant shall survive payment in full of the Master Notes and satisfaction of this Deed of Trust.

7.6. Indemnitees' Expenses. If any Indemnitee is made a party defendant in any litigation or any claim is threatened or brought against such Indemnitee concerning this Deed of Trust or the Property or any part thereof or therein, or concerning the construction, maintenance, operation or the occupancy or use thereof by Grantor or other person or entity, then Grantor shall indemnify, defend and hold each Indemnitee harmless from and against all liability by reason of said litigation or claims, including attorneys' fees and expenses incurred by such Indemnitee in connection with any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment.

7.7. Waivers. Except as set forth in the Loan Documents, Grantor waives notice of nonpayment, demand, presentment, protest or notice of protest of the collateral, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof. No delay or omission of Beneficiary or Bondholder Representative in exercising or enforcing any of its rights, powers, privileges, remedies, immunities or discretions (all of which are hereinafter collectively referred to as "Beneficiary's rights and remedies") hereunder shall constitute a waiver thereof; and no waiver by Beneficiary or Bondholder Representative of any default of Grantor hereunder or of any demand shall operate as a waiver of any other default hereunder or of any other demand. No term or provision hereof shall be waived, altered, or modified except with the prior written consent of Beneficiary and Bondholder Representative, which consent makes explicit reference to this Deed of Trust. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between Beneficiary and Grantor at any time (whether before, during or after the effective date or term of this Deed of Trust) shall be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under this Deed of Trust (nor shall anything in this Deed of Trust be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under any such other agreement or transaction) but all Beneficiary's rights and remedies not only under the provisions of this Deed of Trust but also under any such other agreement or transaction shall be cumulative and not alternative or exclusive, and, with the exception of Beneficiary's rights under any Guaranty, may be exercised by Beneficiary at such time or times and in such order of preference as Beneficiary in consultation with Bondholder Representative may determine. For avoidance of doubt, Beneficiary shall not take any action, including any exercise of rights or remedies nor provide any waivers without the consent of Bondholder Representative.

7.8. Severability. If any provision of this Deed of Trust or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the

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to the making of any map or plat of the Property; and (c) join in any grant of easement or declaration of covenants and restrictions with respect to the Property, or any extension agreement or any agreement subordinating the lien or charge of this Deed of Trust. Trustee or Beneficiary may, with the consent of Bondholder Representative, from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts and the enforcement of its rights and remedies available under this Deed of Trust, and may, with the consent of Bondholder Representative, obtain orders or decrees directing, confirming or approving acts in the execution of said trusts and the enforcement of said rights and remedies. Trustee has no obligation to notify any party other than Bondholder Representative of any pending sale or any action or proceeding (including, but not limited to, actions in which Grantor, Beneficiary or Trustee shall be a party) unless held or commenced and maintained by Trustee under this Deed of Trust. Trustee shall not be obligated to perform any act required of it under this Deed of Trust unless the performance of the act is requested in writing and Trustee is reasonably indemnified against all losses, costs, liabilities and expenses in connection therewith.

7.2. Substitution of Trustees. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in each office in which this Deed of Trust is recorded, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth the recordation date and any recording or other information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee hereunder. A writing recorded pursuant to the provisions of this Section 7.12 shall be conclusive proof of the proper substitution of such new Trustee.

7.3. Termination and Reconveyance. This Deed of Trust shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until the Beneficiary agrees to terminate this Deed of Trust upon (a) any and all commitments to extend credit under the Loan Documents have terminated, and the Master Indenture has terminated pursuant to its express terms and (b) all of the Obligations (other than contingent indemnification obligations not then due) have been indefeasibly paid in cash and performed in full and no commitments of the Beneficiary or Bondholder Representative which would give rise to any Obligations are outstanding. Thereafter, upon Beneficiary's written request, with the consent of Bondholder Representative, and solely to the extent required by applicable law upon surrender of this Deed of Trust and every note or other instrument setting forth any Obligations to Trustee for cancellation, Trustee shall reconvey, without warranty, the Property, or that portion thereof then covered hereby, from the lien of this Deed of Trust. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." None of Beneficiary, Bondholder Representative or Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. Within 10 days following Beneficiary's demand, Grantor shall pay all actual, out-of-pocket costs and expenses incurred by Beneficiary and Bondholder Representative in connection with any reconveyance.

7.4. Payments by Beneficiary. To the extent permitted by applicable law, Grantor shall pay to Beneficiary, on demand, all reasonable expenses (including attorneys' fees and expenses and reasonable consulting, accounting, appraisal, brokerage and similar professional fees and charges) incurred by Beneficiary and Bondholder Representative in connection with the interpretation, exercise, preservation or enforcement of any of its rights, remedies and options set forth in this Deed of Trust (including without limitation any amounts expended pursuant to Sections 5 and 6 hereof) and in connection with any litigation, proceeding or dispute whether arising hereunder or otherwise relating to the Obligations, together with interest thereon to the extent permitted by applicable law until paid in full by Grantor at the highest rate set forth in the Obligations. Any amounts owed by Grantor hereunder shall be, until paid, part

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remainder of this Deed of Trust (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

7.9. Binding Effect of Agreement. This Deed of Trust shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and Beneficiary shall be entitled to rely thereon) until terminated in accordance with the applicable provisions hereof. Beneficiary may transfer and assign this Deed of Trust and deliver the collateral to the assignee, who shall thereupon have all of the rights of Beneficiary; and Beneficiary shall then be relieved and discharged of any responsibility or liability with respect to this Deed of Trust and the collateral; provided that there shall not be any transfer without Bondholder Representative consent

7.10. Notices to Grantor. Any notices under or pursuant to this Deed of Trust shall be deemed duly received by Grantor as provided in the Master Indenture. Copies of all notices shall be provided to Bondholder Representative.

7.11. Notices to Beneficiary. Any notices to Beneficiary under or pursuant to this Deed of Trust shall be sent in accordance with the Master Indenture.

7.12. Reproductions. This Deed of Trust and all documents which have been or may be hereinafter furnished by Grantor to Beneficiary may be reproduced by Beneficiary by any photographic, photostatic, microfilm, xerographic, or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.13. Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS DEED OF TRUST WILL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO CONFLICT OF LAWS OR PRINCIPLES THEREOF.

7.14. Jurisdiction and Venue. AT THE OPTION OF BENEFICIARY, THIS DEED OF TRUST MAY BE ENFORCED IN TEXAS STATE COURT SITTING IN SMITH COUNTY, OR ANY STATE COURT OF COMPETENT JURISDICTION LOCATED IN TEXAS; PROVIDED, THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT BENEFICIARY'S OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE PARTIES CONSENT TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVE ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IF PARTIES COMMENCE ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS DEED OF TRUST, ANY OF THE PARTIES AT THEIR OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE MAY HAVE THE CASE TRANSFERRED TO THE JURISDICTION AND VENUE ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

7.15. JURY WAIVER. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND BENEFICIARY EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS DEED OF TRUST, THE OBLIGATIONS, IN ALL MATTERS

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CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH. GRANTOR CERTIFIES THAT NEITHER THE BENEFICIARY NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BENEFICIARY WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

8. State-Specific Provisions. It is the intention of Grantor and Beneficiary that the enforcement of the terms and provisions of this Deed of Trust shall be accomplished in accordance with Texas law. In the event of any inconsistencies between the terms and conditions of this Section 8 and the other terms and conditions of this Deed of Trust, the terms and conditions of this Section 8 shall control and be binding.

8.1. Secured Obligations. For the avoidance of doubt, (a) any attorney's fees required to be paid by Grantor in accordance with the Master Indenture or any other Loan Document are secured by this Deed of Trust, and (b) the indebtedness evidenced by the Series 2022 Master Notes dated July 19, 2022, incorporated herein by reference, executed by Grantor in the principal amount of up to **\$110,890,000**, bearing interest as therein specified, and finally maturing on July 15, 2027, and secured by this Deed of Trust includes any indebtedness evidenced by any amendment, restatement, supplement or modification of or to the Series 2022 Master Notes.

8.2. Foreclosure, Sale and Other Matters.

(a) Upon the occurrence and during the continuation of any Event of Default, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, by and through the Trustee, or successor trustee, and upon receipt of instructions from Beneficiary to Trustee, or any successor trustee, Trustee or any such successor trustee shall, sell or offer for sale the Property in such portions, order and parcels as Beneficiary may, in consultation with Bondholder Representative, determine, with or without having first taken possession of same, to the highest bidder for cash at public auction in accordance with the requirements of Section 51.002 of the Texas Property Code (as said section now exists or may be hereinafter amended or succeeded). Such sale shall be made at the courthouse of the county in which the Property (or any of that portion thereof to be sold) is located (whether the parts or parcels thereof, if any, in different counties are contiguous or not, and without the necessity of having any person present at such sale) in the area designated by the county commissioners for foreclosure sales (or, if no area has been designated, at the location at the courthouse designated by Beneficiary by or through Trustee in the written notice hereinafter described) on the first Tuesday of a month between the hours of 10:00 a.m. and 4:00 p.m. after advertising the time, place and terms of sale and that portion of the Property to be sold by posting or causing to be posted written or printed notice thereof at least twenty-one (21) days before the date of the sale both at the courthouse door of each county in which the Property is located and with the county clerk of each county in which the Property is located, which notice shall be posted at the courthouse door and filed with the county clerk by the Trustee, or by any person acting for him. The written notice shall include the earliest time at which the sale will be held. To the extent required by applicable law, such sale must begin at the time stated in the notice of sale or not later than three (3) hours after that time. Beneficiary shall serve or shall cause to be served at least twenty-one (21) days before the date of sale, written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness constituting Obligations according to the records of Beneficiary by the deposit of such notice in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of Beneficiary. The affidavit of a person knowledgeable of the facts to the effect that service was completed is prima facie evidence of service.

(b) To the extent permitted by applicable law, any sale made by Trustee hereunder may, in lieu of cash, be upon such other terms and conditions as Beneficiary may, with the consent of Bondholder

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(d) This Deed of Trust shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to any of the Property in any manner permitted by the laws of the State of Texas or of any other state in which any part of the Property is situated, and any foreclosure suit may be brought by Trustee or by Beneficiary. In the event a foreclosure hereunder shall be commenced by Trustee or his substitute or successor, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the sale of the Property direct the said Trustee to abandon the sale, and may then institute suit for the collection of the Master Notes and the other secured indebtedness, and for the foreclosure of this Deed of Trust. It is agreed that if Beneficiary should institute a suit for the collection of the Master Notes or any other secured indebtedness and for the foreclosure of this Deed of Trust, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his substitute or successor to sell the Property in accordance with the provisions of this Deed of Trust.

(e) Beneficiary may, with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, accomplish all or any of the aforesaid in such manner as permitted or required by Section 51.002 of the Texas Property Code relating to the sale of real Property or by Chapter 9 of the Texas Business and Commerce Code relating to the sale of collateral after default by a debtor (as said section and chapter now exist or may be hereinafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. At such sale:

(i) whether made under the power herein contained, the aforesaid Section 51.002 of the Texas Property Code, the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Property (Grantor shall deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such Property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale;

(ii) each instrument of conveyance executed by Trustee shall contain a special warranty of title, made on behalf of Grantor;

(iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including nonpayment of the indebtedness constituting Obligations, nonperformance of the Obligations, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder;

(iv) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed;

(v) the receipt by Trustee or by such other party or officer making the sale of the full amount of the purchase money shall be sufficient to discharge the purchaser or purchasers from any further obligation for the payment thereof, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof;

(vi) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Property sold, and such sale shall be a perpetual bar, both at law and in equity,

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Representative, from time to time hereafter elect. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale(s) under such power until the whole of the Property shall be sold and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the indebtedness secured hereby and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Property but Beneficiary shall have the right, with the consent of Bondholder Representative, to request Trustee to sell less than the whole of the Property. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Beneficiary may, with the consent of Bondholder Representative, deem necessary until all of the Property has been sold and all secured indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Beneficiary, such sale shall not exhaust the power of sale hereunder and Beneficiary shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the indebtedness secured hereby, or as to the occurrence of any Event of Default, or as to Beneficiary having declared all of such indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Beneficiary, by Bondholder Representative or by such Trustee, substitute or successor, shall be taken as conclusive evidence of the truth of the facts so stated and recited. Trustee, its successor or substitute, may, with the consent of Bondholder Representative, appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, its successor or substitute.

(c) At any time during the bidding of any sale conducted by Trustee, Trustee may require a bidding party (i) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal and the bidding party is representing (if applicable); and (ii) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party), as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "**Questioned Bidder**") declines to comply with Trustee's requirement in this regard, or if such Questioned Bidder does respond but Trustee, in Trustee's consultation with Bondholder Representative, deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, Trustee may continue the bidding with reservation; and in such event (y) Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (z) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to Trustee, all bids by the Questioned Bidder shall be null and void. Trustee may, in consultation with Bondholder Representative, determine that a credit bid may be in the best interest of Grantor and Beneficiary and elect to sell the Property for credit or for a combination of cash and credit; provided, however, that Trustee shall have no obligation to accept any bid except an all cash bid unless directed to do so by Bondholder Representative. In the event Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by Trustee (but in no event later than 3:45 p.m. local time on the date of sale), then said contingent sale shall be null and void, the bidding process may be recommenced, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

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against Grantor and against all other persons claiming or to claim the Property sold or to any part thereof by, through or under Grantor; and

(vii) to the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale.

(f) In the event of a default in the payment of any part of the indebtedness constituting Obligations, Beneficiary shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire indebtedness due, and in such event any such foreclosure sale may be made subject to the unmaturing part of the indebtedness; and any such sale shall not in any manner affect the unmaturing part of the indebtedness, but as to such unmaturing part, this Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in this Deed of Trust.

8.3. Waiver of Marshalling, Homestead and Other Matters.

(a) To the full extent Grantor may do so, Grantor, for Grantor and Grantor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, presentment and demand of the whole of the secured indebtedness, notice of intention to mature or declare due the whole of the secured indebtedness, notice of intent to accelerate, notice of acceleration, and all rights to a marshalling of the assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created.

(b) To the extent that Grantor, any partner thereof or any other entity responsible for the payment of the indebtedness is now, or at any time or from time to time hereafter, is a partnership, Grantor and Beneficiary expressly acknowledge and agree that Beneficiary is not required to comply with Section 152.306(b) of the Texas Business Organizations Code, as same may be hereafter amended or modified, or any other or further laws, rules or regulations now or hereafter in effect which may limit the rights and remedies of a creditor to pursue partners of a partnership prior to the pursuit of such creditor's rights and remedies against such partnership. This waiver of Section 152.306(b) of the Texas Business Organizations Code is not intended to affect the limited liability of the limited partners of Grantor or any non-recourse provisions set forth in the Loan Documents.

8.4. Waiver of Notice. Grantor shall not be entitled to any notices of any nature whatsoever from Beneficiary except with respect to matters for which this Deed of Trust or the Master Indenture or other Loan Documents specifically and expressly provides for the giving of notice by Beneficiary to Grantor and except with respect to matters for which Beneficiary is required by applicable law to give notice, and, to the extent not prohibited by applicable law, Grantor hereby expressly waives the right to receive any notice from Beneficiary with respect to any matter for which this Deed of Trust does not specifically and expressly provide for the giving of notice by Beneficiary to Grantor.

8.5. Waiver of Deficiency Statute.

(a) In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Grantor agrees that notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), to the extent permitted by law, Beneficiary, for the ratable benefit of Beneficiary, shall be entitled to seek a deficiency judgment from Grantor and any other party obligated on the Master Notes equal to the difference between the amount owing on the Master Notes and the amount for which the Property was

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sold pursuant to judicial or nonjudicial foreclosure sale. Grantor expressly recognizes that this subsection (a) constitutes a waiver of the above cited provisions of the Texas Property Code which would otherwise permit Grantor and other persons against whom recovery of deficiencies is sought (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Grantor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Grantor, and others against whom recovery of a deficiency is sought.

(b) Alternatively, in the event the waiver provided for in subparagraph (a) above is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time):

(i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure;

(ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than twelve months) following the foreclosure sale;

(iii) all reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Property, including brokerage commissions, title insurance, a survey of the Property, tax prorations, reasonable attorneys' fees and marketing costs;

(iv) the gross fair market value of the Property shall be further discounted to account for any estimated holding costs associated with maintaining the Property pending sale, including utilities expenses, Property management fees, taxes and assessments (to the extent not accounted for in subparagraph (b)(iii) above) and other maintenance expenses; and

(v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least five years' experience in appraising Property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above.

8.6. No Partnership. Notwithstanding anything to the contrary contained herein or otherwise (a) the relationship between Grantor and Beneficiary hereunder and otherwise shall be deemed, construed and treated by Grantor and Beneficiary for all purposes to be solely that of debtor/creditor; (b) the various consent, approval and other rights afforded to Beneficiary under this Deed of Trust have been granted and designed solely to protect the value of the Property and to assure Grantor's payment of the indebtedness constituting Obligations and all of such rights are customarily granted lenders in a secured lending transactions; (c) Grantor and Beneficiary hereby expressly disclaim any sharing of liabilities, losses, costs or expenses with respect to the ownership or operation of all or any portion of the Property, or otherwise; and (d) the terms contained herein are not intended by Grantor and Beneficiary and shall not for any purpose be deemed, construed or treated by Grantor and Beneficiary so as (i) to create a partnership or joint venture between Beneficiary and Grantor or between Beneficiary and any other party, or (ii) to cause

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ATTORNEYS FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY AND/OR ANY OTHER PARTY; PROVIDED, HOWEVER, THAT GRANTOR SHALL NOT HAVE ANY OBLIGATION TO INDEMNIFY BENEFICIARY TO THE EXTENT THAT IT IS FINALLY JUDICIALLY DETERMINED THAT THE SUBJECT OF INDEMNIFICATION AROSE FROM THE GROSS NEGLIGENCE, ILLEGAL ACTS, FRAUD OR WILLFUL MISCONDUCT OF BENEFICIARY.

(b) GRANTOR HERBY ACKNOWLEDGES AND AGREES THAT THIS DEED OF TRUST CONTAINS CERTAIN INDEMNIFICATION PROVISIONS (INCLUDING, WITHOUT LIMITATION, THOSE CONTAINED IN THIS SECTION 8.9) WHICH, IN CERTAIN CIRCUMSTANCES, COULD INCLUDE AN INDEMNIFICATION BY GRANTOR OF BENEFICIARY FROM CLAIMS OR LOSSES ARISING AS A RESULT OF BENEFICIARY'S OWN NEGLIGENCE.

8.10. Incorporation by Reference. The terms, covenants and provisions of the Master Notes and the other Loan Documents have been incorporated into this Deed of Trust by this reference. All persons from time to time having an interest in all or any portion of the Property are hereby placed on notice of all of the terms, covenants and provisions of the instruments incorporated herein and that copies of same may be obtained by those having an appropriate interest in the Property or any portion thereof upon written request to the Beneficiary at the address set forth on the cover page of this Deed of Trust. Any such request shall include the name and address of the requesting party and also contain a brief explanation of the nature and reason for such request.

8.11. Jury Trial and DTPA Waiver. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY ABSOLUTELY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY AND THE RIGHT TO CLAIM OR RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY LITIGATION, ACTION, CLAIM, SUIT OR PROCEEDING, AT LAW OR IN EQUITY, ARISING OUT OF, PERTAINING TO OR IN ANY WAY ASSOCIATED WITH THE INDEBTEDNESS, THE RELATIONSHIP OF THE PARTIES HERETO AS BENEFICIARY AND GRANTOR, THE MASTER NOTES, THIS DEED OF TRUST, THE OTHER LOAN DOCUMENTS, THE PREMISES OR THE ACTIONS OF GRANTOR AND/OR BENEFICIARY IN CONNECTION WITH ANY OF THE FOREGOING. FURTHER, GRANTOR REPRESENTS AND ACKNOWLEDGES THAT GRANTOR IS A "BUSINESS CONSUMER" FOR PURPOSES OF THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, AS FROM TIME TO TIME AMENDED (THE "ACT"), THAT GRANTOR HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE GRANTOR TO EVALUATE THE MERITS AND RISKS OF CREDIT TRANSACTIONS GENERALLY AND OF THE TRANSACTIONS CONTEMPLATED BY THE MASTER NOTES AND THE OTHER LOAN DOCUMENTS, THAT GRANTOR IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION WITH RESPECT TO BENEFICIARY AND SUCH TRANSACTIONS, THAT GRANTOR HAS BEEN REPRESENTED BY COUNSEL OF ITS SELECTION IN CONNECTION WITH THE MASTER NOTES AND SUCH TRANSACTIONS, AND THAT GRANTOR HEREBY WAIVES THE APPLICABILITY OF THE PROVISIONS OF THE ACT (OTHER THAN SECTION 17.555 THEREOF) WITH RESPECT TO THE MASTER NOTES AND SUCH TRANSACTIONS.

8.12. Section 26.02 Notice. IN ACCORDANCE WITH SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, THIS DEED OF TRUST AND THE OTHER DOCUMENTS EVIDENCING, SECURING OR PERTAINING TO ALL OR ANY PORTION OF THE MASTER NOTES REPRESENT THE FINAL AGREEMENT BETWEEN GRANTOR AND BENEFICIARY AS

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Beneficiary to be or become liable in any way for the debts and obligations of Grantor (including any losses attributable to Grantor's operation of the Property) or any other party.

8.7. Insurance. Notwithstanding any provision herein or in the Master Indenture or any other Loan Document to the contrary, pursuant to Section 549.054 of the Texas Insurance Code, Grantor shall not be required to furnish evidence of insurance more than fifteen (15) days prior to the termination date of an existing insurance policy, and pursuant to Section 549.052 of the Texas Insurance Code, Grantor shall not be required to obtain an insurance policy from or through a particular agent, insurer or other person or a particular type of class of agent, insurer or other person. Grantor shall, at Grantor's own expense, obtain and maintain and keep in full force and effect insurance upon and relating to the Property. TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE:

(a) GRANTOR IS REQUIRED TO: (I) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT BENEFICIARY SPECIFIES, (II) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (III) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS;

(b) GRANTOR MUST, IF REQUIRED BY BENEFICIARY, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND

(c) IF GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF GRANTOR AT GRANTOR'S EXPENSE.

8.8. Assignment of Lease and Rents. If any provision of any of this Deed of Trust or any other Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, then neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. Without limiting the generality of the foregoing, to the extent that (a) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Chapter 64 of Subtitle B, Title 5 of the Texas Property Code (the "Texas Assignment of Rents Statute") and such terms and requirements of the Texas Assignment of Rents Statute may be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of this Assignment hereby supersede such specific terms and requirements of the Texas Assignment of Rents Statute, and (b) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Texas Assignment of Rents Statute, and such terms and requirements of the Texas Assignment of Rents Statute cannot be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of the Texas Assignment of Rents Statute shall control, and Grantor further agrees that all other terms and requirements of this Assignment shall not otherwise be impaired or superseded thereby and shall remain in full force and effect.

8.9. Indemnity.

(a) SUBJECT TO ANY PROVISIONS CONTAINED IN THE MASTER INDENTURE, IT IS THE EXPRESS INTENTION OF GRANTOR, AND GRANTOR HEREBY AGREES THAT, THE INDEMNITIES SET FORTH IN THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE

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TO THE SUBJECT MATTER THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN SUCH PARTIES. THE PROVISIONS HEREOF AND THE OTHER LOAN DOCUMENTS MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY GRANTOR AND BENEFICIARY.

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IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**  
**MEADOW LAKE, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Jesse Jantzen  
President

STATE OF TEXAS  
COUNTY OF DALLAS

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Jesse Jantzen as President of Meadow Lake, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

Exhibit A

Property Description

All that certain lot, tract or parcel of land, being part of Section 4 of the Don Thomas Quevado Seven League Grant, Abstract No. 18, Smith County, Texas, being all of that certain called 95.084 acre tract described in a deed from Sears Tyler Methodist Retirement Corporation to ESLP Management, LLC on February 24, 2015, recorded in County Clerk's File No. 2015-R00009734 of the Official Public Records of Smith County, Texas, being more completely described as follows, to-wit:

BEGINNING at a 1/2" iron rod (found) for the Southwest corner of the above mentioned 95.084 acre tract, in the West line of the Billie Chamness 87.88 acre tract described in Volume 1668, Page 410, in the East right of way line of County Road No. 168 (Jonestown Road);

THENCE North 00 deg. 13 min. 59 sec. East with the East right of way line of County Road No. 168 and the West line of the 95.084 acre tract, a distance of 414.38 ft. to an axle (found) for an ell corner of same;

THENCE South 88 deg. 34 min. 47 sec. West with a South line of the 95.084 acre tract, a distance of 24.28 ft. to a p.k. nail (found) for a Southwest corner of same, in the centerline of County Road No. 168;

THENCE North 00 deg. 07 min. 44 sec. East with the centerline of County Road No. 168 and the middle West line of the 95.084 acre tract, a distance of 105.08 ft. to a p.k. nail (found) for the westerly Northwest corner of same, the Southwest corner of the Al Thigpen 9.356 acre tract described in a Volume 7663, Page 801;

THENCE North 89 deg. 50 min. 20 sec. East with the South line of the 9.356 acre tract and the westerly North line of the 95.084 acre tract, a distance of 668.46 ft. to a 1/2" iron rod (found) for an ell corner of same, the Southeast corner of the 9.356 acre tract;

THENCE North 00 deg. 07 min. 20 sec. West with the East line of the 9.356 acre tract and the northerly West line of the 95.084 acre tract, a distance of 836.06 ft. to a 1/2" iron rod (found) for the easterly Northwest corner of same, the Northeast corner of the 9.356 acre tract, in the South line of the Tyler Oak Creek Development, LLC 65.284 acre tract described in County Clerk's File No. 2014-R00024651;

THENCE South 89 deg. 57 min. 14 sec. East with the South line of the 65.284 acre tract, the South line of the Oak Creek Addition, Unit 2, as shown by plat of same recorded in Cabinet F, Slide 7-D, the South line of the Oak Creek Addition, Unit 1, as shown by plat of same recorded in Cabinet F, Side 367-B of the Plat Records of Smith County, Texas, the North line of the 95.084 acre tract, a distance of 2877.33 ft. to a 1/2" iron rod (found) for the westerly Northeast corner of same;

THENCE Southerly with the East line of the 95.084 acre tract as follows: South 25 deg. 37 min. 45 sec. East - 215.37 ft. to a 1/2" iron rod (found) for corner, South 28 deg. 36 min. 31 sec. West - 140.43 ft. to a 1/2" iron rod (found) for corner, North 76 deg. 23 min. 05 sec. West - 88.32 ft. to a 1/2" iron rod (found) for corner, South 01 deg. 28 min. 55 sec. West - 126.80 ft. to a 1/2" iron rod (found) for corner, South 09 deg. 20 min. 03 sec. West - 181.49 ft. to a 1/2" iron rod (found) for corner, North 89 deg. 57 min. 21 sec. East - 196.16 ft. to a 1/2" iron rod (found) for corner, and

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**  
**MEADOW LAKE, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

STATE OF IOWA  
COUNTY OF POLK

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Nicholas A. Harshfield as Treasurer of Meadow Lake, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

South 24 deg. 42 min. 44 sec. East - 506.77 ft. to a 1/2" iron rod (found) for the easterly Northeast corner of the 95.084 acre tract;

THENCE North 76 deg. 40 min. 31 sec. East with the easterly North line of the 95.084 acre tract, a distance of 31.00 ft. to a 1/2" iron rod (found) for the Northeast corner of same, in the East line of the State of Texas 103.24 acre tract described in Volume 4002, Page 299;

THENCE South 00 deg. 41 min. 36 sec. East with the West line of the 103.24 acre tract and the southerly East line of the 95.084 acre tract, a distance of 240.34 ft. to the Southeast corner of same, in the centerline of Henshaw Creek, in the West right of way line of County Road No. 165;

THENCE southwesterly with the West right of way line of County Road No. 165, the southerly East line of the 2.535 acre tract and the southerly East line of the 95.084 acre tract, South 53 deg. 27 min. 51 sec. West - 91.61 ft. South 45 deg. 33 min. 21 sec. West - 71.39 ft. and South 34 deg. 17 min. 12 sec. West - 108.39 ft. to a 1/2" iron rod (set) for the westerly Southeast corner of same;

THENCE South 89 deg. 01 min. 10 sec. West with the North line of the Robertson 1.82 acre tract described in County Clerk's File Number 2006-R00053866 and the easterly South line of the 95.084 acre tract, a distance of 244.20 ft. to a 1/2" iron rod (found) for the easterly Southwest corner of same;

THENCE North 01 deg. 35 min. 53 sec. East with the southerly West line of the 95.084 acre tract, a distance of 342.36 ft. to a 1/2" iron rod (found) for corner;

THENCE westerly with the westerly South line of the 95.084 acre tract as follows:

South 76 deg. 59 min. 23 sec. West - 24.26 ft,  
South 85 deg. 42 min. 06 sec. West - 538.01 ft,  
South 89 deg. 39 min. 16 sec. West - 1535.07 ft,  
South 00 deg. 37 min. 41 sec. East - 146.29 ft,  
South 88 deg. 40 min. 56 sec. West - 926.24 ft,  
North 46 deg. 22 min. 39 sec. West - 42.43 ft,  
and South 88 deg. 40 min. 57 sec. West - 399.67 ft. to the place of beginning,  
containing 95.084 acres of land.

**PROPOSED FORM**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

**WHEN RECORDED MAIL TO**

William D. Burns  
Gilmore & Bell, P.C.  
2405 Grand Boulevard, Suite 1100  
Kansas City, Missouri 64108

SPACE ABOVE THIS LINE FOR RECORDER'S  
USE

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER. ATTENTION COUNTY RECORDER:**

**THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9.502(C) OF THE TEXAS BUSINESS AND COMMERCE CODE. PORTIONS OF THE GOODS COMPOSING A PART OF THE PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE REAL PROPERTY RECORDS OF TAYLOR COUNTY, TEXAS AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF GRANTOR AND BENEFICIARY ARE SPECIFIED ON THE PREAMBLE OF THIS INSTRUMENT. GRANTOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 804527042.**

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

This Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time, this "Deed of Trust") is made and entered into as of the 1<sup>st</sup> day of July, 2022 by Wesley Court, LLC, a Texas limited liability company ("Grantor") with a principal place of business located at 3501 Olympus Boulevard, Suite 300, Coppell, Texas 75019, to Israel Lugo ("Trustee"), for the benefit of UMB Bank, National Association, as master trustee under the herein referenced Master Indenture (together with its successors and assigns, "Beneficiary") with a principal place of business located at 2 South Broadway, Suite 600, St. Louis, Missouri 63102.

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Bond Trustee constitutes a Related Bond Trustee, the Issuer constitutes a Related Bond Issuer, and the Loan Agreement and the Bond Indenture constitute Related Bond Documents under the Master Indenture.

I. To evidence and to provide for the payment of any additional Indebtedness incurred under the Master Indenture, the Obligated Group Representative may execute additional Master Notes (the "Additional Notes"), which together with the Series 2022 Master Notes are collectively referred to as the "Master Notes").

J. The Grantor desires to make and enter into this Deed of Trust to secure the payments and performance of the obligations of the Grantor under the Master Notes, the Master Indenture and this Deed of Trust and the other Obligations (as defined below).

K. Grantor desires to secure the payment of the Master Notes and the Obligations (as defined below) together with all interest accrued and unpaid thereon and all other sums due to Beneficiary under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents (defined below) and the performance of all of Grantor's obligations due under the Master Notes, the Master Indenture, this Deed of Trust or any of the other Loan Documents.

L. This Deed of Trust is given pursuant to the Master Indenture and payment, fulfillment, and performance by Grantor of its obligations thereunder, and the obligations of the Members of the Obligated Group under the Master Indenture and the Master Notes are secured hereby in accordance with the terms hereof, and each and every term and provision of the Master Notes, including the rights, remedies, obligations, covenants, conditions, agreements, indemnities, representations and warranties of the parties therein, are hereby incorporated by reference herein as though set forth in full and shall be considered a part of this Deed of Trust. The Master Notes, this Deed of Trust, and the Master Indenture and all other documents evidencing or securing the indebtedness evidenced by a Master Note (including, without limitation, all additional mortgages, deeds to secure debt, security agreements, and pledge agreements) executed or delivered in connection therewith, are hereinafter referred to collectively as the "Loan Documents".

M. Unless otherwise defined in this Deed of Trust, capitalized words and terms used in this Deed of Trust shall have the meanings ascribed to them in the Master Indenture and the Bond Indenture, unless some other meaning is plainly indicated. A copy of the Master Indenture, the Bond Indenture and this Deed of Trust will be kept on file at the corporate trust office of the Beneficiary.

NOW THEREFORE, Grantor, to secure the prompt payment and performance of the Obligations and the performance of the covenants and agreements herein contained to be performed by Grantor or any Member of the Obligated Group under the Master Indenture, for good and valuable consideration in hand paid, the receipt and sufficiency whereof are hereby acknowledged, and intending to be legally bound, hereby agrees and covenants as follows:

**1. Grant and Obligations.**

1.1. Grant. For the purposes and upon the terms and conditions in this Deed of Trust, Grantor hereby irrevocably grants, bargains, sells, pledges, assigns, warrants, transfers, conveys and grants a security interest to Trustee, in trust for the benefit and security of Beneficiary, with THE POWER OF SALE and right of entry and possession, to Beneficiary and its successors and assigns, in and to the following property, rights, interests and estates now owned, or hereafter acquired by Grantor: (a) all real property located in Taylor County, Texas and described on Exhibit A attached hereto and made a part hereof (the "Land"); (b) all buildings, improvements and landscaping now or hereafter erected or located on said real property (collectively, the "Improvements"); (c) all rights now or hereafter existing,

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**Recitals:**

A. The Grantor is a Member of the Obligated Group under a Master Trust Indenture, dated as of July 1, 2022, (as supplemented and amended at any given time, the "Master Indenture"), among Meadow Lake, LLC, a Texas limited liability company, as a Member and as the Obligated Group Representative, the Grantor, and Craig Amarillo, LLC, as Texas limited liability company, as the initial Members of the Obligated Group, and all other future Members of the Obligated Group, as Members, and the Beneficiary, as Master Trustee, as those terms are defined in the Master Indenture.

B. Tarrant County Cultural Education Facilities Finance Corporation (the "Issuer") has issued its Revenue Bonds (CMW Obligated Group), Series 2022A in the aggregate principal amount of \$53,310,000 (the "Series 2022A Bonds"), its Taxable Revenue Bonds (CMW Obligated Group), Series 2022B in the aggregate principal amount of \$52,580,000 (the "Series 2022B Bonds"), and its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C in the aggregate principal amount of \$5,000,000 (the "Series 2022C Bonds"), and collectively with the Series 2022A Bonds and the Series 2022B Bonds, the "Series 2022 Bonds") pursuant to a Bond Trust Indenture, dated as of July 1, 2022 (the "Bond Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Bond Trustee"), the proceeds of which will be applied as provided in the Bond Indenture.

C. In conjunction with the Bond Indenture and this Deed of Trust, the Obligated Group Representative and the Issuer entered into a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), by which the Issuer is loaning the proceeds of the Series 2022 Bonds to the Obligated Group, and the Obligated Group is agreeing to make Loan Payments, as defined in the Loan Agreement, sufficient to pay the principal of and premium, if any, and interest on the Series 2022 Bonds.

D. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Loan Agreement, and to provide for payment of the Series 2022 Bonds, the Obligated Group Representative has made and delivered to the Issuer the CMW Obligated Group Master Indenture Note, Series 2022A, dated July 19, 2022, in the principal amount of \$110,890,000 and maturing on July 15, 2027 (the "Series 2022A Master Note").

E. The obligations of the Grantor and the other Members of the Obligated Group with respect to the Series 2022 Bonds are further set forth in the Continuing Covenants Agreement dated as of July 1, 2022 (the "Continuing Covenants Agreement") among the Members of the Obligated Group and the Bond Trustee.

F. Pursuant to the Master Indenture, to evidence and secure the obligations of the Members of the Obligated Group under the Continuing Covenants Agreement, the Obligated Group Representative has made and delivered to the Bond Trustee the CMW Obligated Group Master Indenture Note, Series 2022B, dated July 19, 2022, in the same principal amount as the Series 2022 Bonds and maturing on July 15, 2027 (the "Series 2022B Master Note") and together with the Series 2022A Master Note, the "Series 2022 Master Notes").

G. To secure the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds, the Issuer, by the Bond Indenture, has assigned to the Bond Trustee substantially all of the Issuer's right, title and interest in and to the Loan Agreement, the Bond Indenture, the Series 2022A Master Note, and the Master Indenture, and all payments derived by the Issuer under the Loan Agreement (but excluding the Issuer's rights to payment of its fees and expenses and to indemnification).

H. The Series 2022 Bonds constitute Related Bonds, and the obligations of the Members of the Obligated Group under the Loan Agreement constitute Indebtedness under the Master Indenture. The

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belonging, pertaining, or appurtenant to the Land or Improvements; (d) all mineral rights, oil and gas rights, air rights, water or water rights, including without limitation, all wells, canals, ditches and reservoirs of any nature and all rights thereto, appurtenant to or associated with the Land and/or Improvements, whether decreed or undeclared, tributary or non-tributary, surface or underground, appropriated or unappropriated, and all shares of stock in any water, canal, ditch or reservoir company, and all well permits, water service contracts, drainage rights and other evidences of any such rights; (e) all goods, furniture, machinery, equipment, fixtures, materials (building or otherwise), accounts, contract rights, documents, instruments, proceeds of insurance, general intangibles and other items of personal property of Grantor or in which it has an interest, now owned or hereafter acquired, that are located on or used in connection with the Land or Improvements and any substitutions, replacements, accessions and proceeds of any of the foregoing; (f) all judgments, awards of damages and settlements hereafter made as a result or in lieu of any Taking, as hereinafter defined; and (g) all contracts, permits and licenses respecting the use, operation or maintenance of the Land or Improvements (collectively, the "Property"). The listing of specific rights or property shall not be interpreted as a limitation of general terms.

**1.2. Security Interest in Property; Fixture Filing.**

(a) As continuing security for the Obligations, Grantor hereby pledges, assigns and grants to Beneficiary a security interest in any of the Property constituting personal property or fixtures.

(b) This Deed of Trust shall constitute a security agreement and financing statement under the Uniform Commercial Code as adopted in the state in which the Land is located (the "Uniform Commercial Code"), so that Beneficiary shall have and may enforce a security interest in any or all of that portion of the Property which constitutes personal property, in addition to the lien of this Deed of Trust upon the same as part of the realty. Grantor will assist in the preparation of and execute from time to time, alone or with Beneficiary, and deliver, file or record any financing or continuation statements, or other instruments, and do such further acts as Beneficiary may request to establish, maintain and perfect the security interest of Beneficiary in that portion of the Property which constitutes personal property, including all renewals, additions, substitutions, improvements to the same and the proceeds thereof, and otherwise to protect the same against the rights and interest of third parties. The terms of this Deed of Trust shall be deemed commercially reasonable within the meaning of the Uniform Commercial Code.

(c) This instrument covers goods that are or are to become fixtures on the Property described herein and is to be filed for record in the records where security instruments on real estate are recorded. Additionally, this instrument should be appropriately indexed, not only as a security instrument but also as a financing statement covering goods that are or are to become fixtures on the Property described herein. The mailing address of Grantor (Debtor) and Beneficiary (Secured Party) are set forth in this Deed of Trust.

(d) Beneficiary may elect to treat any part of the Property, which consists of a right in action or of property that can be severed from the Property without causing structural damage thereto, as personal property and may exercise as to such Property all of the rights, remedies and privileges with respect to repossession, retention, sale and disposition of proceeds as are accorded to a secured party by the applicable provisions of Article 9 of the Uniform Commercial Code.

(e) With respect to the exercise of Beneficiary's rights, remedies and privileges under the Uniform Commercial Code as aforesaid: (i) Beneficiary's and Trustee's attorneys' fees and the legal and other expenses for pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Property shall be chargeable to Grantor; (ii) Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, and in addition to Beneficiary's other remedies hereunder: (A) enter upon or within the Property peaceably by Beneficiary's own means

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or with legal process and take possession of all Property in which Beneficiary has a security interest under the Uniform Commercial Code, or render it unusable, or dispose of it, and Grantor agrees not to resist or interfere with such action taken by Beneficiary; and (B) require Grantor to assemble such Property and make it available to Beneficiary at a place to be designated by Beneficiary, convenient to both parties; and (iii) unless such Property is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market, Beneficiary will give Grantor notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of notice will be met if such notice is sent in accordance with this Deed of Trust, at least five days before the time of sale or disposition.

1.3. **Obligations.** This Deed of Trust and the grants, assignments and transfers made herein are given for the purpose of securing the Obligations. The term "Obligation" or "Obligations", as used in this Deed of Trust, shall mean, without limitation, (a) the loans, advances, indebtedness, notes, liabilities, and amounts, liquidated or unliquidated, owing by Grantor to Beneficiary (or Trustee) pursuant to the Master Notes, this Deed of Trust, or any of the other Loan Documents; (b) the performance of all of Grantor's obligations due under the Master Notes, this Deed of Trust or any of the other Loan Documents; (c) all other obligations of the Grantor contained herein; (d) each other obligation of the Grantor contained in the Master Notes and any other Loan Document; and (e) each obligation of Grantor contained in any modification, extension and renewal of any of the foregoing Obligations (including without limitation, (i) modifications, extensions or renewals at a different rate of interest, or (ii) deferrals or accelerations of the required principal payment dates or interest payment dates or both, in whole or in part), however evidenced, whether or not any such modification, extension or renewal is evidenced by a new or additional promissory note or notes. Said term shall also include all interest and other charges chargeable to Grantor or due from Grantor to Beneficiary from time to time and all costs and expenses referred to in this Deed of Trust.

1.4. **Security and Priority of Advances.** This Deed of Trust secures future advances. The Obligated Group may issue Additional Notes under the Master Indenture from time to time hereafter and each such Additional Note shall be secured hereby as if made on the date hereof. This Deed of Trust also secures, and the Master Notes and the Loan Documents evidence, the obligation of Grantor to repay the Obligations and (a) all advances made after the date hereof with respect to the Property for the payment of real estate taxes, water and sewer rents, assessments, maintenance charges, insurance premiums or costs incurred for the protection of the Property and the lien of this Deed of Trust, (b) all costs and expenses incurred by Beneficiary by reason of an Event of Default hereunder, and (c) all advances made by Beneficiary to enable completion of construction of improvements to the Property. This Deed of Trust shall constitute a lien on the Property from the time this Deed of Trust is recorded and secures, among other things, all such advances and expenses, plus interest thereon, regardless of the time when such advances are made or such expenses are incurred.

## 2. Representations, Warranties, Covenants.

2.1. **Representations and Warranties.** Grantor represents and warrants to Beneficiary and Trustee that:

(a) this Deed of Trust has been duly executed and delivered by Grantor and is the legal, valid and binding obligation of Grantor enforceable in accordance with its terms except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting the enforcement of creditors' rights generally;

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and maintain all governmental or other approvals, relating to Grantor, the Property or the use thereof, including without limitation, any applicable zoning or building codes or regulations and any laws or regulations relating to the handling, storage, release or clean-up of Hazardous Substances, and will give prompt written notice to Beneficiary and Bondholder Representative of any notice required by the Master Indenture relating to the Property.

(b) Grantor will at all times keep the Property insured as provided for in the Master Indenture.

(c) Grantor will at all times (i) maintain complete and accurate records and books regarding the Property in accordance with the Master Indenture and (ii) permit Beneficiary, Bondholder Representative and their agents, employees and representatives, at such reasonable times as Beneficiary or Bondholder Representative may request, to enter and inspect the Property and such books and records.

(d) Grantor will at all times keep the Property in good and first rate repair and condition (damage from casualty not excepted) and will not commit or permit any strip, waste, impairment, deterioration or alteration of the Property or any part thereof.

(e) Grantor will not construct any improvements on the Property in violation of applicable law or the terms of any Permitted Encumbrances.

(f) Grantor does hereby unconditionally and absolutely sell, assign and transfer unto Beneficiary all of the leases, rents, issues, income and profits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal, or any agreement or license for the use or occupancy of the Property, whether now existing or entered into at any time during the term of this Deed of Trust, all guaranties of any lessee's obligations under any such lease and all security deposits, it being the intention of this Deed of Trust to establish an absolute transfer and assignment of all such leases and agreements and all of the rents and profits from the Property and/or Grantor's operation or ownership thereof unto Beneficiary and Grantor does hereby appoint irrevocably Beneficiary as Grantor's true and lawful attorney in Grantor's name and stead, which appointment is coupled with an interest, to collect all of said rents and profits; provided, Grantor shall have the right to collect and retain such rents and profits unless and until an Event of Default exists under this Deed of Trust. Grantor assigns to Beneficiary all guaranties of lessee's obligation under leases and all proceeds from settlements relating to terminations of leases and all claims for damages arising from rejection of any lease under the bankruptcy laws. Upon the occurrence of an Event of Default and whether before or after the institution of legal proceedings to foreclose the lien hereof or before or after sale thereunder or during any period of redemption existing by law, forthwith, upon demand of Beneficiary, Grantor shall surrender to Beneficiary and Beneficiary shall be entitled to enter upon and take and maintain possession of the Property and any leases thereunder and collect and retain any rents and profits from the Property and hold, operate, manage and control the Property and any such leases and to do such things in its discretion as may be deemed proper or necessary to enforce the payment or security of the rents and profits of the Property and the performance of the tenants' obligations under any leases of the Property, with full power to cancel or terminate any lease for any cause or on any grounds which would entitle Grantor to cancel the same, and to elect to disaffirm any lease made subsequent to this Deed of Trust or subordinated to the lien hereof. All rents and payments received by Grantor after Beneficiary has exercised any of its rights under this assignment shall be held by Grantor in trust for Beneficiary and shall be delivered to Beneficiary immediately without demand.

(g) Beneficiary shall not be obligated to perform or discharge any obligation or liability of the landlord under any of said leases and Grantor shall and does hereby agree to indemnify and hold Beneficiary harmless of and from any and all expenses, liabilities, losses or damages which it might incur under said leases or under or by reason of this Deed of Trust. Any amounts incurred by Beneficiary,

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(b) Grantor is the sole legal owner of the Property, holding good and marketable fee simple title to the Property, subject to no liens, encumbrances, leases, security interests or rights of others other than Permitted Encumbrances, as defined in the Master Indenture; and

(c) as of the date hereof, there are no Hazardous Substances (as herein defined) in, on or under the Property, except as disclosed in writing to and acknowledged by Beneficiary.

2.2. **Recording; Further Assurances.** Grantor covenants that it shall, at its sole cost and expense and upon the request of Beneficiary or Trustee, cause this Deed of Trust, and each amendment, modification or supplement hereto, to be recorded and filed in such manner and in such places, and shall at all times comply with all such statutes and regulations, as may be required by law in order to establish, preserve and protect the interest of Beneficiary and Trustee in the Property and the rights of Beneficiary and Trustee under this Deed of Trust. Upon the written request of Beneficiary, Bondholder Representative or Trustee, and at the sole expense of Grantor, Grantor will promptly execute and deliver such further instruments and documents and take such further actions as Beneficiary, Bondholder Representative or Trustee may deem desirable to obtain the full benefits of this Deed of Trust and of the rights and powers herein granted, including, without limitation, delivery of any certificate of title and filing any financing statement under the Uniform Commercial Code. Grantor authorizes Beneficiary to file any such financing statement without the signature of Grantor to the extent permitted by applicable law, and to file a copy of this Deed of Trust in lieu of a financing statement.

2.3. **Restrictions on Grantor.** Grantor covenants that it will not, directly or indirectly, without the prior written approval of Beneficiary and Bondholder Representative in each instance:

(a) Sell, convey, assign, transfer, mortgage, pledge, hypothecate, lease or dispose of all or any part of any legal or beneficial interest in Grantor or the Property or any part thereof or permit any of the foregoing, except as expressly permitted by the Master Indenture or this Deed of Trust;

(b) Permit the use, generation, treatment, storage, release or disposition of any Hazardous Substances on the Property, except as permitted by the Master Indenture. As used in this Deed of Trust, the term "Hazardous Substances" shall include any oil or other material or substance constituting hazardous waste or hazardous materials or substances under any applicable federal or state law, regulation or rule; or

(c) Permit to be created or suffer to exist any mortgage, lien, security interest, attachment, or other encumbrance or charge on the Property or any part thereof or interest therein (except for the Permitted Encumbrances), including, without limitation, (i) any lien arising under any federal, state or local statute, rule, regulation or law pertaining to the release or clean-up of Hazardous Substances and (ii) any mechanics' or materialmen's lien. Grantor further agrees to give Beneficiary and Bondholder Representative prompt written notice required by the Master Indenture of the imposition of any lien referred to in this Section and to take any action necessary to secure the prompt discharge or release of the same in accordance with the Master Indenture. Grantor agrees to defend its title to the Property and Beneficiary's and Trustee's interest therein against the claims of all persons and, unless Beneficiary requests otherwise, to appear in and diligently contest, at Grantor's sole cost and expense, any action or proceeding that purports to affect Grantor's title to the Property or the priority or validity of this Deed of Trust or Beneficiary's and Trustee's interest hereunder.

2.4. **Operation of Property.** Grantor covenants and agrees as follows:

(a) Grantor will not permit the Property to be used for any unlawful or improper purpose, will at all times comply with all federal, state and local laws, ordinances and regulations, and will obtain

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Bondholder Representative or Trustee in connection with its rights hereunder, including costs, expenses and reasonable attorneys' fees, shall bear interest thereon in accordance with the Master Notes and the Loan Documents, shall be additional an additional Obligation and Grantor shall reimburse Beneficiary therefor immediately upon demand. Beneficiary may apply any of said rents and profits received to the costs and expenses of collection, including reasonable attorneys' fees, to the payment of taxes, assessments and insurance premiums and expenditures for the upkeep of the Property, to the performance of the landlord's obligations under the lease, to the performance of any of Grantor's covenants hereunder, and to any Obligations in such order as Beneficiary may determine in consultation with Bondholder Representative. The entering upon and taking possession of the Property, the collection of such rents and profits and the application thereof as aforesaid shall not cure or waive any Event of Default under this Deed of Trust nor in any way operate to prevent Beneficiary from pursuing any other remedy which it may now or hereafter have under the terms of this Deed of Trust nor shall it in any way be deemed to constitute Beneficiary a "mortgagee-in-possession". The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Property is in danger of being lost, materially injured or damaged or whether the Property is adequate to discharge the Obligations. Grantor represents and agrees that no rent has been or will be paid by any person in possession of any portion of the Property for more than one installment in advance and that the payment of none of the rents to accrue for any portion of the Property has been or will be waived, released, reduced, discounted, or otherwise discharged or compromised by Grantor. Grantor waives any right of set off against any person in possession of any portion of the Property. Grantor further agrees that Grantor will not execute or agree to any subsequent assignment of any of the rents or profits from the Property without the prior written consent of Beneficiary and Bondholder Representative.

2.5. **Payments.** Grantor covenants to pay when due all federal, state, municipal or other taxes, betterment assessments and other governmental levies, water rates, sewer charges, insurance premiums, and other charges on the Property, this Deed of Trust or any Obligation secured hereby that could, if unpaid, result in a lien on the Property or on any interest therein. Grantor shall have the right to contest any notice, lien, encumbrance, claim, tax, charge, betterment assessment or premium filed or asserted against or relating to the Property; provided that it contests the same diligently and in good faith and by proper proceedings and, at Beneficiary's request, provides Beneficiary with adequate cash security, in Beneficiary's reasonable judgment, against the enforcement thereof. Grantor shall furnish to Beneficiary and Bondholder Representative evidence of all other payments referred to above within 15 days after written request therefor by Beneficiary or Bondholder Representative.

2.6. **Notices; Notice of Default.** Grantor will deliver to Beneficiary and Bondholder Representative, promptly upon receipt of the same, copies of all notices or other documents it receives that affect the Property or its use or claim that Grantor is in default in the performance or observance of any of the terms hereof. Grantor further agrees to deliver to Beneficiary and Bondholder Representative written notice promptly upon the occurrence of any Event of Default hereunder, or event that with the giving of notice or lapse of time or both would constitute an Event of Default hereunder.

2.7. **Compensation; Exculpation; Indemnification.**

(a) Grantor shall pay all Trustee's and Bondholder Representative's fees and reimburse Trustee and Bondholder Representative for all expenses in the administration of this trust, including reasonable attorneys' fees. Grantor shall reimburse Beneficiary and Bondholder Representative reasonable compensation for services rendered concerning this Deed of Trust. Beneficiary and Bondholder Representative shall not directly or indirectly be liable to Grantor or any other person as a consequence of: (i) the exercise of any rights, remedies or powers granted to Beneficiary or Bondholder Representative in this Deed of Trust; (ii) the failure or refusal of Beneficiary or Bondholder Representative to perform or discharge any obligation or liability of Grantor under this Deed of Trust or

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any lease or other agreement related to the Property; or (iii) any loss sustained by Grantor or any third party as a result of Beneficiary's or Bondholder Representative's failure to lease the Property after any Event of Default or from any other act or omission of Beneficiary or Bondholder Representative in managing the Property after any Event of Default unless such loss is caused by the willful misconduct or gross negligence of Beneficiary or Bondholder Representative; and no such liability shall be asserted or enforced against Beneficiary or Bondholder Representative, and all such liability is hereby expressly waived and released by Grantor.

(b) Grantor shall indemnify Trustee, Bondholder Representative and Beneficiary, together with their respective directors, officers, employees, agents, contractors, subcontractors, licensees, invitees, successors and assigns (each an "Indemnitee" and, collectively, the "Indemnitees") against, and hold them harmless from, any and all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses to the extent any such party suffers or incurs: (i) by reason of this Deed of Trust; (ii) by reason of the execution of this trust or the performance of any act required or permitted hereunder or by law; (iii) as a result of any failure of Grantor to perform Grantor's obligations; or (iv) by reason of any alleged obligation or undertaking of Beneficiary or Bondholder Representative to perform or discharge any of the representations, warranties, conditions, covenants or other obligations contained in any other document related to the Property, including without limitation, the payment of any taxes, assessments, rents or other lease obligations, liens, encumbrances or other obligations of Grantor under this Deed of Trust.

(c) Grantor shall pay all indebtedness arising under this Section 2.7 within 10 days following demand by Trustee, Bondholder Representative or Beneficiary, and if not paid within such 10 days, together with interest thereon from the date of demand until paid in full at the highest rate per annum payable under any Obligation. Beneficiary may, in consultation with Bondholder Representative, add any such indebtedness to any Obligation.

3. **Takings.** In case of any condemnation for public use of, or any damage by reason of the action of any public or governmental entity or authority to, all or any part of the Property (a "Taking"), or the commencement of any proceedings or negotiations that might result in a Taking, Grantor shall promptly give written notice to Beneficiary and Bondholder Representative, describing the nature and extent thereof. Beneficiary may, with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, appear in any proceeding for a Taking or any negotiations relating to a Taking and Grantor shall promptly give to Beneficiary and Bondholder Representative copies of all notices, pleadings, determinations, and other papers relating thereto. Grantor shall in good faith and with due diligence and by proper proceedings file and prosecute its claims for any award or payment on account of any Taking. Grantor shall not settle any such claim without Beneficiary's and Bondholder Representative's prior written consent. Grantor shall hold any amounts received with respect to such awards or claims, by settlement, judicial decree, or otherwise, in trust for Beneficiary and promptly pay the same to Beneficiary. Grantor authorizes any award or settlement due in connection with a Taking to be paid directly to Beneficiary in amounts not exceeding the Obligations. Beneficiary may apply such amounts to the Obligations in such order as Beneficiary may in consultation with Bondholder Representative determine.

4. **Insurance Proceeds.** The proceeds of any insurance resulting from any loss with respect to the Property shall be paid to Beneficiary as its interests appear, and, at the option of Beneficiary with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, be applied to the Obligations in accordance with the Master Indenture as Beneficiary in consultation with Bondholder Representative may determine; provided, however, that if Beneficiary and Bondholder Representative shall require repair of the Property, Beneficiary may release all or any portion of such

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by injunction or any other appropriate equitable remedy; and (ii) subject to any specific limitations set forth in any Obligation, to seek recovery of a deficiency judgment against Grantor and any other party liable for payment of the Obligations, concurrently with or following any judicial foreclosure of this Deed of Trust. For the purposes of any suit brought under this Section 6.2(c), Grantor waives the defenses of laches and any applicable statute of limitations.

(d) To apply to a court of competent jurisdiction for and obtain appointment of a receiver of the Property as a matter of strict right and without regard to: (i) the adequacy of the security for the repayment of the Obligations; (ii) the existence of a declaration that the Obligations are immediately due and payable; or (iii) the filing of a notice of default; and Grantor consents to such appointment.

(e) To take and possess all documents, books, records, papers and accounts of Grantor or the then owner of the Property; to make or modify Leases of, and other agreements with respect to, the Property upon such terms and conditions as Beneficiary, in consultation with Bondholder Representative, deems proper; and to make repairs, alterations and improvements to the Property deemed necessary, in Trustee's or Beneficiary's judgment, in consultation with Bondholder Representative, to protect or enhance the security hereof.

(f) To execute or cause Trustee to execute a written notice of such Event of Default and of its election to cause the Property to be sold by advertisement and/or sale under applicable law to satisfy the Obligations. Trustee shall give and record such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor, except as otherwise required by law, shall sell the Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as directed by Beneficiary in consultation with Bondholder Representative, at public auction to the highest bidder for cash, in lawful money of the United States, payable at the time of sale. Except as required by law, neither Grantor nor any other person or entity shall have the right to direct the order in which the Property is sold. Subject to requirements and limits imposed by law, Trustee may postpone any sale of the Property by public announcement at such time and place of sale, and from time to time may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustee shall deliver to the purchaser at such sale a deed conveying the Property or portion thereof so sold, but without any covenant or warranty, express or implied. The recitals in said deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee, Grantor, Bondholder Representative or Beneficiary, may purchase at such sale.

(g) To resort to and realize upon the security hereunder and any other security now or later held by Beneficiary concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken non-judicial proceedings, or both, and to apply the proceeds received in accordance with Section 6.3, all in such order and manner as Beneficiary in consultation with Bondholder Representative shall determine.

(h) Upon sale of the Property at any judicial or non-judicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in consultation with Bondholder Representative) all or any portion of the Obligations. In determining such credit bid, Beneficiary may, with consent of Bondholder Representative or shall, at the direction of Bondholder Representative, take into account all or any of the following: (i) appraisals of the Property as such appraisals may be discounted or adjusted by Beneficiary in consultation with Bondholder Representative; (ii) expenses and costs incurred by Beneficiary and Bondholder Representative with respect to the Property prior to foreclosure; (iii) expenses and costs which Beneficiary and Bondholder Representative anticipate will be incurred with respect to the Property after foreclosure, but prior to resale, including without limitation, costs of structural reports and other due

proceeds to Grantor for such purpose. Any insurance proceeds paid to Grantor shall be held in trust for Beneficiary under the Master Indenture and promptly paid to it.

## 5. Certain Rights of Beneficiary.

5.1. **Advances.** If Grantor fails to pay or perform any of its obligations respecting the Property, after notice to Grantor, Beneficiary may with the consent of Bondholder Representative, and shall, at the direction of Bondholder Representative, do so. Such payments may include, but are not limited to, payments for taxes, assessments and other governmental levies, water and sewer charges, insurance premiums, maintenance, repairs or improvements constituting part of the Property.

5.2. **Legal Proceedings.** Beneficiary and Bondholder Representative shall have the right, but not the duty, to intervene or otherwise participate in any legal or equitable proceeding that, in Beneficiary's reasonable judgment, in consultation with Bondholder Representative, might affect the Property or any of the rights created or secured by this Deed of Trust. Beneficiary and Bondholder Representative shall have such right whether or not there shall have occurred an Event of Default hereunder.

5.3. **No Merger of Deed of Trust.** In the event Beneficiary shall acquire title to the Property by conveyance from Grantor or as a result of foreclosure, this Deed of Trust shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be released of record.

## 6. Defaults and Remedies.

6.1. **Events of Default.** "Event of Default" shall have the meaning given that term in the Master Indenture.

6.2. **Rights and Remedies.** On the occurrence of any Event of Default, including such notice as is required under the applicable Loan Documents, Beneficiary and Trustee may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, at any time thereafter, exercise any or all of the following remedies to the extent permitted by applicable law:

(a) With or without notice, to declare all Obligations immediately due and payable in full.

(b) With or without notice, without releasing Grantor from any Obligation and without becoming a "mortgagee in possession," to cure any Event of Default of Grantor and, in connection therewith: (i) to enter upon the Property and to do such acts and things as Beneficiary or Trustee in consultation with Bondholder Representative, deems necessary or desirable to protect the security of this Deed of Trust, including without limitation, to appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee hereunder; (ii) to pay, purchase, contest or compromise any encumbrance, charge, lien or claim of lien which, in the judgment of either Beneficiary or Trustee, in consultation with Bondholder Representative, is senior in priority to this Deed of Trust, the judgment of Beneficiary or Trustee and Bondholder Representative being conclusive as between the parties hereto; (iii) to obtain, and to pay any premiums or charges with respect to, any insurance required to be carried hereunder; and (iv) to employ counsel, accountants, contractors and other appropriate persons to assist them.

(c) To commence and maintain an action or actions in any court of competent jurisdiction: (i) to foreclose this Deed of Trust as a mortgage or to obtain specific enforcement of the covenants of Grantor under this Deed of Trust, and Grantor agrees that such covenants shall be specifically enforceable

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diligence, costs to carry the Property prior to resale, costs of resale (e.g., commissions, attorneys' fees, and taxes), hazardous materials clean-up and monitoring, deferred maintenance, repair, refurbishment and retrofit, and costs of defending or settling litigation affecting the Property; (iv) declining trends in real property values generally and with respect to properties similar to the Property; (v) anticipated discounts upon resale of the Property as a distressed or foreclosed property; (vi) the existence of additional collateral, if any, for the Obligations; and (vii) such other factors or matters that Beneficiary and Bondholder Representative deem appropriate. Grantor acknowledges and agrees that: (A) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (B) this Section 6.2(h) does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; (C) the amount of Beneficiary's credit bid need not have any relation to any loan-to-value ratios specified in any agreement between Grantor and Beneficiary or previously discussed by Grantor and Beneficiary; and (D) Beneficiary's credit bid may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, be higher or lower than any appraised value of the Property.

(i) Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, exercise any of the remedies made available to a secured party under the Uniform Commercial Code, or other applicable law, with respect to any of the Property which constitutes personal property, including without limitation the right to take possession thereof, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof), which Grantor hereby waives, and the right to sell, lease or otherwise dispose of or use any or all of such personal property. For purposes of this power of sale, Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, elect to treat as personal property any Property that is intangible or that can be severed from the Land or improvements thereon without causing structural damage. Beneficiary may with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, require Grantor to assemble such personal property and make it available to Beneficiary at a place designated by Beneficiary which is reasonably convenient to both Grantor and Beneficiary. If notice to Grantor of any intended disposition of any of the Property constituting personal property or any other, intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 6.4 hereof) at least 10 calendar days prior to the date of intended disposition or other action.

(j) To exercise any other rights and remedies available under applicable law.

6.3. **Application of Foreclosure Sale Proceeds.** After deducting all costs, fees and expenses of Trustee and Bondholder Representative, and of this trust, including costs of evidence of title and attorneys' fees in connection with a sale, all proceeds of any foreclosure sale shall be applied first, to payment of all Obligations (including without limitation, all sums expended by Beneficiary and Bondholder Representative under the terms hereof and not then repaid, with accrued interest at the highest rate per annum payable under any Obligation), in accordance with the terms sets forth in the Master Indenture; and the remainder, if any, to the person or persons legally entitled thereto.

6.4. **Application of Other Sums.** All rents or other sums received by Beneficiary or any agent or receiver hereunder, less all costs and expenses incurred by Beneficiary and Bondholder Representative or such agent or receiver, including reasonable attorneys' fees, shall be applied to payment of the Obligations in accordance with the terms sets forth in the Master Indenture; provided however, that Beneficiary shall have no liability for funds not actually received by Beneficiary.

6.5. **No Cure or Waiver.** None of Beneficiary's, Trustee's or any receiver's entry upon and taking possession of the Property, or any collection of rents, insurance proceeds, condemnation proceeds or damages, other security or proceeds of other security, or other sums, or the application of any collected

sum to any Obligation, or the exercise of any other right or remedy by Beneficiary, Trustee, Bondholder Representative or any receiver shall impair the status of this Deed of Trust, or cure or waive any breach, Event of Default or notice of default under this Deed of Trust, or nullify the effect of any notice of default or sale (unless all Obligations then due and any other sums then due hereunder have been paid in full and Grantor has cured all other Events of Default), or prejudice Beneficiary, Bondholder Representative or Trustee in the exercise of any right or remedy, or be construed as an affirmation by Beneficiary of any tenancy, lease or option of the Property or a subordination of the lien of this Deed of Trust.

6.6. Costs, Expenses and Attorneys' Fees. Grantor agrees to pay to Beneficiary promptly upon demand the full amount of all payments, advances, charges, costs and expenses, including court costs and reasonable attorneys' fees, expended or incurred by Trustee, Bondholder Representative or Beneficiary pursuant to this Section 6, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Beneficiary or any other person) relating to Grantor or in any way affecting any of the Property or Beneficiary's ability to exercise any of its rights or remedies with respect thereto. All of the foregoing shall be paid by Grantor with interest from the date of demand until paid in full at the highest rate per annum payable under any Obligation.

6.7. Power to File Notices and Cure Events of Default. Grantor hereby irrevocably appoints Beneficiary and its successors and assigns as Grantor's true attorney-in-fact to perform any of the following powers, which agency is coupled with an interest: (a) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary, in consultation with Bondholder Representative, deems appropriate to protect Beneficiary's interest; and (b) upon the occurrence of any event, act or omission which with the giving of notice or the passage of time, or both, would constitute an Event of Default, to perform any obligation of Grantor hereunder; provided however, that Beneficiary, as such attorney-in-fact, shall only be accountable for such funds as are actually received by Beneficiary, and Beneficiary shall not be liable to Grantor or any other person or entity for any failure to act under this Section 6.7.

6.8. Remedies Cumulative; No Waiver. All rights, powers and remedies of Beneficiary, Bondholder Representative and Trustee hereunder are cumulative and are in addition to all rights, powers and remedies provided by law or in any other agreements between Grantor and Beneficiary. No delay, failure or discontinuance of Beneficiary in exercising any right, power or remedy hereunder shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy.

6.9. Amendments. This Deed of Trust may be supplemented and amended in the manner and to the extent provided in the Master Indenture.

## 7. Miscellaneous.

7.1. Acceptance of Trust; Powers and Duties of Trustee. Trustee accepts this trust when this Deed of Trust is executed. From time to time, upon written request of Beneficiary, with the consent of Bondholder Representative, and, to the extent required by applicable law, presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of any of the Obligations, Beneficiary, or Trustee at Beneficiary's direction, may, with the consent of Bondholder Representative, without obligation to do so or liability therefor and without notice: (a) reconvey all or any part of the Property from the lien of this Deed of Trust; (b) consent

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of the Obligations, and Beneficiary and Bondholder Representative shall be entitled, to the extent permitted by law, to receive and retain such amounts in any action for a deficiency against or redemption by Grantor, or any accounting for the proceeds of a foreclosure sale or of insurance proceeds. All references to "attorneys" in this Section 7 and elsewhere in this Deed of Trust shall include without limitation any attorney or law firm engaged by Beneficiary and Bondholder Representative, and all references to "fees and expenses" in this Deed of Trust shall include without limitation any fees of such attorney or law firm. The obligations of Grantor under this Section 7 shall survive any payment or satisfaction of any of the other Obligations.

7.5. Indemnification Regarding Hazardous Substances. Grantor hereby agrees to indemnify and hold harmless the Indemnitees from and against any and all losses, damages, claims, costs or expenses, including without limitation litigation costs and attorneys' fees and expenses and fees or expenses of any environmental engineering or clean-up firm, incurred by such Indemnitee and arising out of or in connection with the Property or resulting from the application of any current or future law, regulation or ordinance relating to the presence or clean-up of Hazardous Substances on or affecting the Property. This covenant shall survive payment in full of the Master Notes and satisfaction of this Deed of Trust.

7.6. Indemnitees' Expenses. If any Indemnitee is made a party defendant to any litigation or any claim is threatened or brought against such Indemnitee concerning this Deed of Trust or the Property or any part thereof or therein, or concerning the construction, maintenance, operation or the occupancy or use thereof by Grantor or other person or entity, then Grantor shall indemnify, defend and hold each Indemnitee harmless from and against all liability by reason of said litigation or claims, including attorneys' fees and expenses incurred by such Indemnitee in connection with any such litigation or claim, whether or not any such litigation or claim is prosecuted to judgment.

7.7. Waivers. Except as set forth in the Loan Documents, Grantor waives notice of nonpayment, demand, presentment, protest or notice of protest of the collateral, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof. No delay or omission of Beneficiary or Bondholder Representative in exercising or enforcing any of its rights, powers, privileges, remedies, immunities or discretions (all of which are hereinafter collectively referred to as "Beneficiary's rights and remedies") hereunder shall constitute a waiver thereof; and no waiver by Beneficiary or Bondholder Representative of any default of Grantor hereunder or of any demand shall operate as a waiver of any other default hereunder or of any other demand. No term or provision hereof shall be waived, altered, or modified except with the prior written consent of Beneficiary and Bondholder Representative, which consent makes explicit reference to this Deed of Trust. Except as provided in the preceding sentence, no other agreement or transaction, of whatsoever nature, entered into between Beneficiary and Grantor at any time (whether before, during or after the effective date or term of this Deed of Trust) shall be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under this Deed of Trust (nor shall anything in this Deed of Trust be construed as a waiver, modification or limitation of any of Beneficiary's rights and remedies under any such other agreement or transaction) but all Beneficiary's rights and remedies not only under the provisions of this Deed of Trust but also under any such other agreement or transaction shall be cumulative and not alternative or exclusive, and, with the exception of Beneficiary's rights under any Guaranty, may be exercised by Beneficiary at such time or times and in such order of preference as Beneficiary in consultation with Bondholder Representative may determine. For avoidance of doubt, Beneficiary shall not take any action, including any exercise of rights or remedies nor provide any waivers without the consent of Bondholder Representative.

7.8. Severability. If any provision of this Deed of Trust or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the

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to the making of any map or plat of the Property; and (c) join in any grant of easement or declaration of covenants and restrictions with respect to the Property, or any extension agreement or any agreement subordinating the lien or charge of this Deed of Trust. Trustee or Beneficiary may, with the consent of Bondholder Representative, from time to time apply to any court of competent jurisdiction for aid and direction in the execution of the trusts and the enforcement of its rights and remedies available under this Deed of Trust, and may, with the consent of Bondholder Representative, obtain orders or decrees directing, confirming or approving acts in the execution of said trusts and the enforcement of said rights and remedies. Trustee has no obligation to notify any party other than Bondholder Representative of any pending sale or any action or proceeding (including, but not limited to, actions in which Grantor, Beneficiary or Trustee shall be a party) unless held or commenced and maintained by Trustee under this Deed of Trust. Trustee shall not be obligated to perform any act required of it under this Deed of Trust unless the performance of the act is requested in writing and Trustee is reasonably indemnified against all losses, costs, liabilities and expenses in connection therewith.

7.2. Substitution of Trustees. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in each office in which this Deed of Trust is recorded, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth the recordation date and any recording or other information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named Trustee hereunder. A writing recorded pursuant to the provisions of this Section 7.12 shall be conclusive proof of the proper substitution of such new Trustee.

7.3. Termination and Reconveyance. This Deed of Trust shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until the Beneficiary agrees to terminate this Deed of Trust upon (a) any and all commitments to extend credit under the Loan Documents have terminated, and the Master Indenture has terminated pursuant to its express terms and (b) all of the Obligations (other than contingent indemnification obligations not then due) have been indefeasibly paid in cash and performed in full and no commitments of the Beneficiary or Bondholder Representative which would give rise to any Obligations are outstanding. Thereafter, upon Beneficiary's written request, with the consent of Bondholder Representative, and solely to the extent required by applicable law upon surrender of this Deed of Trust and every note or other instrument setting forth any Obligations to Trustee for cancellation, Trustee shall reconvey, without warranty, the Property, or that portion thereof then covered hereby, from the lien of this Deed of Trust. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto." None of Beneficiary, Bondholder Representative or Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. Within 10 days following Beneficiary's demand, Grantor shall pay all actual, out-of-pocket costs and expenses incurred by Beneficiary and Bondholder Representative in connection with any reconveyance.

7.4. Payments by Beneficiary. To the extent permitted by applicable law, Grantor shall pay to Beneficiary, on demand, all reasonable expenses (including attorneys' fees and expenses and reasonable consulting, accounting, appraisal, brokerage and similar professional fees and charges) incurred by Beneficiary and Bondholder Representative in connection with the interpretation, exercise, preservation or enforcement of any of its rights, remedies and options set forth in this Deed of Trust (including without limitation any amounts expended pursuant to Sections 5 and 6 hereof) and in connection with any litigation, proceeding or dispute whether arising hereunder or otherwise relating to the Obligations, together with interest thereon to the extent permitted by applicable law until paid in full by Grantor at the highest rate set forth in the Obligations. Any amounts owed by Grantor hereunder shall be, until paid, part

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remainder of this Deed of Trust (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

7.9. Binding Effect of Agreement. This Deed of Trust shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and Beneficiary shall be entitled to rely thereon) until terminated in accordance with the applicable provisions hereof. Beneficiary may transfer and assign this Deed of Trust and deliver the collateral to the assignee, who shall thereupon have all of the rights of Beneficiary; and Beneficiary shall then be relieved and discharged of any responsibility or liability with respect to this Deed of Trust and the collateral; provided that there shall not be any transfer without Bondholder Representative consent

7.10. Notices to Grantor. Any notices under or pursuant to this Deed of Trust shall be deemed duly received by Grantor as provided in the Master Indenture. Copies of all notices shall be provided to Bondholder Representative.

7.11. Notices to Beneficiary. Any notices to Beneficiary under or pursuant to this Deed of Trust shall be sent in accordance with the Master Indenture.

7.12. Reproductions. This Deed of Trust and all documents which have been or may be hereinafter furnished by Grantor to Beneficiary may be reproduced by Beneficiary by any photographic, photostatic, microfilm, xerographic, or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.13. Governing Law and Construction. THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS DEED OF TRUST WILL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO CONFLICT OF LAWS OR PRINCIPLES THEREOF.

7.14. Jurisdiction and Venue. AT THE OPTION OF BENEFICIARY, THIS DEED OF TRUST MAY BE ENFORCED IN TEXAS STATE COURT SITTING IN TAYLOR COUNTY, OR ANY STATE COURT OF COMPETENT JURISDICTION LOCATED IN TEXAS; PROVIDED, THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT BENEFICIARY'S OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE PARTIES CONSENT TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVE ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT CONVENIENT. IF PARTIES COMMENCE ANY ACTION IN ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS DEED OF TRUST, ANY OF THE PARTIES AT THEIR OPTION IN CONSULTATION WITH BONDHOLDER REPRESENTATIVE MAY HAVE THE CASE TRANSFERRED TO THE JURISDICTION AND VENUE ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.

7.15. JURY WAIVER. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR AND BENEFICIARY EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS DEED OF TRUST, THE OBLIGATIONS, IN ALL MATTERS

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CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH. GRANTOR CERTIFIES THAT NEITHER THE BENEFICIARY NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BENEFICIARY WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

8. State-Specific Provisions. It is the intention of Grantor and Beneficiary that the enforcement of the terms and provisions of this Deed of Trust shall be accomplished in accordance with Texas law. In the event of any inconsistencies between the terms and conditions of this Section 8 and the other terms and conditions of this Deed of Trust, the terms and conditions of this Section 8 shall control and be binding.

8.1. Secured Obligations. For the avoidance of doubt, (a) any attorney's fees required to be paid by Grantor in accordance with the Master Indenture or any other Loan Document are secured by this Deed of Trust, and (b) the indebtedness evidenced by the Series 2022 Master Notes dated July 19, 2022, incorporated herein by reference, executed by Grantor in the principal amount of up to **\$110,890,000**, bearing interest as therein specified, and finally maturing on July 15, 2027, and secured by this Deed of Trust includes any indebtedness evidenced by any amendment, restatement, supplement or modification of or to the Series 2022 Master Notes.

8.2. Foreclosure, Sale and Other Matters.

(a) Upon the occurrence and during the continuation of any Event of Default, Beneficiary may, with the consent of Bondholder Representative, or shall, at the direction of Bondholder Representative, by and through the Trustee, or successor trustee, and upon receipt of instructions from Beneficiary to Trustee, or any successor trustee, Trustee or any such successor trustee shall, sell or offer for sale the Property in such portions, order and parcels as Beneficiary may, in consultation with Bondholder Representative, determine, with or without having first taken possession of same, to the highest bidder for cash at public auction in accordance with the requirements of Section 51.002 of the Texas Property Code (as said section now exists or may be hereinafter amended or succeeded). Such sale shall be made at the courthouse of the county in which the Property (or any of that portion thereof to be sold) is located (whether the parts or parcels thereof, if any, in different counties are contiguous or not, and without the necessity of having any person present at such sale) in the area designated by the county commissioners for foreclosure sales (or, if no area has been designated, at the location at the courthouse designated by Beneficiary by or through Trustee in the written notice hereinafter described) on the first Tuesday of a month between the hours of 10:00 a.m. and 4:00 p.m. after advertising the time, place and terms of sale and that portion of the Property to be sold by posting or causing to be posted written or printed notice thereof at least twenty-one (21) days before the date of the sale both at the courthouse door of each county in which the Property is located and with the county clerk of each county in which the Property is located, which notice shall be posted at the courthouse door and filed with the county clerk by the Trustee, or by any person acting for him. The written notice shall include the earliest time at which the sale will be held. To the extent required by applicable law, such sale must begin at the time stated in the notice of sale or not later than three (3) hours after that time. Beneficiary shall serve or shall cause to be served at least twenty-one (21) days before the date of sale, written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness constituting Obligations according to the records of Beneficiary by the deposit of such notice in the United States mail, postage prepaid and addressed to the debtor at the debtor's last known address as shown by the records of Beneficiary. The affidavit of a person knowledgeable of the facts to the effect that service was completed is prima facie evidence of service.

(b) To the extent permitted by applicable law, any sale made by Trustee hereunder may, in lieu of cash, be upon such other terms and conditions as Beneficiary may, with the consent of Bondholder

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(d) This Deed of Trust shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to any of the Property in any manner permitted by the laws of the State of Texas or of any other state in which any part of the Property is situated, and any foreclosure suit may be brought by Trustee or by Beneficiary. In the event a foreclosure hereunder shall be commenced by Trustee or his substitute or successor, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the sale of the Property direct the said Trustee to abandon the sale, and may then institute suit for the collection of the Master Notes and the other secured indebtedness, and for the foreclosure of this Deed of Trust. It is agreed that if Beneficiary should institute a suit for the collection of the Master Notes or any other secured indebtedness and for the foreclosure of this Deed of Trust, Beneficiary may with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, his substitute or successor to sell the Property in accordance with the provisions of this Deed of Trust.

(e) Beneficiary may, with the consent of Bondholder Representative, or shall, at direction of Bondholder Representative, accomplish all or any of the aforesaid in such manner as permitted or required by Section 51.002 of the Texas Property Code relating to the sale of real Property or by Chapter 9 of the Texas Business and Commerce Code relating to the sale of collateral after default by a debtor (as said section and chapter now exist or may be hereinafter amended or succeeded), or by any other present or subsequent articles or enactments relating to same. At such sale:

(i) whether made under the power herein contained, the aforesaid Section 51.002 of the Texas Property Code, the Texas Business and Commerce Code, any other legal requirement or by virtue of any judicial proceedings or any other legal right, remedy or recourse, it shall not be necessary for Trustee to have physically present, or to have constructive possession of, the Property (Grantor shall deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee immediately upon demand by Trustee), and the title to and right of possession of any such Property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale;

(ii) each instrument of conveyance executed by Trustee shall contain a special warranty of title, made on behalf of Grantor;

(iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including nonpayment of the indebtedness constituting Obligations, nonperformance of the Obligations, advertisement and conduct of such sale in the manner provided herein and otherwise by law and appointment of any successor Trustee hereunder;

(iv) any and all prerequisites to the validity thereof shall be conclusively presumed to have been performed;

(v) the receipt by Trustee or by such other party or officer making the sale of the full amount of the purchase money shall be sufficient to discharge the purchaser or purchasers from any further obligation for the payment thereof, and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof;

(vi) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the Property sold, and such sale shall be a perpetual bar, both at law and in equity,

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Representative, from time to time hereafter elect. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make successive sale(s) under such power until the whole of the Property shall be sold and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the indebtedness secured hereby and the expense of executing this trust as provided herein, this Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Property but Beneficiary shall have the right, with the consent of Bondholder Representative, to request Trustee to sell less than the whole of the Property. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Beneficiary may, with the consent of Bondholder Representative, deem necessary until all of the Property has been sold and all secured indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Beneficiary, such sale shall not exhaust the power of sale hereunder and Beneficiary shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the indebtedness secured hereby, or as to the occurrence of any Event of Default, or as to Beneficiary having declared all of such indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the properties to be sold having been duly given, or as to the refusal, failure or inability to act of Trustee or any substitute or successor, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Beneficiary, by Bondholder Representative or by such Trustee, substitute or successor, shall be taken as conclusive evidence of the truth of the facts so stated and recited. Trustee, its successor or substitute, may, with the consent of Bondholder Representative, appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, its successor or substitute.

(c) At any time during the bidding of any sale conducted by Trustee, Trustee may require a bidding party (i) to disclose its full name, state and city of residence, occupation, and specific business office location, and the name and address of the principal and the bidding party is representing (if applicable); and (ii) to demonstrate reasonable evidence of the bidding party's financial ability (or, if applicable, the financial ability of the principal of such bidding party), as a condition to the bidding party submitting bids at the foreclosure sale. If any such bidding party (the "**Questioned Bidder**") declines to comply with Trustee's requirement in this regard, or if such Questioned Bidder does respond but Trustee, in Trustee's consultation with Bondholder Representative, deems the information or the evidence of the financial ability of the Questioned Bidder (or, if applicable, the principal of such bidding party) to be inadequate, Trustee may continue the bidding with reservation; and in such event (y) Trustee shall be authorized to caution the Questioned Bidder concerning the legal obligations to be incurred in submitting bids, and (z) if the Questioned Bidder is not the highest bidder at the sale, or if having been the highest bidder the Questioned Bidder fails to deliver the cash purchase price payment promptly to Trustee, all bids by the Questioned Bidder shall be null and void. Trustee may, in consultation with Bondholder Representative, determine that a credit bid may be in the best interest of Grantor and Beneficiary and elect to sell the Property for credit or for a combination of cash and credit; provided, however, that Trustee shall have no obligation to accept any bid except an all cash bid unless directed to do so by Bondholder Representative. In the event Trustee requires a cash bid and cash is not delivered within a reasonable time after conclusion of the bidding process, as specified by Trustee (but in no event later than 3:45 p.m. local time on the date of sale), then said contingent sale shall be null and void, the bidding process may be recommenced, and any subsequent bids or sale shall be made as if no prior bids were made or accepted.

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against Grantor and against all other persons claiming or to claim the Property sold or to any part thereof by, through or under Grantor; and

(vii) to the extent and under such circumstances as are permitted by law, Beneficiary may be a purchaser at any such sale.

(f) In the event of a default in the payment of any part of the indebtedness constituting Obligations, Beneficiary shall have the right to proceed with foreclosure of the liens and security interests evidenced hereby without declaring the entire indebtedness due, and in such event any such foreclosure sale may be made subject to the unmaturing part of the indebtedness; and any such sale shall not in any manner affect the unmaturing part of the indebtedness, but as to such unmaturing part, this Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of any such sale shall be applied as provided in this Deed of Trust.

8.3. Waiver of Marshalling, Homestead and Other Matters.

(a) To the full extent Grantor may do so, Grantor, for Grantor and Grantor's heirs, devisees, representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, presentment and demand of the whole of the secured indebtedness, notice of intention to mature or declare due the whole of the secured indebtedness, notice of intent to accelerate, notice of acceleration, and all rights to a marshalling of the assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created.

(b) To the extent that Grantor, any partner thereof or any other entity responsible for the payment of the indebtedness is now, or at any time or from time to time hereafter is, a partnership, Grantor and Beneficiary expressly acknowledge and agree that Beneficiary is not required to comply with Section 152.306(b) of the Texas Business Organizations Code, as same may be hereafter amended or modified, or any other or further laws, rules or regulations now or hereafter in effect which may limit the rights and remedies of a creditor to pursue partners of a partnership prior to the pursuit of such creditor's rights and remedies against such partnership. This waiver of Section 152.306(b) of the Texas Business Organizations Code is not intended to affect the limited liability of the limited partners of Grantor or any non-recourse provisions set forth in the Loan Documents.

8.4. Waiver of Notice. Grantor shall not be entitled to any notices of any nature whatsoever from Beneficiary except with respect to matters for which this Deed of Trust or the Master Indenture or other Loan Documents specifically and expressly provides for the giving of notice by Beneficiary to Grantor and except with respect to matters for which Beneficiary is required by applicable law to give notice, and, to the extent not prohibited by applicable law, Grantor hereby expressly waives the right to receive any notice from Beneficiary with respect to any matter for which this Deed of Trust does not specifically and expressly provide for the giving of notice by Beneficiary to Grantor.

8.5. Waiver of Deficiency Statute.

(a) In the event an interest in any of the Property is foreclosed upon pursuant to a judicial or nonjudicial foreclosure sale, Grantor agrees that notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), to the extent permitted by law, Beneficiary, for the ratable benefit of Beneficiary, shall be entitled to seek a deficiency judgment from Grantor and any other party obligated on the Master Notes equal to the difference between the amount owing on the Master Notes and the amount for which the Property was

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sold pursuant to judicial or nonjudicial foreclosure sale. Grantor expressly recognizes that this subsection (a) constitutes a waiver of the above cited provisions of the Texas Property Code which would otherwise permit Grantor and other persons against whom recovery of deficiencies is sought (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Property as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. Grantor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Property for purposes of calculating deficiencies owed by Grantor, and others against whom recovery of a deficiency is sought.

(b) Alternatively, in the event the waiver provided for in subparagraph (a) above is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as amended from time to time):

(i) the Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Property will be repaired or improved in any manner before a resale of the Property after foreclosure;

(ii) the valuation shall be based upon an assumption that the foreclosure purchaser desires a resale of the Property for cash promptly (but no later than twelve months) following the foreclosure sale;

(iii) all reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Property, including brokerage commissions, title insurance, a survey of the Property, tax prorations, reasonable attorneys' fees and marketing costs;

(iv) the gross fair market value of the Property shall be further discounted to account for any estimated holding costs associated with maintaining the Property pending sale, including utilities expenses, Property management fees, taxes and assessments (to the extent not accounted for in subparagraph (b)(iii) above) and other maintenance expenses; and

(v) any expert opinion testimony given or considered in connection with a determination of the fair market value of the Property must be given by persons having at least five years' experience in appraising Property similar to the Property and who have conducted and prepared a complete written appraisal of the Property taking into consideration the factors set forth above.

8.6. No Partnership. Notwithstanding anything to the contrary contained herein or otherwise (a) the relationship between Grantor and Beneficiary hereunder and otherwise shall be deemed, construed and treated by Grantor and Beneficiary for all purposes to be solely that of debtor/creditor; (b) the various consent, approval and other rights afforded to Beneficiary under this Deed of Trust have been granted and designed solely to protect the value of the Property and to assure Grantor's payment of the indebtedness constituting Obligations and all of such rights are customarily granted lenders in a secured lending transactions; (c) Grantor and Beneficiary hereby expressly disclaim any sharing of liabilities, losses, costs or expenses with respect to the ownership or operation of all or any portion of the Property, or otherwise; and (d) the terms contained herein are not intended by Grantor and Beneficiary and shall not for any purpose be deemed, construed or treated by Grantor and Beneficiary so as (i) to create a partnership or joint venture between Beneficiary and Grantor or between Beneficiary and any other party, or (ii) to cause

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ATTORNEYS FEES) THEN THE SUBJECT OF INDEMNIFICATION MAY HAVE BEEN CAUSED BY, ARISE OUT OF, OR ARE OTHERWISE ATTRIBUTABLE TO, DIRECTLY OR INDIRECTLY, THE NEGLIGENCE IN WHOLE OR IN PART OF SUCH INDEMNIFIED PARTY AND/OR ANY OTHER PARTY; PROVIDED, HOWEVER, THAT GRANTOR SHALL NOT HAVE ANY OBLIGATION TO INDEMNIFY BENEFICIARY TO THE EXTENT THAT IT IS FINALLY JUDICIALLY DETERMINED THAT THE SUBJECT OF INDEMNIFICATION AROSE FROM THE GROSS NEGLIGENCE, ILLEGAL ACTS, FRAUD OR WILLFUL MISCONDUCT OF BENEFICIARY.

(b) GRANTOR HERBY ACKNOWLEDGES AND AGREES THAT THIS DEED OF TRUST CONTAINS CERTAIN INDEMNIFICATION PROVISIONS (INCLUDING, WITHOUT LIMITATION, THOSE CONTAINED IN THIS SECTION 8.9) WHICH, IN CERTAIN CIRCUMSTANCES, COULD INCLUDE AN INDEMNIFICATION BY GRANTOR OF BENEFICIARY FROM CLAIMS OR LOSSES ARISING AS A RESULT OF BENEFICIARY'S OWN NEGLIGENCE.

8.10. Incorporation by Reference. The terms, covenants and provisions of the Master Notes and the other Loan Documents have been incorporated into this Deed of Trust by this reference. All persons from time to time having an interest in all or any portion of the Property are hereby placed on notice of all of the terms, covenants and provisions of the instruments incorporated herein and that copies of same may be obtained by those having an appropriate interest in the Property or any portion thereof upon written request to the Beneficiary at the address set forth on the cover page of this Deed of Trust. Any such request shall include the name and address of the requesting party and also contain a brief explanation of the nature and reason for such request.

8.11. Jury Trial and DTPA Waiver. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY ABSOLUTELY, IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY AND THE RIGHT TO CLAIM OR RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY LITIGATION, ACTION, CLAIM, SUIT OR PROCEEDING, AT LAW OR IN EQUITY, ARISING OUT OF, PERTAINING TO OR IN ANY WAY ASSOCIATED WITH THE INDEBTEDNESS, THE RELATIONSHIP OF THE PARTIES HERETO AS BENEFICIARY AND GRANTOR, THE MASTER NOTES, THIS DEED OF TRUST, THE OTHER LOAN DOCUMENTS, THE PREMISES OR THE ACTIONS OF GRANTOR AND/OR BENEFICIARY IN CONNECTION WITH ANY OF THE FOREGOING. FURTHER, GRANTOR REPRESENTS AND ACKNOWLEDGES THAT GRANTOR IS A "BUSINESS CONSUMER" FOR PURPOSES OF THE TEXAS DECEPTIVE TRADE PRACTICES CONSUMER PROTECTION ACT, AS FROM TIME TO TIME AMENDED (THE "ACT"), THAT GRANTOR HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE GRANTOR TO EVALUATE THE MERITS AND RISKS OF CREDIT TRANSACTIONS GENERALLY AND OF THE TRANSACTIONS CONTEMPLATED BY THE MASTER NOTES AND THE OTHER LOAN DOCUMENTS, THAT GRANTOR IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION WITH RESPECT TO BENEFICIARY AND SUCH TRANSACTIONS, THAT GRANTOR HAS BEEN REPRESENTED BY COUNSEL OF ITS SELECTION IN CONNECTION WITH THE MASTER NOTES AND SUCH TRANSACTIONS, AND THAT GRANTOR HEREBY WAIVES THE APPLICABILITY OF THE PROVISIONS OF THE ACT (OTHER THAN SECTION 17.555 THEREOF) WITH RESPECT TO THE MASTER NOTES AND SUCH TRANSACTIONS.

8.12. Section 26.02 Notice. IN ACCORDANCE WITH SECTION 26.02 OF THE TEXAS BUSINESS AND COMMERCE CODE, THIS DEED OF TRUST AND THE OTHER DOCUMENTS EVIDENCING, SECURING OR PERTAINING TO ALL OR ANY PORTION OF THE MASTER NOTES REPRESENT THE FINAL AGREEMENT BETWEEN GRANTOR AND BENEFICIARY AS

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Beneficiary to be or become liable in any way for the debts and obligations of Grantor (including any losses attributable to Grantor's operation of the Property) or any other party.

8.7. Insurance. Notwithstanding any provision herein or in the Master Indenture or any other Loan Document to the contrary, pursuant to Section 549.054 of the Texas Insurance Code, Grantor shall not be required to furnish evidence of insurance more than fifteen (15) days prior to the termination date of an existing insurance policy, and pursuant to Section 549.052 of the Texas Insurance Code, Grantor shall not be required to obtain an insurance policy from or through a particular agent, insurer or other person or a particular type of class of agent, insurer or other person. Grantor shall, at Grantor's own expense, obtain and maintain and keep in full force and effect insurance upon and relating to the Property. TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE:

(a) GRANTOR IS REQUIRED TO: (I) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT BENEFICIARY SPECIFIES, (II) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (III) NAME BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS;

(b) GRANTOR MUST, IF REQUIRED BY BENEFICIARY, DELIVER TO BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND

(c) IF GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN PARAGRAPH (A) OR (B), BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF GRANTOR AT GRANTOR'S EXPENSE.

8.8. Assignment of Lease and Rents. If any provision of any of this Deed of Trust or any other Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, then neither the remainder of the instrument in which such provision is contained nor the application of such provision to other persons or circumstances nor the other instruments referred to herein shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. Without limiting the generality of the foregoing, to the extent that (a) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Chapter 64 of Subtitle B, Title 5 of the Texas Property Code (the "Texas Assignment of Rents Statute") and such terms and requirements of the Texas Assignment of Rents Statute may be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of this Assignment hereby supersede such specific terms and requirements of the Texas Assignment of Rents Statute, and (b) specific terms and requirements of this Assignment conflict with specific terms and requirements of the Texas Assignment of Rents Statute, and such terms and requirements of the Texas Assignment of Rents Statute cannot be superseded by an agreement between Beneficiary and Grantor, the specific terms and requirements of the Texas Assignment of Rents Statute shall control, and Grantor further agrees that all other terms and requirements of this Assignment shall not otherwise be impaired or superseded thereby and shall remain in full force and effect.

8.9. Indemnity.

(a) SUBJECT TO ANY PROVISIONS CONTAINED IN THE MASTER INDENTURE, IT IS THE EXPRESS INTENTION OF GRANTOR, AND GRANTOR HEREBY AGREES THAT, THE INDEMNITIES SET FORTH IN THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS WILL APPLY TO AND FULLY PROTECT EACH INDEMNIFIED PARTY EVEN THOUGH ANY CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES, CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE

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TO THE SUBJECT MATTER THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN SUCH PARTIES. THE PROVISIONS HEREOF AND THE OTHER LOAN DOCUMENTS MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY GRANTOR AND BENEFICIARY.

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IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**

**WESLEY COURT, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Jesse Jantzen  
President

STATE OF TEXAS  
COUNTY OF DALLAS

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Jesse Jantzen as President of Wesley Court, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

IN WITNESS WHEREOF, Grantor has caused this Deed of Trust to be executed as of the date first above written.

**Grantor:**

**WESLEY COURT, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Nicholas A. Harshfield  
Treasurer

STATE OF IOWA  
COUNTY OF POLK

The foregoing Deed of Trust was acknowledged before me in the jurisdiction aforesaid, this \_\_\_\_\_ day of July, 2022, by Nicholas A. Harshfield as Treasurer of Wesley Court, LLC on behalf of such company. Such person is personally known to me or produced a state issued driver's license as identification.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
Notary Registration No.: \_\_\_\_\_

Signature Page to Deed of Trust, Assignment of Rents and Leases,  
Security Agreement and Fixture Filing

**Exhibit A**

**Property Description**

**Tract One:**  
Lot 1, Block A, Wesley Court Addition to the City of Abilene, Taylor County, Texas, according to the map or plat thereof recorded in Cabinet 3, Slide 625, Plat Records of Taylor County, Texas.

**Tract Two:**  
Lot 2, Block A, Texas Methodist Addition to the City of Abilene, Taylor County, Texas, being part of the Alfred and Mary Fasshauer Subdivision of Section 10 and Section 12, Lunatic Asylum Land, Section 65, Blind Asylum Lands and the Northeast part of the C. A. Donovan Pre-Emption Survey, according to the map or plat thereof recorded in Cabinet 4, Slide 292, Plat Records of Taylor County, Texas

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## Summary Market Assessments

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Prepared for

L I F E S P A C E<sup>®</sup>

April 2022

# Market Assessment for Wesley Court in Abilene, Texas





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Prepared for

L I F E S P A C E<sup>®</sup>

April 2022



Attribute	Notes			Opinion																		
<b>Demographics</b>	<table border="1"> <thead> <tr> <th data-bbox="613 233 1125 305">Attribute (2022)</th> <th data-bbox="1125 233 1318 305">Subject ZIP Code (79606)</th> <th data-bbox="1318 233 1486 305">15-Mile PMA</th> </tr> </thead> <tbody> <tr> <td data-bbox="613 305 1125 354">Total Population</td> <td data-bbox="1125 305 1318 354">25,984</td> <td data-bbox="1318 305 1486 354">146,075</td> </tr> <tr> <td data-bbox="613 354 1125 402">Median Home Value</td> <td data-bbox="1125 354 1318 402">\$236,889</td> <td data-bbox="1318 354 1486 402">\$166,618</td> </tr> <tr> <td data-bbox="613 402 1125 451">Median Annual Household Income</td> <td data-bbox="1125 402 1318 451">\$72,938</td> <td data-bbox="1318 402 1486 451">\$60,074</td> </tr> <tr> <td data-bbox="613 451 1125 500">75+ Households (\$50k)</td> <td data-bbox="1125 451 1318 500">729</td> <td data-bbox="1318 451 1486 500">2,808</td> </tr> <tr> <td data-bbox="613 500 1125 548">Affluent Adult Children</td> <td data-bbox="1125 500 1318 548">1,799</td> <td data-bbox="1318 500 1486 548">6,498</td> </tr> </tbody> </table>	Attribute (2022)	Subject ZIP Code (79606)	15-Mile PMA	Total Population	25,984	146,075	Median Home Value	\$236,889	\$166,618	Median Annual Household Income	\$72,938	\$60,074	75+ Households (\$50k)	729	2,808	Affluent Adult Children	1,799	6,498			 <b>Favorable</b>
	Attribute (2022)	Subject ZIP Code (79606)	15-Mile PMA																			
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	75+ Households (\$50k)	729	2,808																			
	Affluent Adult Children	1,799	6,498																			
<p>Wesley Court is located in the 79606 ZIP code in Abilene, Texas (the "Wesley Court ZIP Code"). The Wesley Court ZIP Code is the second most populated ZIP code among the 17 ZIP codes in a 15-mile radius of Wesley Court and has the third strongest median home value. The Wesley Court ZIP Code also benefits from being home to the strongest number of age 75+ households with \$50,000+ annual income ("75+ Households (\$50k)") and age 45-64 households with \$100,000+ annual income ("Affluent Adult Child Households"). Growth in the 15-mile radius of Wesley Court (the "property market area" or the "PMA") over the next five years is projected to outpace projected growth for the U.S. in terms of total population, Affluent Adult Child Households and 75+ Households (\$50k). For more information regarding the demographics of the PMA, please see "PMA Projections."</p>																						
<b>Site/Location</b>	<p>Wesley Court has the benefit of offering the largest continuing care retirement community ("CCRC") campus in the PMA with 70 acres of property. Wesley Court offers independent living apartments and cottages, an assisted living neighborhood and skilled nursing beds, and is located less than one mile from Henrick Medical Center South, a 231-bed hospital.</p>			 <b>Favorable</b>																		
<b>Competitive Climate</b>	<p>There are eight competitive service-enriched communities in the PMA: Wesley Court, two CCRCs, Wisteria, the combined independent living, assisted living, and memory care community Lyndale, two freestanding independent living communities and three freestanding assisted living communities. The closest competitor, Lyndale, is Wesley Court's leading competitor. In total, ProMatura identified 531 independent living units, 212 assisted living units, and 101 memory care units within the PMA. For more information, please see "Competitors."</p>			 <b>Favorable</b>																		
<b>Demand/Market Opportunity</b>	<p>Demand estimates for independent living indicate that the market is deep enough to serve the existing supply and there is an unmet need as 10-30% of demand is originating from outside the PMA. The market for assisted living and memory care is projected to be underserved when targeting the \$50,000+ income segment.</p>			 <b>Favorable</b>																		

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PMA Projections

Population (2022): 146,075

5 Year Projection: +3.5%

45-65 Households with \$100,000+ Annual Income (2022): 6,498

5 Year Projection: +18.4%

Number of Households 75+ with \$50,000+ Annual Income (2022): 2,808

5 Year Projection: +22.0%%

In 2022, demand estimates indicate that the market is deep enough to support Wesley Court as well as the existing supply of communities even if no additional demand is generated from outside of the PMA. ProMatura estimates that conditions will only improve as the market grows over the next five years.

There are a total of 531 independent living units offered in the PMA. Wesley Court currently has a 25% market share.

ProMatura considers approximately 476 of the 531 independent living units in the PMA to be qualitatively competitive. Of which, 359 independent living units share the same market draw area.

ProMatura estimates that 102 of the directly competitive independent living units within the PMA will turn over annually. Wesley Court has a turnover rate of 20.3% (an estimated 27 units).

**Exhibit 1.1. Annual Market Opportunity for Independent Living in the PMA 2022 and 2027**

Year	Age Segment	Income Segment	Market (# of House holds)	Annual Local Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity by Percent from Outside the PMA			
							0%	10%	20%	30%
Demand (Units)		Units		Construction						
2022	75+ Households	\$35,000+	3,742	138	359	0	36	52	71	95
		\$50,000+	2,808	101	359	0	-1	10	24	42
2027	75+ Households	\$35,000+	4,396	163	359	0	61	79	102	131
		\$50,000+	3,425	124	359	0	22	36	53	76

Demand estimates for assisted living and memory care indicate the market is underserved. In 2022, there is a triple-digit market opportunity for assisted living units when targeting the \$50,000+ income segment. By 2027, there is projected to be market opportunity to fill an additional 146 assisted living units and 82 memory care units annually when targeting the \$50,000+ income segment.

There are a total of 212 assisted living units offered in the PMA. Wesley Court currently has a 9% market share.

ProMatura has found approximately 177 of the 212 assisted living units in the PMA are considered qualitatively competitive, of which, 143 assisted living units share the same market draw area.

There are two memory care providers providing a total of 101 memory care units in the PMA with an annual turnover of 62 units.

**Exhibit 1.2. Annual Market Opportunity for Assisted Living and Memory Care for the PMA**

Year	Housing Segment	Age Segment	Income Segment	Market	Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity
2022	Assisted Living	75+	\$35,000+	3,742	279	143	0	204
		Households	\$50,000+	2,808	179	143	0	104
	Memory Care	65+	\$35,000+	14,052	155	101	0	92
		Population	\$50,000+	11,237	119	101	0	56
2027	Assisted Living	75+	\$35,000+	4,396	323	143	0	249
		Households	\$50,000+	3,425	221	143	0	146
	Memory Care	65+	\$35,000+	16,573	182	101	0	120
		Population	\$50,000+	13,677	145	101	0	82

Among independent living providers in the PMA, the price leader for a one-bedroom unit is Wesley Court, followed by Lyndale. The price leader for a two-bedroom unit is Lyndale, followed by Wesley Court. Mesa Springs is the only community other than Wesley Court to offer entrance fee cottages. The sales counselor stated that Mesa Springs used to offer typical entrance fees equal to the price of a home that were 90% refundable, however recently the community changed its fee structure to only require what was once a 10% non-refundable portion of the entrance fee.

Independent Living apartments and cottages: In addition to monthly fees, Wesley Court currently requires a community fee of \$2,000, a Laundry Service fee of \$35 and a second person fee of \$603. If needed, skilled nursing is \$288 per day.

**Exhibit 1.3. Comparison of Independent Living Pricing Among Leading Competitors**

Community	One-Bedroom		Two-Bedroom		Cottage			
					Monthly Fee		Entrance Fee	
	Low	High	Low	High	Low	High	Low	High
Lyndale	\$2,615	\$3,215	\$4,100	\$4,500	-	-	-	-
Mesa Springs	\$2,140	\$2,140	\$2,548	\$2,548	\$2,527	\$3,484	\$8,500	\$35,000
University Place	\$2,227	\$2,851	\$2,452	\$3,119	-	-	-	-
Wesley Court	\$3,630	\$3,630	\$4,250	\$4,250	\$3,481	\$3,481	\$350,000	\$350,000
Wisteria	\$1,835	\$1,835	-	-	\$1,510	\$1,510	-	-
<b>Summary</b>								
<b>Low</b>	<b>\$1,835</b>	<b>\$1,835</b>	<b>\$2,452</b>	<b>\$2,548</b>	<b>\$1,510</b>	<b>\$1,510</b>	<b>\$8,500</b>	<b>\$35,000</b>
<b>Average</b>	<b>\$2,489</b>	<b>\$2,734</b>	<b>\$3,338</b>	<b>\$3,604</b>	<b>\$2,506</b>	<b>\$2,825</b>	<b>\$179,250</b>	<b>\$192,500</b>
<b>High</b>	<b>\$3,630</b>	<b>\$3,630</b>	<b>\$4,250</b>	<b>\$4,500</b>	<b>\$3,481</b>	<b>\$3,484</b>	<b>\$350,000</b>	<b>\$350,000</b>

Among the assisted living providers in the PMA, the price leader for a private studio is Beehive Homes of Abilene which offers an all-inclusive rate, however it has the lowest assisted living occupancy rate in the PMA. The value leader for an assisted living studio is Lyndale, followed by Morada Abilene. The price leader for an assisted living one-bedroom unit is Wesley Court, over 50% greater than one-bedroom pricing found at Lyndale and Wisteria. The greatest range in care service fees is found at Chisholm Place, followed by Morada Abilene.

Assisted Living studios: In addition to monthly fees, Wesley Court currently requires a community fee of \$1,500, a Laundry Service fee of \$35 and a second person fee of \$1,250. If needed, skilled nursing is \$288 per day.

**Exhibit 1.4. Comparison of Assisted Living Pricing Among Leading Competitors**

Community	Studio (Private)		One-Bedroom		Service Packages		Care Type
	Low	High	Low	High	Low	High	
Beehive Homes of Abilene	\$5,000	\$5,500	-	-	-	-	All-Inclusive
Chisholm Place	\$3,600	\$3,600	-	-	\$700	\$3,770	Levels
Lyndale	\$2,775	\$2,775	\$3,325	\$3,325	\$240	\$480	Levels
Morada Abilene	\$3,120	\$3,275	-	-	\$880	\$1,760	Levels
Wesley Court	-	-	\$5,738	\$5,738	\$378	\$785	Levels
Wisteria	\$3,050	\$3,050	\$3,525	\$3,625	-	-	All-Inclusive
<b>Summary</b>							
<b>Low</b>	<b>\$2,775</b>	<b>\$2,775</b>	<b>\$3,325</b>	<b>\$3,325</b>	<b>\$240</b>	<b>\$480</b>	
<b>Average</b>	<b>\$3,509</b>	<b>\$3,640</b>	<b>\$4,196</b>	<b>\$4,229</b>	<b>\$550</b>	<b>\$1,699</b>	
<b>High</b>	<b>\$5,000</b>	<b>\$5,500</b>	<b>\$5,738</b>	<b>\$5,738</b>	<b>\$880</b>	<b>\$3,770</b>	

There are two memory care providers in the PMA: Lyndale and Wisteria, a CCRC. The price leader for a private memory care studio is Lyndale by just over \$600. Both communities offer an all-inclusive monthly rate.

**Exhibit 1.5. Comparison of Memory Care Pricing**

Community	Studio (Private)		Service Packages		Care Type
	Low	High	Low	High	
Lyndale	\$5,500	\$5,500	-	-	All-Inclusive
Wisteria	\$4,875	\$4,875	-	-	All-Inclusive
<b>Summary</b>					
<b>Low</b>	<b>\$4,875</b>	<b>\$4,875</b>	-	-	
<b>Average</b>	<b>\$5,188</b>	<b>\$5,188</b>	-	-	
<b>High</b>	<b>\$5,500</b>	<b>\$5,500</b>	-	-	

**Competitors**

The following table provides a summary of certain information pertaining to the eight communities evaluated by ProMatura, including Wesley Court, to determine potential competitive threats. The table including the scores earned by each community based on evaluations of the site, building, residences, receptionist, sales counselor, and demographic and business data within a one mile radius of each property.

ProMatura has determined that Lyndale and Mesa Springs are Wesley Court's two strongest performing competitors, however Wesley Court is included in the strongest scoring competitors in the PMA.

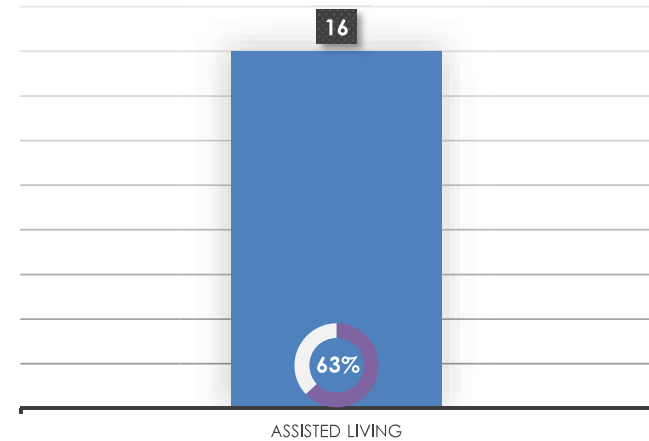
Community	Miles from Wesley Court	Building	Residences	Reception	Sales	Location	Total Score	Percent Competitive
Beehive Homes of Abilene	1.1	3.5	4	4	3.5	3.5	<b>22</b>	79%
Chisholm Place	6.9	3.5	3.5	3.5	3	3	<b>20.5</b>	73%
Lyndale	0.7	5	4.5	5	5	2.5	<b>25.5</b>	91%
Mesa Springs	2.4	3.5	4.5	4.5	4.5	3	<b>25</b>	89%
Morada Abilene	2.8	3	3.5	3.5	2.5	5	<b>22</b>	79%
University Place	9.8	4	4	4	4.5	3	<b>23.5</b>	84%
<b>Wesley Court</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>28</b>	<b>100%</b>
Wisteria	4.5	3	3	4.5	4	5	<b>23</b>	82%
<b>Average</b>	<b>--</b>	<b>4</b>	<b>4</b>	<b>4.5</b>	<b>4</b>	<b>3.5</b>	<b>23.5</b>	<b>85%</b>





Beehive Homes of Abilene  
 5301 Memorial Drive  
 Abilene, TX 79606  
 325.225.0883  
 Contact: Charlene Kugle  
[www.beehivehomes.com](http://www.beehivehomes.com)

Units and Occupancy by Care Type



Beehive Homes of Abilene is located in a residential area, on the outskirts of nearby affluent homes and the gated neighborhood, Waterside at Wyndham. The community opened approximately one year ago. The property has a brick exterior and interior design elements such as hardwood floors in the common areas, carpet flooring in the shared living room and apartments, built-in shelving in the studio closets, and attractive stained solid wood doors and door frames. The 16-room building provides assisted living in a residential setting with a shared living room, kitchen, dining area, activity room, back patio, and a salon staffed one day per week. The apartments include a handicap-accessible zero-barrier shower, built-in storage, and can come fully furnished. Each of the apartments are identical with the exception of two larger premium rooms. Since opening, the community has struggled to maintain strong census, even while being a new build targeting adjacent affluent residential neighborhoods. The house director stated that due to low census, she has had to cut staffing hours and spends a few hours each day working the floor herself. While Beehive Homes of Abilene benefits from being in an excellent location, the lack of programming and less active resident population of higher acuity indicates the community is only minimally competitive with the subject community.

**Beehive Homes of Abilene: Building Information**

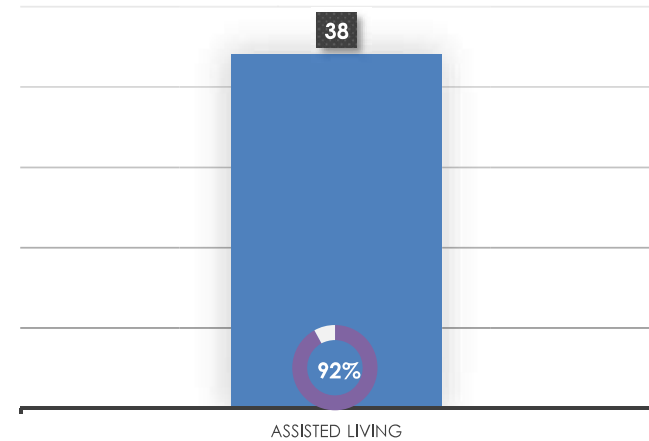
Year Opened	February 2021
Owner/Operator	Franchisee
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input type="checkbox"/> Some <input checked="" type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Chisholm Place  
 1450 E N 10<sup>th</sup> Street  
 Abilene, TX 79601  
 325.480.3995  
 Contact: Karina Davison

[www.enlivant.com](http://www.enlivant.com)

Units and Occupancy by Care Type



Chisholm Place is a freestanding secured assisted living community, located next door to the freestanding independent living community, University Place. The building is square-shaped with an interior courtyard and apartments either have views of the courtyard or outward facing views. The common areas include a dining room, which is located adjacent to the community living room, and both are located directly off the entrance. There is also a chapel, beauty salon, and a game room. A majority of the units are studio alcove units with a handicap-accessible shower and a kitchenette with cabinetry, shelving, and mini-refrigerator. Of the 38 units, six are one-bedroom units; the salesperson mentioned they are the first go. Due to the locked nature of the building and high resident acuity, Chisholm Place is considered a weak competitive threat to the subject property.

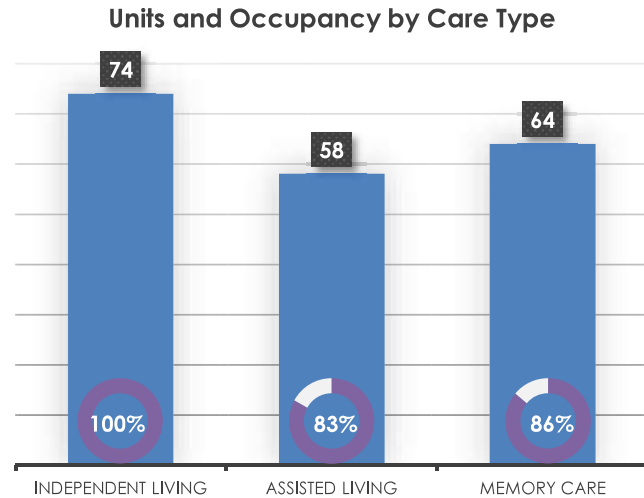
**Chisholm Place: Building Information**

Year Opened	1996
Owner/Operator	Enlivant
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Lyndale  
 6565 Central Park Blvd  
 Abilene, TX 79606  
 325.690.9210  
 Contact: Randa Tucker

[www.sagora.com](http://www.sagora.com)



Lyndale is located across the street from the subject property and near Hendrick Medical Center South. The community consists of two buildings, a two-story independent living and assisted living building and an adjacent dedicated memory care building built in 2018. Many interior renovations and updates were conducted following the 2021 ice storm. The amenities include four elevators, four activity rooms- two on each floor, a fitness room with dated equipment, a library, and two courtyards. The independent living component is the east side of the building and each floor has a laundry room; apartments do not include an in-unit washer and dryer. The independent living apartments do include a hallway window and shelf, full kitchen, a tub-length walk-in shower, and a PTAC unit. The apartments had the most accessible showers in independent living in the market. A majority of the assisted living apartments do not include a kitchenette. At the time of the tour, the community was lively with each activity room in use by residents, as well as spillover activities happening in common areas since all activity rooms were occupied. ProMatura considers Lyndale to be a direct competitor to the subject property due to its close proximity and continuum of care offering.

**Lyndale: Building Information**

Year Opened	1998; Memory care open in 2018
Owner/Operator	Sagora Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent

## Mesa Springs

## Competitive Assessment



Mesa Springs

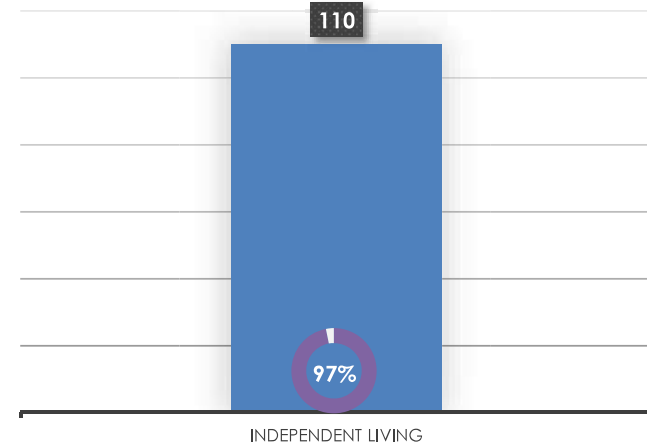
7171 Buffalo Gap Road  
Abilene, TX 79606

325.400.9033

Contact: Cindy Haley

[www.mesaspringsretirementvillage.com](http://www.mesaspringsretirementvillage.com)

### Units and Occupancy by Care Type



Mesa Springs is a gated freestanding independent living community located on 42 acres. The community was built by Henricks Hospital. Originally the skilled nursing facility on campus was under the same ownership but is now a separate entity. The campus consists of five components: the community building with a dining room, multi-purpose room, and administrative offices; larger executive homes; garden homes; a 10-unit apartment building; and a second phase of garden homes built around 2010. There are walking paths all through the community that lead from the homes around the campus to the community building. The executive homes offer a garage, while the first phase of garden homes offers a carport. The apartment building offers covered parking, and the 2<sup>nd</sup> phase of garden homes offer a rear-loading garage that opens into the kitchen. The 2<sup>nd</sup> phase of garden homes are the most popular and always have a waitlist according to the salesperson with two people currently on the waitlist. The homes are brick-clad and include dated appliances, carpet flooring in the bedrooms and hardwood flooring everywhere else, two bathrooms- one with a tub and one with a shower, a walk-in closet, and a front and back patio. The salesperson stated this community does not provide any medical services though residents do bring in third-party care or have a spouse at the nursing facility. Due to the lack of a continuum of care, as well as a lack of centralized programming, Mesa Springs is considered a weak competitive threat.

### Mesa Springs: Building Information

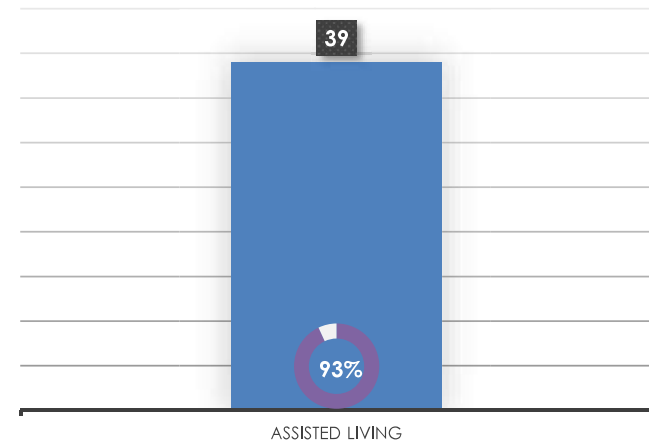
Year Opened	1986
Owner/Operator	Mesa Springs Retirement Village, Inc.
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Morada Abilene  
 3234 Buffalo Gap Road  
 Abilene, TX 79605  
 325.308.9325  
 Contact: Tamarin Cooley

[www.moradaseniorliving.com](http://www.moradaseniorliving.com)

Units and Occupancy by Care Type



Morada Abilene is a freestanding assisted living community that recently changed ownership to Morada Senior Living, a Discovery Senior Living company. The community is undergoing renovations with plans for further renovation under the new ownership. The tour was given by the newly promoted Business Manager, previously the Activity Director. The apartments are either studio alcove units or a studio unit with a partial divider to separate the living and sleeping areas. The apartments include a large bathroom with a walk-in shower with bench, wheel-chair accessible sink, a kitchenette with cabinetry, sink, mini-refrigerator, and microwave. The apartments include carpet flooring but are now being updated to include a wood-style vinyl flooring. The change in ownership and renovations underway translated to much of the community being in disarray, including the multi-purpose activity room, private dining room, and digital message board yet to be set up all leading to a poor first impression. The newly appointed business manager that provided the tour was unable to answer specific questions regarding pricing. Overall, Morada Abilene is considered a weak competitive threat that mainly targets lower income residents.

**Morada Abilene: Building Information**

Year Opened	1997
Owner/Operator	Morada Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> <b>Poor</b> <input type="checkbox"/> <b>Average</b> <input type="checkbox"/> <b>Excellent</b>



University Place

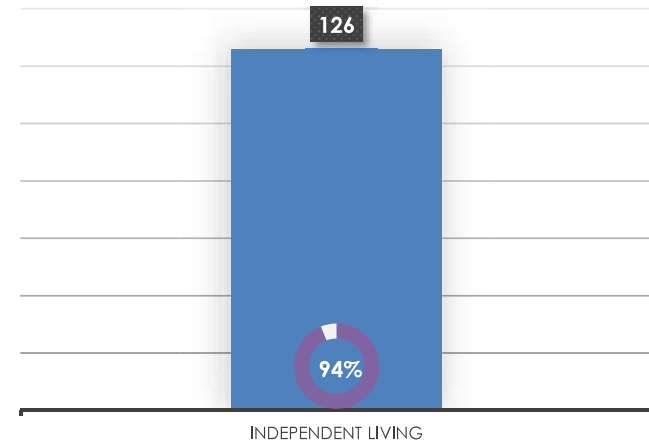
1250 E N 10<sup>th</sup> Street  
Abilene, TX 79601

325.676.9946

Contact: Lisa Flores

[www.sagora.com](http://www.sagora.com)

Units and Occupancy by Care Type



University Place is a three-story freestanding independent living community located next door to the freestanding assisted living Chisholm Place. The building is serviced by two elevators. Amenities include a laundry room on each floor, chapel, dining room with an outdoor eating area, salon, a common area off the courtyard, a library, and a gated walking trail. While the apartments are dated, the flooring is being updated from carpet to a wood-style vinyl flooring. The salesperson mentioned the operator does not currently have plans to upgrade the dated appliances due to a majority of residents taking advantage of the community providing three meals per day. While the community is not faith-based, the salesperson mentioned that they do cater to a largely religious resident population and that they offer faith-based activities almost every day of the week. University Place is considered a weak competitive threat due to the dated aspects of the community, but could become a stronger competitor with a capital infusion.

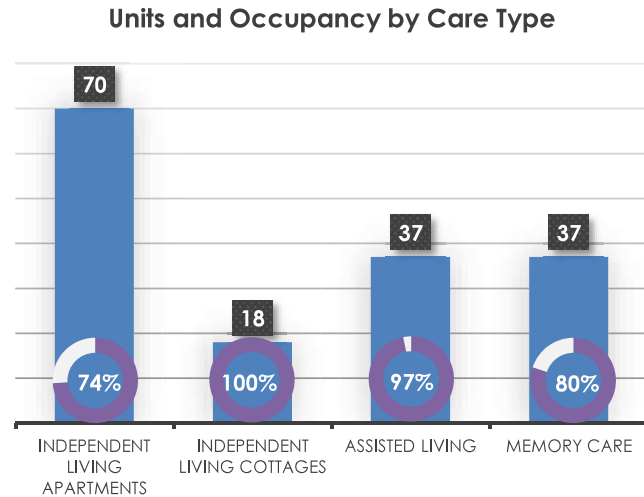
**University Place: Building Information**

Year Opened	1985
Owner/Operator	Sagora Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Wisteria  
 3917 Wisteria Way  
 Abilene, TX 79605  
 325.695.3232  
 Contact: Barbara Pointer

[www.wisteriaplaceliving.com](http://www.wisteriaplaceliving.com)



Wisteria Place is split across two campuses that are a few minutes drive apart from each other. The independent living cottages, assisted living, memory care, and skilled nursing are located together, and the two-story, 70-unit independent living apartment building is located down the road. The wayfinding at the part of the community with multiple levels of care is misleading with signage vaguely identifying buildings. The independent living apartment building is dated though renovations are happening in phases. The first phase was to replace and upgrade the elevator and elevator shaft, a 1 million dollar project. Recently the dining room was upgraded and currently management is having flooring throughout the building replaced, also in phases. The independent living apartments are described as one-bedroom though there is no door to the bedroom, rather the layout separates the living room from the bedroom by having the kitchenette act as a divider. The apartments also include a bathroom with a step-in shower, built-in shower bench, two wardrobes, and a closet. The salesperson emphasized the continuum of care offered at Wisteria by stating they are the only community in Abilene that offers the full continuum including memory care. ProMatura considers Wisteria Place to be a direct competitor though lacking in physical appeal. It will become a stronger as improvements are made.

Wisteria: Building Information	
Year Opened	1996
Owner/Operator	The Ensign Group
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> <b>Poor</b> <input checked="" type="checkbox"/> <b>Average</b> <input type="checkbox"/> <b>Excellent</b>





Based on the demographic findings of this study, including healthy growth projections among key cohorts (such as 75+ Households (\$50k) and Affluent Adult Child Households), favorable demand estimates and Wesley Court's position in the market, ProMatura concludes that the proposed acquisition poses little risk.



# Market Assessment for The Craig in Amarillo, Texas

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L I F E S P A C E<sup>®</sup>

Attribute	Notes			Opinion
<p><b>Demographics</b></p>		Attribute (2022)	Subject ZIP Code (79106)    10-Mile PMA	 <b>Favorable</b>
		Total Population	25,842    221,348	
		Median Home Value	\$142,616    \$170,221	
		Median Annual Household Income	\$41,724    \$56,900	
		75+ Households with \$50k	468    3,312	
		Affluent Adult Children (45-64 with \$100K)	853    9,516	
<p><b>Site/Location</b></p>	<p>The Craig is located in the 79106 ZIP code in Amarillo, Texas ("The Craig ZIP Code"). The Craig ZIP Code has favorable demographic attributes that include strong numbers of both age 75+ households with \$50,000+ annual income ("75+ Households (\$50k)") and age 45 to 64 households with \$100,000+ annual income ("Affluent Adult Child Households") when compared to ZIP codes in the 10-mile radius of The Craig (the "property market area" or the "PMA"). Less favorable is the level of affluence seen in The Craig ZIP Code. Both the median home value and the median annual household income for The Craig ZIP Code are weaker than the respective medians for the PMA. For more information regarding the demographics of the PMA, please see "PMA Projections."</p> <p>The Craig is the sole continuing care retirement home ("CCRC") in the PMA and is comprised of both cottages and apartment buildings (independent living and assisted living) and a nursing facility on a gated, 40-acre campus. The Craig is well-established in comparison to its competitors. The Craig's size and the continuum of care offered gives it a competitive advantage over its competitors in Amarillo.</p>			 <b>Favorable</b>
<p><b>Competitive Climate</b></p>	<p>ProMatura identified 10 service-enriched properties, including the subject, within the 10-Mile PMA. The subject Craig is the sole only CCRC, while there are five freestanding properties and four properties that offer at least two care types in the PMA. While a handful of properties have been updated or /are currently undergoing renovations, but the majority of the communities in the PMA area are dated. Only two properties, Bristol Park Amarillo and The Legacy at Town Square, have opened in the past decade. The nearest property to The Craig subject is Plum Creek Place, a freestanding assisted living provider located under within one mile away. For more information regarding the competitive climate of the PMA, please see "Competitors."</p>			 <b>Favorable</b>
<p><b>Demand/ Market Opportunity</b></p>	<p>Demand estimates in 2022 reveal modest opportunity for both independent living and assisted living if able to capture 30% of the market beyond the 10 PMA. Currently there is enough demand to support existing supply. Demand is expected to continue growing into 2027 as there are no known projects in the pipeline.</p>			 <b>Favorable</b>

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## PMA Projections

Population (2022): 221,348

5 Year Projection: +2.6%

Median Age (2022): 36

5 Year Projection: 37

Number of Households (2022): 83,670

5 Year Projection: +4.9%

Average Household Income (2022): \$78,027

5 Year Projection: \$82,929

Demand estimates reveal a near equilibrium market with modest opportunity for independent living. Favorably, there are no known projects under construction within the PMA. Currently, there is enough demand to support the existing supply, especially if communities are able to capture 30% of the market beyond the PMA.

There are a total of 508 independent living units offered in the PMA. The Craig currently has a 34% market share.

ProMatura considers approximately 464 of the 508 independent living units in the PMA to be qualitatively competitive. Of which, 421 independent living units share the same market draw area. ProMatura estimates that 126 of the directly competitive independent living units within the PMA will turn over annually. The Craig has a turnover rate of 20.3% (an estimated 35 units).

**Exhibit 1.1. Annual Market Opportunity for Independent Living in the PMA**

Year	Age Segment	Income Segment	Market	Annual Local Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity by Percent from Outside the PMA			
							0%	10%	20%	30%
2022	75+ Households	\$35,000+	4,795	181	421	0	55	75	100	132
		\$50,000+	3,312	120	421	0	-6	7	24	45
2027	75+ Households	\$35,000+	5,542	209	421	0	83	106	135	172
		\$50,000+	3,934	143	421	0	17	33	53	78

Demand estimates for assisted living reveal slightly greater opportunity than seen for independent living, when assuming a 30% market draw from beyond the PMA. As there are no known projects under construction, opportunity is projected to continue increasing into 2027.

There are a total of 358 assisted living units offered in the PMA. The Craig currently has an 11% market share.

ProMatura considers approximately 314 of the 358 assisted living units in the PMA qualitatively competitive. Of which, 277 assisted living units share the same market draw area.

**Exhibit 1.2. Annual Market Opportunity for Assisted Living in the PMA**

Year	Age Segment	Income Segment	Market	Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity
2022	75+ Households	\$35,000+	4,795	357	277	0	213
		\$50,000+	3,312	203	277	0	58
2027	75+ Households	\$35,000+	5,542	411	277	0	266
		\$50,000+	3,934	243	277	0	98

Among the five assessed independent living communities in the PMA, the price leader for a one-bedroom is Brookdale Medi Park and the price leader for a two-bedroom is Park Place Towers. Park Place Towers offers the largest range of floor plan options and rates among competitors in the PMA. Brookdale Medi Park and The Clairmont are the only two properties that offer independent living studios.

The Craig's high-end rates displayed below are greater than the averages seen for both a one- and two-bedroom independent living unit. The Craig also offers two-bedroom cottages for a 90% refundable entrance fee of \$216,000 with a monthly service fee of \$2,194. In order to remain serving a broader audience, The Craig should not raise its rates.

Independent Living Cottages: In addition to monthly fees, The Craig currently requires a deposit equal to 10% of the applicable Entrance Fee as well as a \$500 second person fee.

Independent Living Apartments: In addition to monthly fees, The Craig currently charges an additional one-time community fee of \$1,500 and a second person fee of \$500.

**Exhibit 1.3. Comparison of Independent Living Pricing Among Leading Competitors**

Community	Studio		One-Bedroom		Two-Bedroom	
	Low	High	Low	High	Low	High
Brookdale Medi Park	\$2,695	\$2,695	\$2,800	\$3,495	\$4,025	\$4,025
Park Place Towers	-	-	\$1,711	\$3,204	\$3,145	\$6,336
The Clairmont	\$1,999	\$1,999	\$2,570	\$2,570	\$3,156	\$3,574
The Continental	-	-	\$2,212	\$2,511	\$3,745	\$3,745
The Craig	-	-	\$2,735	\$3,090	\$3,880	\$4,510
<b>Summary</b>						
<b>Low</b>	<b>\$1,999</b>	<b>\$1,999</b>	<b>\$1,711</b>	<b>\$2,511</b>	<b>\$3,145</b>	<b>\$3,574</b>
<b>Average</b>	<b>\$2,347</b>	<b>\$2,347</b>	<b>\$2,406</b>	<b>\$2,974</b>	<b>\$3,590</b>	<b>\$4,438</b>
<b>High</b>	<b>\$2,695</b>	<b>\$2,695</b>	<b>\$2,800</b>	<b>\$3,495</b>	<b>\$4,025</b>	<b>\$6,336</b>

There are a total of seven assisted living providers in the PMA. The most expensive option offered among competition in the PMA is for a studio unit at The Moore. Brookdale Sleepy Hollow is the price leader for a one-bedroom unit. All seven of the PMA properties provide various levels of care in addition to the monthly rental rates. Service packages range from \$0 to \$3,042, excluding the service package offered at The Moore.

Assisted Living Apartments: In addition to monthly fees, The Craig currently charges an additional one-time community fee of \$1,500 and a second person fee of \$1,272.

**Exhibit 1.4. Comparison of Assisted Living Pricing Among Leading Competitors**

Community	Studio		One-Bedroom		Two-Bedroom		Service Packages		Care Type
	Low	High	Low	High	Low	High	Low	High	
Bristol Park at Amarillo	\$3,095	\$3,095	\$3,495	\$4,125	-	-	\$200	\$2,000	Levels
Brookdale Medi Park	\$3,185	\$4,005	\$4,315	\$4,315	\$5,780	\$5,780	\$0	\$1,360	Levels
Brookdale Sleepy Hollow	\$3,940	\$4,480	\$5,985	\$5,985	-	-	\$0	\$2,500	Levels
Plum Creek Place	\$2,800	\$2,800	\$3,100	\$3,100	-	-	\$2,433	\$3,042	Levels
The Craig	-	-	\$4,028	\$4,028	-	-	\$1,219	\$2,438	Levels
The Legacy at Town Square	\$3,450	\$3,450	\$4,195	\$4,195	\$4,995	\$4,995	\$350	\$2,595	Levels
The Moore*	\$6,500	\$6,500	-	-	-	-	N/A	N/A	Levels
<b>Summary</b>									
<b>Low</b>	<b>\$2,800</b>	<b>\$2,800</b>	<b>\$3,100</b>	<b>\$3,100</b>	<b>\$4,995</b>	<b>\$4,995</b>	<b>\$0</b>	<b>\$1,360</b>	
<b>Average</b>	<b>\$3,828</b>	<b>\$4,055</b>	<b>\$4,186</b>	<b>\$4,291</b>	<b>\$5,388</b>	<b>\$5,388</b>	<b>\$700</b>	<b>\$2,323</b>	
<b>High</b>	<b>\$6,500</b>	<b>\$6,500</b>	<b>\$5,985</b>	<b>\$5,985</b>	<b>\$5,780</b>	<b>\$5,780</b>	<b>\$2,433</b>	<b>\$3,042</b>	

**\*Note:** The rates for levels of care provided at The Moore\* are unavailable due to the community having a waitlist, thus are not included in the average calculation of service packages provided by area communities.

## Competitors

### List of Competitors

The following table provides a summary of certain information pertaining to the ten communities evaluated by ProMatura, including The Craig, to determine potential competitive threats. The table includes the scores earned by each community based on evaluations of the site, building, residences, receptionist, sales counselor, and demographic and business data within a one mile radius of each property.

ProMatura has determined that Park Place Towers, The Moore and The Legacy at Town Square are the three strongest performing competitors in the PMA.

Community	Miles from The Craig	Building	Residences	Reception	Sales	Location	Total Score	Percent Competitive
Bristol Park at Amarillo	1.7	4.0	3.5	4.5	4.0	2.5	21.5	84%
Brookdale Medi Park	1.7	4.0	3.5	4.5	4.5	2.5	22.5	88%
Brookdale Sleepy Hollow	3.2	3.0	2.5	3.5	4.5	5.0	21.5	84%
Park Place Towers	3.3	5.0	5.0	5.0	4.5	3.5	27.0	100%
Plum Creek Place	0.7	3.5	3.0	2.5	3.0	2.0	16.5	65%
The Clairmont	3.6	2.0	2.5	3.5	4.0	4.5	19.5	76%
The Continental	3.2	2.0	3.5	3.5	4.5	3.5	21.0	82%
<b>The Craig (Subject)</b>	<b>0.0</b>	<b>4.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>2.5</b>	<b>25.5</b>	<b>100%</b>
The Legacy at Town Square	5.0	4.5	4.0	4.0	5.0	1.5	23.0	90%
The Moore	3.3	5.0	4.5	3.5	4.5	3.5	25.0	100%
<b>Average</b>	<b>-</b>	<b>3.5</b>	<b>3.5</b>	<b>4</b>	<b>4.5</b>	<b>3</b>	<b>22.5</b>	<b>87%</b>

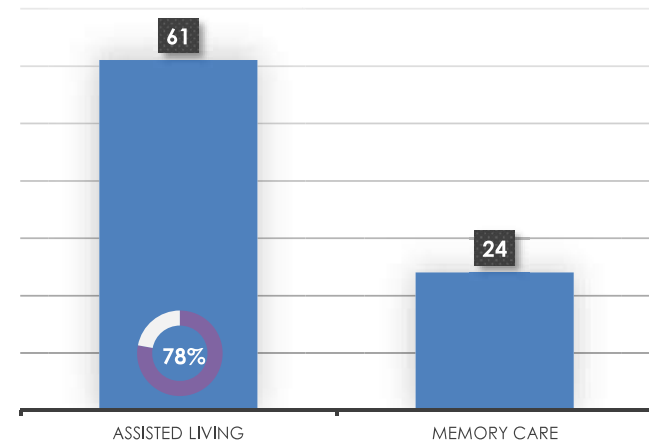




Bristol Park at Amarillo  
 1610 Research St  
 Amarillo, TX 79124  
 806.353.1900  
 Contact: Maegan Franklin

[www.sagora.com](http://www.sagora.com)

Units and Occupancy by Care Type



Bristol Park at Amarillo is a single-story assisted living and memory care provider and one of the newer properties in the area. The community is situated across the street from Brookdale Medi Park. The exterior of the building is made of a combination of stone, brick, and vinyl. Interiors are well-kept but made with builder grade materials and finishes that appear to be on the cheaper end. There are several studio and one-bedroom options for assisted living residents. All apartments have kitchenettes that could use some capital expenditures to match common area finishes. There is a separate secured memory care wing. There are three secured courtyards, two for assisted living residents and one for memory care residents. Amenities and common areas are separated. The sales counselor mentioned the property has been struggling with filling units since the outbreak of Covid-19. The community runs monthly move-in specials in order to combat occupancy issues.

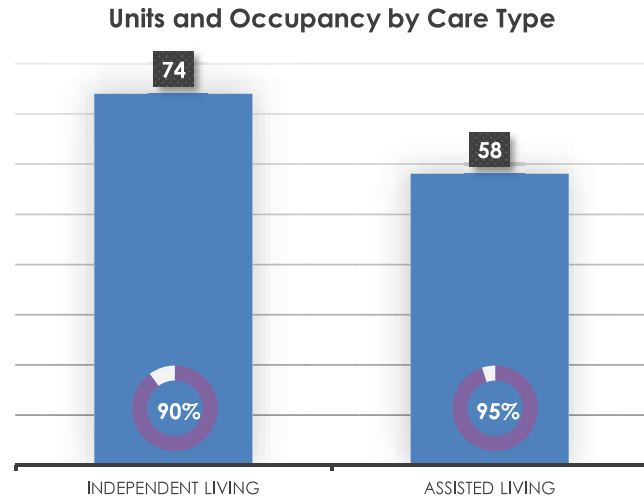
Bristol Park at Amarillo: Building Information

Year Opened	2015
Owner/Operator	Sagora Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Overall	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Brookdale Medi Park  
 7404 Wallace Blvd  
 Amarillo, TX 79106  
 806.502.7685  
 Contact: Casey Myers

[www.brookdale.com](http://www.brookdale.com)



Brookdale Medi Park is one of two Brookdale properties in the assessed market area. Dissimilar to its sister property, it offers independent living in addition to assisted living. The purpose built, figure-8 shaped building is situated across the street from Bristol Park at Amarillo. The two-story property opened in 1999 and interiors at the community are indicative of its age. There is a centrally located staircase that connects the separated independent living and assisted living wings. Although residents are separated by care type, all amenities and communal areas are shared. Independent living apartments have full kitchens, while assisted living apartments have kitchenettes. All apartments are carpeted with PTAC units and have outdated cabinetry. Each apartment has a walk-in shower. Assisted living apartments have walk-in showers with no doors. The sales counselor mentioned independent living occupancy dipped from the impact of Covid-19, while assisted living occupancy did not and remains consistently full or close to. Overall, this Brookdale property is not a main competitor within the market area.

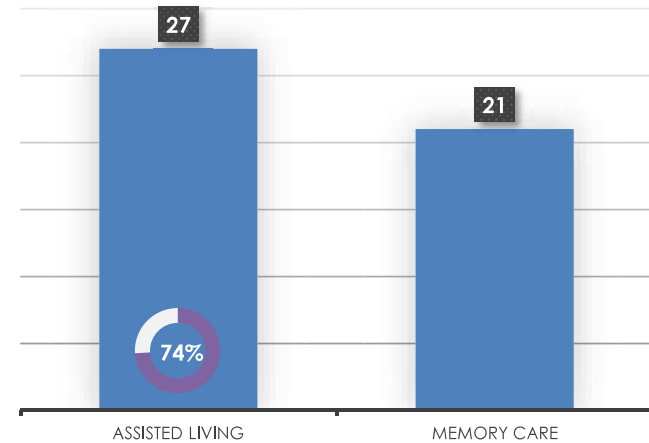
Brookdale Medi Park: Building Information	
Year Opened	1999
Owner/Operator	Brookdale Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Brookdale Sleepy Hollow  
 7401 Seville Dr  
 Amarillo, TX 79121  
 806.502.6370  
 Contact: Courtney Martin

[www.brookdale.com](http://www.brookdale.com)

Units and Occupancy by Care Type



Brookdale Sleepy Hollow is the smaller of the two Brookdale properties in the market area. Unlike its sister property, this Brookdale community offers memory care in addition to assisted living. The single-story vinyl-clad building takes the shape of three connected squares. The west wing houses assisted living residents, the east wing houses the secured memory care residents as well as its own dining room and community amenities. There are three total enclosed courtyards. Assisted living amenities are centrally located along the front entrance. Assisted living apartments are overall dated, but some have updated carpeting and/or tiled walk-in showers. There are several rooms available at the community and the sales counselor offered many different incentives. These incentives include discounted monthly rates in an effort to fill vacant units. Based on its size and quality, this Brookdale property is considered a weak competitor to the subject property.

**Brookdale Sleepy Hollow: Building Information**

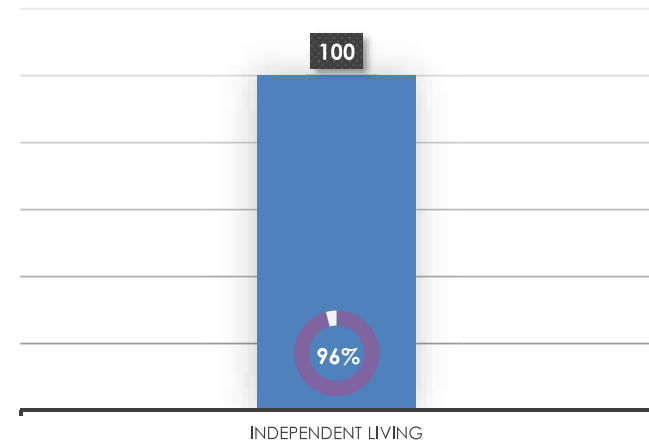
Year Opened	1996
Owner/Operator	Brookdale Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Park Place Towers  
 1300 S Harrison St  
 Amarillo, TX 79101  
 806.337.5700  
 Contact: Tina Durrett

[www.parkcentral.org](http://www.parkcentral.org)

Units and Occupancy by Care Type



Park Place Towers is a 10-story high-rise and one of two independent living buildings of the Park Central network of communities. The property is currently undergoing updates throughout all common spaces and vacant apartments. Updated apartments have hardwood floors and full kitchens with granite countertops and stainless steel appliances. The property has the most upscale finishes when compared to other area communities. The building is well-amenitized, all of which are under one roof. The building has its own dining area and bistro that is not shared with its sister independent living building, The Continental. This building also has several more floor plans than seen at its sister building. The sales counselor was the same counselor that toured The Continental and The Moore. The counselor did not share pricing information until asked. The network of Park Central buildings, particularly Park Place Towers, is believed to target an audience that originates from a higher level of affluence and socio-economic background. Based on this and its quality, the building will pose the strongest competitive threat to the subject property.

**Park Place Towers: Building Information**

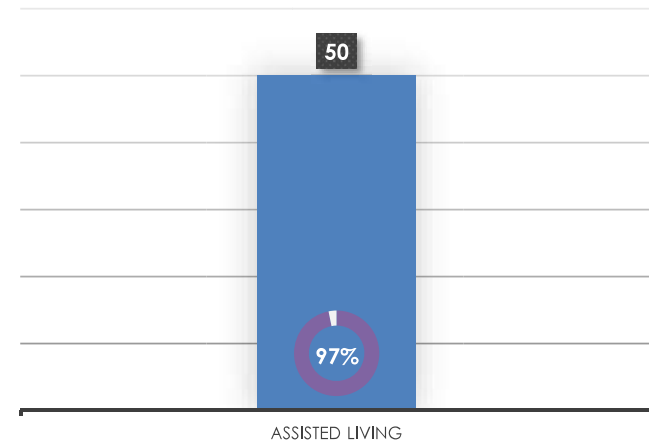
Year Opened	1985
Owner/Operator	Park Central
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input checked="" type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input type="checkbox"/> Some <input checked="" type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent



Plum Creek Place  
 6800 Plum Creek Dr  
 Amarillo, TX 79124  
 806.513.3563  
 Contact: Shelly Gilbreth

[www.enlivant.com](http://www.enlivant.com)

Units and Occupancy by Care Type



Plum Creek Place is a freestanding assisted living provider and the nearest to the subject property. The single-story building is shaped as one large square with two secured courtyards, one which allows smoking and one that does not. The majority of amenities at the community are centrally located near the front entrance. The property is reminiscent of a memory care community as the front door is secured and the typical resident requires a high level of care. The sales counselor explained that several residents have “light” dementia. There are studio and one-bedroom floor plans, each with carpeted bedrooms, PTAC units, and kitchenettes. There is a communal laundry station. Based on its lower price points and high level acuity resident, Plum Creek Place will pose a weak competitive threat to the subject property.

**Plum Creek Place: Building Information**

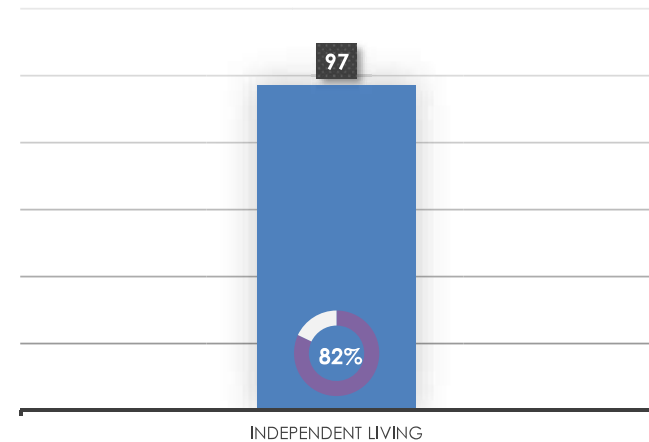
Year Opened	1995
Owner/Operator	Enlivant
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



The Clairmont  
 4707 Bell St  
 Amarillo, TX 79109  
 806.513.0859  
 Contact: Kathleen Michael

[www.holidayseniorliving.com](http://www.holidayseniorliving.com)

Units and Occupancy by Care Type



The Clairmont is a dated freestanding independent living property situated off Bell Street. The three-story community has an exterior of brick and vinyl clad. Overall the community is in need of major capital expenditures. Interiors throughout both common areas and apartments have pilling carpets, popcorn walls and ceilings, and dated appliances. The community offers several studio, one- and two-bedroom floor plans. Each apartment has a private balcony or patio and all feature PTAC units similar to a hotel. Some apartments have kitchenettes while most have full kitchens. Dissimilar to a true independent living property, the community offers three meals per day to residents. The dining area is centrally located on the second floor. The sales counselor mentioned the community is in the planning process for full renovations to the interior and exterior. These renovations are expected to start in Fall 2022. Overall, The Clairmont as it sits is considered to pose a weak competitive threat to the subject property as the community is of inferior quality.

The Clairmont: Building Information

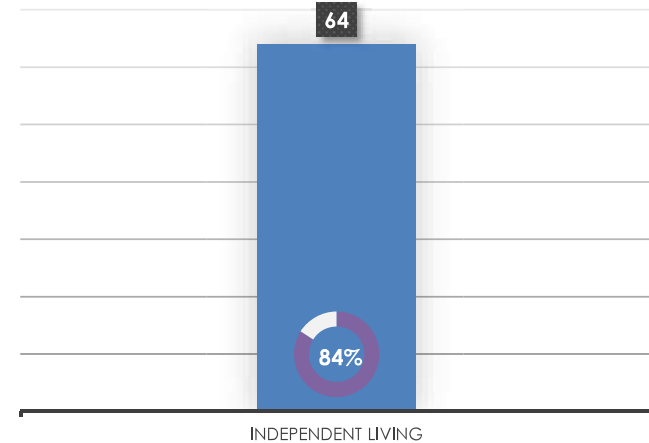
Year Opened	1985
Owner/Operator	Holiday Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> <b>Poor</b> <input type="checkbox"/> <b>Average</b> <input type="checkbox"/> <b>Excellent</b>



The Continental  
 1300 S Jackson St  
 Amarillo, TX 79101  
 806.337.5700  
 Contact: Tina Durrett

[www.parkcentral.org](http://www.parkcentral.org)

Units and Occupancy by Care Type



The Continental is the second of two independent living buildings in the Park Central network. This building is far more dated than the recently updated Park Place Towers. The Continental is connected to The Moore (assisted living building) via a skywalk. The Continental has its own dining room and community amenities all under one roof. The sales counselor who toured with the shopper also toured at Park Place Towers. The main differences from the two independent living buildings is Park Place Towers is updated/undergoing updates and overall more modern looking while The Continental is brown-toned and dated. The Continental offers rates that are cheaper than its sister building, although floor plans and apartment sizes are similar. The counselor mentioned that the typical resident at The Continental is older and faith based, while at Park Place Towers the typical resident is more active and social. The Continental will pose a competitive threat but not to the same extent of its sister building, Park Place Towers.

**The Continental: Building Information**

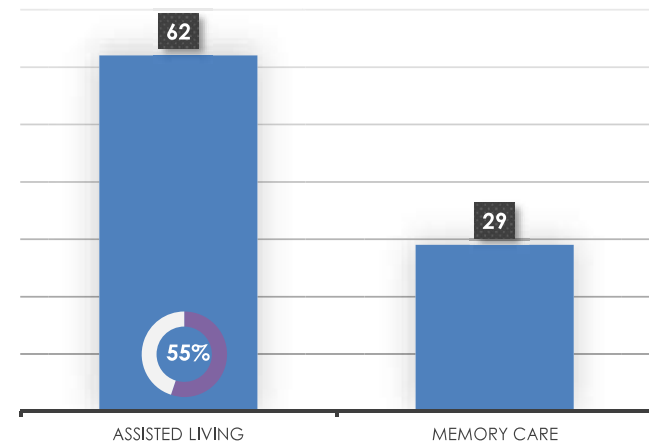
Year Opened	1963
Owner/Operator	Park Central
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input checked="" type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent



The Legacy at Town Square  
 9700 Hillside Rd  
 Amarillo, TX 79119  
 806.779.4087  
 Contact: Amber Sable

[www.lifewellsl.com](http://www.lifewellsl.com)

Units and Occupancy by Care Type



The Legacy at Town Square opened in August 2019 and is the newest development in the Amarillo area. The two-story brick and vinyl clad building is situated in a desolate area on the edge of town around mostly undeveloped land. The community provides both assisted living and memory care services. Residents are separated by care type. Memory care residents have their own secured neighborhood with separate amenities. Interior finishes throughout the building are that of higher quality when compared to other area competitors. Assisted living apartments have kitchenettes with granite countertops, tiled bathrooms with handicap-accessible showers, and bedrooms that are carpeted. Hallways throughout the building are wide and ceilings are 11 feet tall. The assisted living portion of the community is slightly more than half occupied. Despite its location, the property will pose a moderate competitive threat based on its quality of product.

**The Legacy at Town Square: Building Information**

Year Opened	August 2019
Owner/Operator	LifeWell Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input type="checkbox"/> Some <input checked="" type="checkbox"/> None
Location/ Area	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent

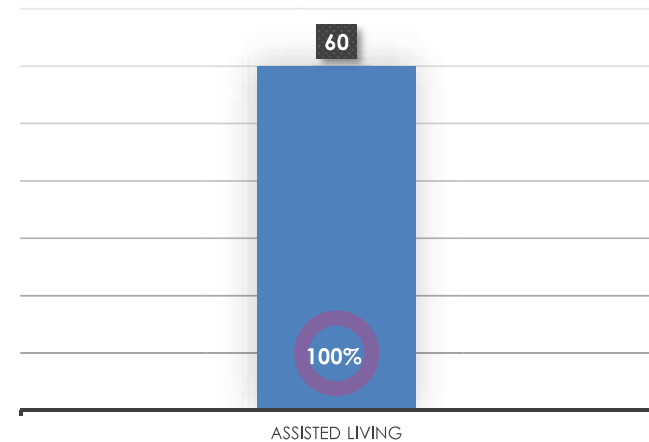




The Moore  
 400 SW 14<sup>th</sup> St  
 Amarillo, TX 79101  
 806.337.5176  
 Contact: Tina Durrett

[www.parkcentral.org](http://www.parkcentral.org)

Units and Occupancy by Care Type



The Moore is the assisted living building of the Park Central network of buildings. The two-story brick building is connected to The Continental via a skywalk. The skywalk has been closed off since the outbreak of Covid-19 for resident's safety. The sales counselor was the same counselor for Park Place Towers and The Continental. The counselor would not provide a full tour of the building when attempting the secret shop as there is currently a healthy waitlist for the building. While outside admissions are accepted, residents are prioritized. The counselor was transient when giving information about the building and shared only a range of room rates. The Moore's interiors are updated and resemble that of the updated interiors at the Park Place Towers building. Based on its quality and connection to the well-established Park Central network of buildings, The Moore will pose a competitive threat to the subject development.

**The Moore: Building Information**

Year Opened	2003
Owner/Operator	Park Central
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input type="checkbox"/> For-profit <input checked="" type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input type="checkbox"/> Some <input checked="" type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent




**Conclusion**

Based on the findings of this study, including sustainable demand estimates that are expected to continue growing as well as healthy proportions of target market households that are projected to continue growing, and The Craig's position in the current market, the proposed acquisition of The Craig poses little risk.

# Market Assessment for Meadow Lake in Tyler, Texas

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L I F E S P A C E<sup>®</sup>

Attribute	Notes	Opinion																		
<b>Demographics</b>	<table border="1" data-bbox="617 263 1491 480"> <thead> <tr> <th data-bbox="617 263 1129 310">Attribute (2022)</th> <th data-bbox="1129 263 1325 310">Subject ZIP Code (75703)</th> <th data-bbox="1325 263 1491 310">10-Mile PMA</th> </tr> </thead> <tbody> <tr> <td data-bbox="617 310 1129 349">Total Population</td> <td data-bbox="1129 310 1325 349">43,527</td> <td data-bbox="1325 310 1491 349">177,294</td> </tr> <tr> <td data-bbox="617 349 1129 388">Median Home Value</td> <td data-bbox="1129 349 1325 388">\$263,295</td> <td data-bbox="1325 349 1491 388">\$197,970</td> </tr> <tr> <td data-bbox="617 388 1129 427">Median Annual Household Income</td> <td data-bbox="1129 388 1325 427">\$72,125</td> <td data-bbox="1325 388 1491 427">\$64,598</td> </tr> <tr> <td data-bbox="617 427 1129 466">75+ Households with \$50k</td> <td data-bbox="1129 427 1325 466">1,212</td> <td data-bbox="1325 427 1491 466">3,469</td> </tr> <tr> <td data-bbox="617 466 1129 505">Affluent Adult Children (45-64 with \$100K)</td> <td data-bbox="1129 466 1325 505">2,832</td> <td data-bbox="1325 466 1491 505">8,471</td> </tr> </tbody> </table> <p data-bbox="445 480 1705 824">Meadow Lake is located in the 75703 ZIP code in Tyler, Texas (the "Meadow Lake ZIP Code"). The 10-mile area surrounding Meadow Lake (the "primary market area" or the "PMA") has an estimated population of 177,294. The demographic characteristics are favorable given the size of the market. Over the next five years the population is projected to grow at a pace well above the national projection and slightly below the pace for the state of Texas. The adult child market, while not as affluent as seen nationally, is strengthening at a pace that far exceeds national growth. Proportionally, the number of age 75+ households with \$50,000+ annual income ("75+ Households (\$50k)") is consistent with the state of Texas and will only grow over the next five years. The housing market is not as strong as other markets but is still projected to increase and will exceed \$216,000 by 2027. The Meadow Lake ZIP Code is the strongest among nearly all demographic categories tested. Demographically, there is nothing to suggest that Meadow Lake will not have continued success. For more information please see "PMA Projections."</p>	Attribute (2022)	Subject ZIP Code (75703)	10-Mile PMA	Total Population	43,527	177,294	Median Home Value	\$263,295	\$197,970	Median Annual Household Income	\$72,125	\$64,598	75+ Households with \$50k	1,212	3,469	Affluent Adult Children (45-64 with \$100K)	2,832	8,471	 <b>Favorable</b>
	Attribute (2022)	Subject ZIP Code (75703)	10-Mile PMA																	
	Total Population	43,527	177,294																	
	Median Home Value	\$263,295	\$197,970																	
	Median Annual Household Income	\$72,125	\$64,598																	
	75+ Households with \$50k	1,212	3,469																	
	Affluent Adult Children (45-64 with \$100K)	2,832	8,471																	
<b>Site/Location</b>	<p>Meadow Lake is set back from a main thoroughfare in southern Tyler, Texas on approximately 95 acres of land including independent living homes as well as independent living, assisted living and memory care apartments. The location and size of the campus allows for a stocked lake and expansive green space as well as seclusion, though it also provides limited visibility.</p>	<b>Favorable</b>																		
<b>Competitive Climate</b>	<p>There are 11 service-enriched communities in the PMA offering independent living, assisted living, and/or memory care, including Meadow Lake. The newest community is Primrose Tyler, an independent living, assisted living, and memory care community that opened 2.6 miles from Meadow Lake in 2020. The closest competitor currently operating is Oak Hills Terrace, a freestanding memory care community that opened 2.4 miles from Meadow Lake in 2011. ProMatura identified one new community under construction, The Blake at Tyler, located 1.7 miles from Meadow Lake and projected to open in 2023 with 72 assisted living units and 43 memory care units. In total, ProMatura identified 555 independent living units, 390 assisted living units and 216 memory care units in the PMA. For more information, please see "Competitors."</p>	 <b>Favorable</b>																		
<b>Demand/ Market Opportunity</b>	<p>Demand estimates are favorable as they indicate the market is deep enough to support Meadow Lake, the existing supply and The Blake at Tyler.</p>	 <b>Favorable</b>																		

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PMA Projections

Population (2022): 177,294

5 Year Projection: +4.6%

Median Age (2022): 37

5 Year Projection: 37.7

Number of Households (2022): 67,549

5 Year Projection: +4.6%

Average Household Income (2022): \$88,795

5 Year Projection: \$100,650

Demand estimates for 2022 indicate that the market is near equilibrium when targeting the \$50,000+ income segment and when no demand originates from outside the PMA. The market is deep enough to support the subject property and existing supply. Over the next five years, market conditions are projected to strengthen when targeting the \$50,000+ income segment and there is triple-digit opportunity when targeting the \$35,000+ income segment if 10% of demand originates from outside the PMA.

There are a total of 556 independent living units offered in the PMA. Meadow Lake currently has a 22% market share.

ProMatura considers approximately 511 of the 556 independent living units in the PMA qualitatively competitive, of which, 406 independent living units share the same market draw area.

ProMatura estimates that 129 of the directly competitive independent living units within the PMA will turn over annually. Meadow Lake has a turnover rate of 20.3% (an estimated 25 units).

**Exhibit 1.1. Annual Market Opportunity for Independent Living in the PMA**

Year	Age Segment	Income Segment	Market	Annual Local Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity by Percent from Outside the PMA			
							0%	10%	20%	30%
		Demand	Units	Construction						
2022	75+ Households	\$35,000+	5,147	187	406	0	58	79	105	139
		\$50,000+	3,469	122	406	0	-7	7	24	45
2027	75+ Households	\$35,000+	5,784	210	406	0	81	104	134	171
		\$50,000+	4,141	147	406	0	18	35	55	81

In 2022, demand estimates for assisted living and memory care targeting the \$50,000+ income segment are modest for assisted living and near equilibrium. Demand in 2022 is impacted by The Blake at Tyler, the units of which are included as “under construction” in 2022 in the table below. By 2027, and once the new development reaches stabilized occupancy, market opportunity is projected to improve for both assisted living and memory care when targeting the \$50,000+ income segment.

There are a total of 390 assisted living units offered in the PMA. Meadow Lake currently has a 5% market share.

ProMatura considers approximately 314 of the 358 assisted living units in the PMA qualitatively competitive, of which, 279 assisted living units share the same market draw area. Once construction of The Blake at Tyler is complete, 66 assisted living units will also be considered competitive as the community has a 92% market overlap.

There are a total of 218 assisted living units offered in the PMA within another 43 units under construction at The Blake at Tyler. Meadow Lake currently has a 16% market share.

**Exhibit 1.2. Annual Market Opportunity for Assisted Living and Memory Care for the PMA - 2022 and 2027**

Year	Housing Segment	Age Segment	Income Segment	Market	Demand	Number of Competitive Units	Number of Units Under Construction	Annual Market Opportunity
2022	Assisted Living	75+ Households	\$35,000+	5,147	403	279	66	192
			\$50,000+	3,469	220	279	66	9
	Memory Care	65+ Population	\$35,000+	20,847	227	218	43	49
			\$50,000+	15,444	159	218	43	-19
2027	Assisted Living	75+ Households	\$35,000+	5,784	450	345	0	270
			\$50,000+	4,141	268	345	0	88
	Memory Care	65+ Population	\$35,000+	24,446	257	261	0	96
			\$50,000+	19,089	191	261	0	30

Among rental communities, the price leader for a one-bedroom unit is Rosewood Estates. Atria Willow Park is the value leader for one-bedroom units. The price leader for two-bedroom units is Atria Willow Park, followed by Garden Estates. Atria Copeland offers rental villas, Primrose Tyler offers rental and entrance fee villas and Meadow Lake offers entrance fee units only in independent living.

Independent Living Apartments and Villas: In addition to a monthly fee, Meadow Lake charges a \$1,000 deposit to hold the resident's room.

**Exhibit 1.3. Comparison of Independent Living Pricing Among Leading Competitors**

Community	Studio		One-Bedroom		Two-Bedroom		Villa		Villa Entrance Fee	
	Low	High	Low	High	Low	High	Low	High	Low	High
Atria Copeland	-	-	-	-	-	-	\$3,095	\$3,095	-	-
Atria Willow Park	\$1,700	\$1,700	\$2,195	\$2,195	\$3,795	\$4,195	-	-	-	-
Garden Estates	\$1,995	\$1,995	\$2,295	\$2,295	\$3,295	\$3,295	-	-	-	-
Meadow Lake	-	-	\$1,882	\$1,882	\$2,173	\$2,173	\$2,911	\$3,492	\$150,000	\$315,000
Primrose Tyler *	-	-	-	-	-	-	\$2,745	\$3,495	\$100,000	\$100,000
Rosewood Estates	\$2,360	\$2,360	\$2,355	\$2,700	\$2,989	\$2,989	-	-	-	-
The Hamptons	-	-	\$2,495	\$2,695	\$2,954	\$3,138	\$2,815	\$3,185	-	-
<b>Summary</b>										
<b>Low</b>	<b>\$1,700</b>	<b>\$1,700</b>	<b>\$1,882</b>	<b>\$1,882</b>	<b>\$2,173</b>	<b>\$2,173</b>	<b>\$2,745</b>	<b>\$3,095</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b>Average</b>	<b>\$2,018</b>	<b>\$2,018</b>	<b>\$2,244</b>	<b>\$2,353</b>	<b>\$3,041</b>	<b>\$3,158</b>	<b>\$2,892</b>	<b>\$3,317</b>	<b>\$125,000</b>	<b>\$207,500</b>
<b>High</b>	<b>\$2,360</b>	<b>\$2,360</b>	<b>\$2,495</b>	<b>\$2,700</b>	<b>\$3,795</b>	<b>\$4,195</b>	<b>\$3,095</b>	<b>\$3,495</b>	<b>\$150,000</b>	<b>\$315,000</b>

\*The low-end villa pricing for Primrose Tyler is based on the entrance fee villa rate and the high-end monthly fee is based on the rental villa option.



The price leader for a one-bedroom assisted living unit is The Hamptons, followed by Azalea Trails and Primrose Tyler, in that order. The value leader for an assisted living one-bedroom unit is Atria Willow Park. Monthly care service packages range from a low of \$400 at Prestige Estates to a high of \$3,850 at Azalea Trails. Garden Estates is the only community that offers an all-inclusive assisted living rate. When comparing the low-end of one-bedroom units, only three properties offer a more affordable rate than Meadow Lake: Atria Copeland, Atria Willow Park and Garden Estates.

Assisted Living Apartments: In addition to a monthly fee, Meadow Lake charges a \$1,000 deposit to hold the resident's room.

**Exhibit 1.4. Comparison of Assisted Living Pricing Among Leading Competitors**

Community	Studio (Private)		One-Bedroom		Two-Bedroom		Service Packages		Care Type
	Low	High	Low	High	Low	High	Low	High	
Atria Copeland	\$2,895	\$2,895	\$3,095	\$3,095	\$4,095	\$5,095	\$460	\$2,250	Levels
Atria Willow Park	-	-	\$2,595	\$4,195	\$3,795	\$3,795	\$460	\$2,250	Levels
Azalea Trails	-	-	\$4,095	\$4,780	\$5,335	\$5,335	\$725	\$3,850	Levels
Garden Estates	\$2,675	\$2,675	\$3,125	\$3,125	-	-	-	-	All-Inclusive
Meadow Lake	-	-	\$3,500	\$3,500	-	-	\$750	\$1,500	Levels
Prestige Estates	\$3,800	\$3,800	\$4,300	\$4,500	\$5,100	\$5,300	\$400	\$2,400	Levels
Primrose Tyler	\$4,095	\$4,095	\$4,595	\$4,595	\$5,395	\$5,395	\$525	\$2,050	Levels
The Hamptons	\$4,305	\$4,305	\$4,710	\$5,745	\$6,460	\$6,460	\$475	\$1,675	Levels
<b>Summary</b>									
<b>Low</b>	<b>\$2,675</b>	<b>\$2,675</b>	<b>\$2,595</b>	<b>\$3,095</b>	<b>\$3,795</b>	<b>\$3,795</b>	<b>\$400</b>	<b>\$1,500</b>	
<b>Average</b>	<b>\$3,554</b>	<b>\$3,554</b>	<b>\$3,752</b>	<b>\$4,192</b>	<b>\$5,030</b>	<b>\$5,230</b>	<b>\$542</b>	<b>\$2,282</b>	
<b>High</b>	<b>\$4,305</b>	<b>\$4,305</b>	<b>\$4,710</b>	<b>\$5,745</b>	<b>\$6,460</b>	<b>\$6,460</b>	<b>\$750</b>	<b>\$3,850</b>	

While Oak Hills Terrace is the value leader for base rents, if a resident at that community needs extensive assistance, it could also be the most expensive option. Three memory care options offer care based on levels and four offer a single, all-inclusive fee.

Memory Care: In addition to a monthly fee, Meadow Lake charges a \$1,000 deposit to hold the resident's room.

**Exhibit 1.5. Comparison of Memory Care Pricing**

Community	Studio (Shared)		Studio (Private)		One-Bedroom		Service Packages		Care Type
	Low	High	Low	High	Low	High	Low	High	
Azalea Trails	\$4,956	\$4,956	\$5,224	\$5,224	-	-	\$725	\$3,850	Levels
Brookdale Tyler South	-	-	\$6,015	\$6,015	-	-	-	-	All-Inclusive
Meadow Lake	-	-	\$5,000	\$5,000	\$5,500	\$5,500	-	-	All-Inclusive
Oak Hills Terrace	\$4,210	\$4,210	\$4,585	\$4,585	-	-	\$725	\$3,850	Levels
Prestige Estates	\$5,600	\$5,600	\$6,300	\$6,300	-	-	-	-	All-Inclusive
Primrose Tyler	-	-	\$5,695	\$5,695	-	-	\$700	\$1,300	Levels
The Hamptons	\$5,300	\$5,300	\$6,100	\$6,100	-	-	-	-	All-Inclusive
<b>Summary</b>									
<b>Low</b>	<b>\$4,210</b>	<b>\$4,210</b>	<b>\$4,585</b>	<b>\$4,585</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$700</b>	<b>\$1,300</b>	
<b>Average</b>	<b>\$5,017</b>	<b>\$5,017</b>	<b>\$5,560</b>	<b>\$5,560</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$717</b>	<b>\$3,000</b>	
<b>High</b>	<b>\$5,600</b>	<b>\$5,600</b>	<b>\$6,300</b>	<b>\$6,300</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$725</b>	<b>\$3,850</b>	

## Competitors

The following table provides a summary of certain information pertaining to the eleven communities evaluated by ProMatura, including Meadow Lake, to determine potential competitive threats. The table includes the scores earned by each community based on evaluations of the site, building, residences, receptionist, sales counselor, and demographic and business data within a one mile radius of each property.

ProMatura has determined that Primrose Tyler and Atria Copeland are Meadow Lake's two strongest performing competitors. However Meadow Lake is included in the strongest scoring competitors in the PMA.

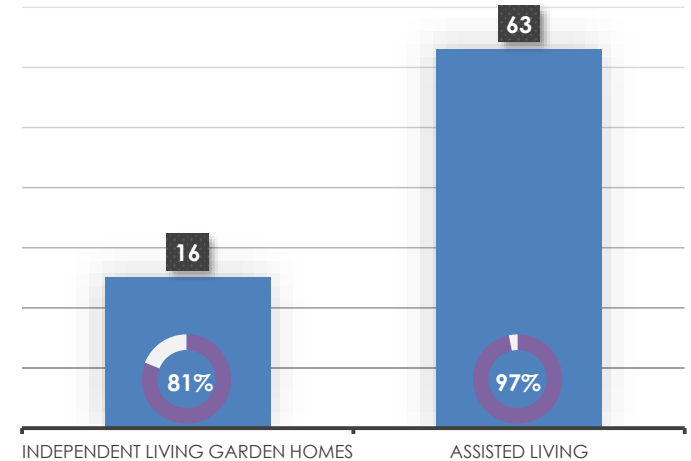
Community	Miles from Meadow Lake	Building	Residences	Reception	Sales	Location	Total Score	Percent Competitive
Atria Copeland	4.7	2.5	3.5	4.5	4.5	4.5	<b>24.0</b>	98%
Atria Willow Park	4.7	2.5	3.0	4.5	3.0	3.0	<b>20.0</b>	82%
Azalea Trails	3.0	2.0	3.0	5.0	4.5	3.5	<b>22.0</b>	90%
Brookdale Tyler South	3.5	2.5	2.5	5.0	3.0	4.0	<b>21.5</b>	88%
Garden Estates	2.8	2.5	3.0	4.5	3.0	3.0	<b>20.0</b>	82%
<b>Meadow Lake</b>	<b>--</b>	<b>3.5</b>	<b>5.0</b>	<b>4.5</b>	<b>4.5</b>	<b>2.0</b>	<b>24.5</b>	<b>100%</b>
Oak Hills Terrace	2.2	2.5	3.0	4.5	0.0	2.5	<b>16.5</b>	67%
Prestige Estates	4.9	2.0	2.5	3.5	3.5	2.0	<b>17.5</b>	71%
Primrose Tyler	1.5	5.0	5.0	4.5	5.0	1.5	<b>26.0</b>	100%
Rosewood Estates	4.2	2.5	3.0	4.0	3.0	5.0	<b>22.0</b>	90%
The Hamptons	8.0	4.0	4.5	4.0	4.5	1.5	<b>23.0</b>	94%
<b>Average</b>	<b>-</b>	<b>2.9</b>	<b>3.5</b>	<b>4.4</b>	<b>3.9</b>	<b>3.0</b>	<b>21.5</b>	87%



Atria Copeland  
 5317 New Copeland Road  
 Tyler, TX 75703  
 903-509-9575  
 Contact: Klaire White

[www.atriaseniorliving.com](http://www.atriaseniorliving.com)

Units and Occupancy by Care Type



Atria Copeland is an independent living, assisted living and memory care community located on 16-acres. The community offers independent living garden homes with fenced in backyards. The homes are updated when they turnover but only to builder grade. Garden homes feature low ceilings and Formica countertops. The assisted living portion of the community is Type B which allows them to treat a more infirmed resident population. The apartments, like the homes, are updated as they turnover but again basic finishes are used to include white appliances. Overall, the common space is in need of updating. The dining program requires assigned seating which was touted as a positive. This community will likely be a direct competitor for the subject community due to it also offering independent living homes in addition to the assisted living apartments. However, the lack of refinement and antiquated design will reduce the competitive threat.

Atria Copeland: Building Information

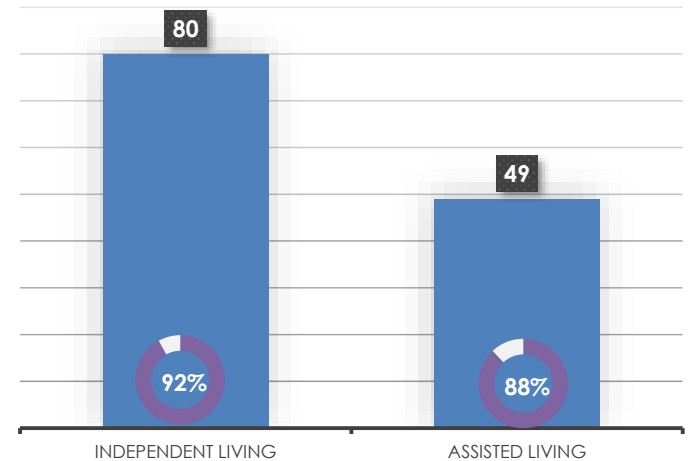
Year Opened	1997
Owner/Operator	Atria Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Atria Willow Park  
 3500 S. Vine Avenue  
 Tyler, TX 75701  
 903-561-4302  
 Contact: Cindy Bruce

[www.atriaseniorliving.com](http://www.atriaseniorliving.com)

Units and Occupancy by Care Type



Atria Willow Park is located 10 minutes from its sister community, Atria Copeland. This multistory community offers independent living and assisted living in one interconnected building. The community is 35 years old and is in need of updates throughout. The design has apartments open into an atrium giving it a hotel like feel. During the tour it was mentioned that they are a Type A community resulting in a lower acuity resident than their sister community. The salesperson also pointed out that they are one of two communities that have zero deficiencies, the only other being Meadow Lake. The assisted living apartments offer a kitchenette with a mini fridge while independent living apartments have a full size kitchen. All apartments are finished to a builder grade with white appliances and Formica countertops. Both independent living residents and assisted living are provided 3 meals per day and like Atria Copeland, seating for meals is assigned. The meals in independent living are served buffet style and residents are called by row to retrieve their meals. Overall, this community is antiquated in design and programming and is not seen as a strong competitor for the subject community.

**Atria Willow Park: Building Information**

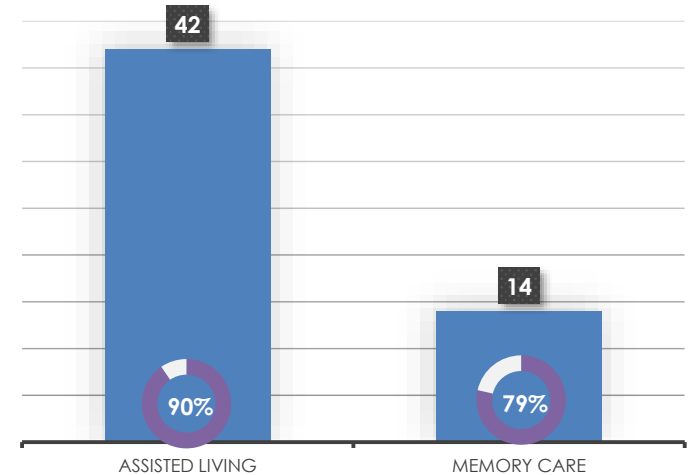
Year Opened	1985
Owner/Operator	Atria Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Azalea Trails  
 5500 Old Jacksonville  
 Tyler, TX 75703  
 903-561-4307  
 Contact: Risha Leggon

[www.frontiermgmt.com](http://www.frontiermgmt.com)

Units and Occupancy by Care Type



Azalea Trails was purchased by Frontier approximately one and a half years ago. The community is in need of significant capital infusion and is currently undergoing a \$400k renovation. It is located off of a main thoroughfare and is near to dining, retail and doctors offices. During the tour the salesperson emphasized their SPARK program. This is a Montessori based program designed to stave off memory issues and it is implemented in assisted living. The counselor explained that all activities throughout the community are purpose driven with the SPARK method as the basis. The assisted living apartments have been updated but do not have a full size refrigerator. The memory care apartments are studios and there are both private and semi-private options. The salesperson did not have any marketing material available to distribute. The community was voted Best in Senior Living in 2021 and once all renovations are complete it will be a strong competitor.

Azalea Trails: Building Information

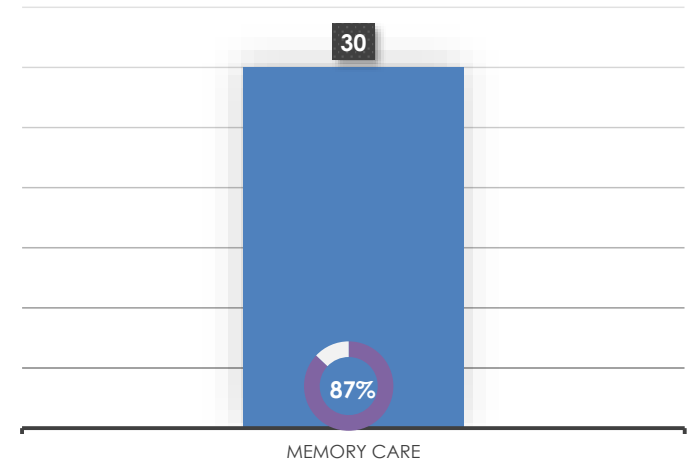
Year Opened	2007
Owner/Operator	Frontier
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Brookdale Tyler South  
 5403 Plantation Drive  
 Tyler, TX 75703  
 903-534-4955  
 Contact: Kimberly Mantz

[www.brookdale.com](http://www.brookdale.com)

Units and Occupancy by Care Type



Brookdale Tyler South is a free standing memory care community located in a primarily residential area. The community is secure and visitors have to be let in to see residents. The Executive Director conducted the tour because the sales team was in a staff meeting. The overarching theme of the tour was the frailty of the resident population. It was said multiple times that if a potential resident did not have advanced memory issues that they would likely benefit from going to the sister community, Brookdale Tyler East, that offers assisted living as well as memory care. The community has been well kept and the studio apartments are updated as they turn over. Most apartments have a full bathroom but a few do not have an en-suite shower. This community, being memory care focused, will be a competitor for that care level at the subject community.

Brookdale Tyler South: Building Information

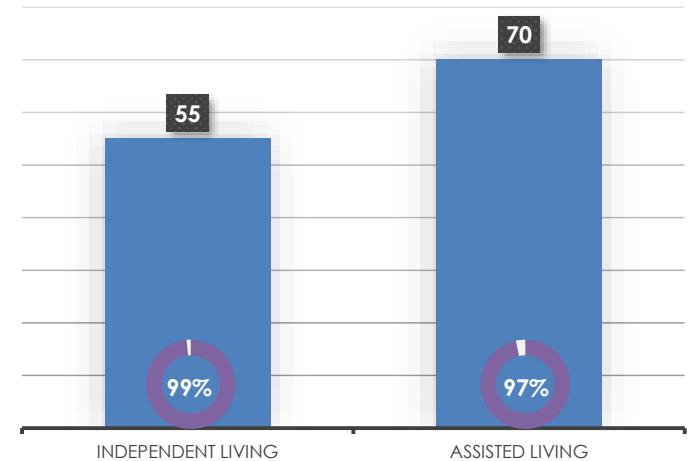
Year Opened	2000
Owner/Operator	Brookdale Senior Living
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Garden Estates  
 2055 W Grande Blvd  
 Tyler, TX 75703  
 254-313-3434  
 Contact: Kenia Farmer

[www.seniorlifestyle.com](http://www.seniorlifestyle.com)

Units and Occupancy by Care Type



Garden Estates is an independent and assisted living community that is in need of updates. The community has just begun renovations throughout and areas of construction were seen during the tour. The common spaces show their age and the décor and finishes are reminiscent of early 1990s. The independent living apartments have dated appliances and Formica countertops. Studio apartments in independent living only have a kitchenette with a mini refrigerator and two burner stove. The assisted living apartments are in keeping with those toured in independent living. The common spaces are limited with the library being in a corner of the second floor landing and the craft room having limited space. The community will benefit from the capital infusion making this community a fair competitor for the subject community.

**Garden Estates: Building Information**

Year Opened	1999
Owner/Operator	Senior Lifestyles
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent

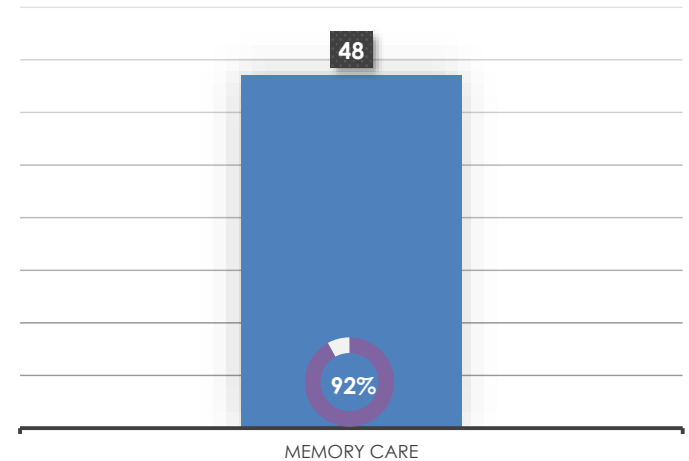




Oak Hills Terrace  
 2651 Elkton Trail  
 Tyler, TX 75703  
 903.747.3927  
 Contact: Sarah Klepfer

[www.frontiermgmt.com](http://www.frontiermgmt.com)

Units and Occupancy by Care Type



Oak Hills Terrace is a stand alone memory care community tucked off of a main thoroughfare in close proximity to doctor's offices, retail and other businesses. The shopper arrived, signed in and waited for approximately 15 minutes to tour the community. While waiting a nurse walked into the lobby but did not acknowledge the shopper's presence. The community is owned by Frontier who also owns Azalea Trails located across Elkton Trail Road. The information provided at Azalea Trails is that all Frontier communities are going to undergo renovations in the near future if they have not already started. During the telephone shop of the community, the sales counselor apologized for the mishap during the on-site visit. She explained that the receptionist helps with the community and is supposed to leave a sign on the door indicating a way to communicate. The sales counselor emphasized that they are stand alone memory care and best able to care for those with memory issues as it is a sole focus. She also explained the SPARK program and how it sets them apart from other area options.

Oak Hills Terrace: Building Information

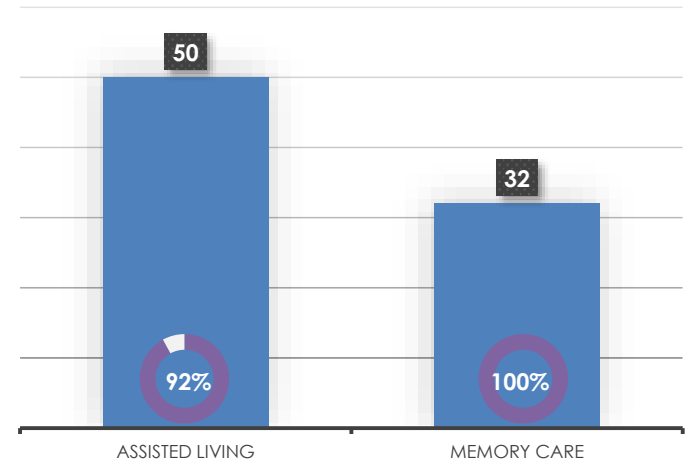
Year Opened	2011
Owner/Operator	Frontier
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Prestige Estates  
 6928 Paluxy Drive  
 Tyler, TX 75703  
 903-561-6102  
 Contact: Kristy Redman

<https://prestigeestates.net/>

Units and Occupancy by Care Type



Prestige Estates is the sole locally owned community in the market area. It opened in 2007 and appears to have had no updates to the interior since inception. The community marketing materials boast luxury assisted living and memory care yet the appearance is anything but luxury. The staff wears black scrubs which makes for a hospital like appearance. The apartments are standard and have mini refrigerators, Formica countertops and builder grade cabinets. The common spaces have dated decorations but seemingly newer furnishings. The memory care section of the community has a 50's style ice cream parlor and paper decorations. This community is in need of significant capital infusion to bring it up to current standards in finish. It is not seen as a strong competitor for the subject community.

Prestige Estates: Building Information

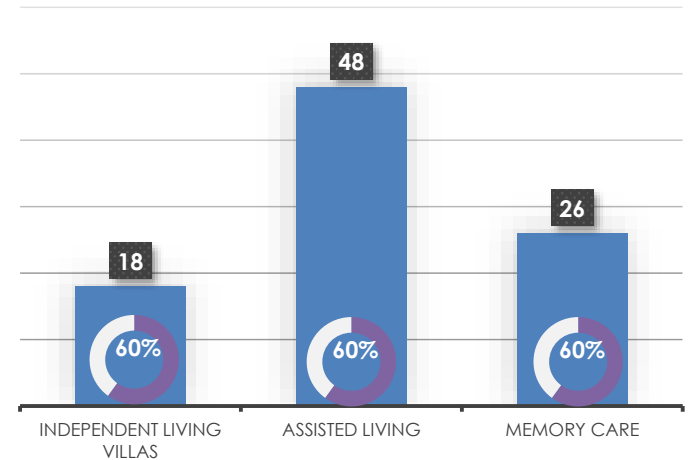
Year Opened	2007
Owner/Operator	The Redman Family
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input checked="" type="checkbox"/> Single-story <input type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent



Primrose Tyler  
 2780 Three Lakes Parkway  
 Tyler, TX 75703  
 903-487-0416  
 Contact: Sydney Sumpter

[www.primroseretirement.com](http://www.primroseretirement.com)

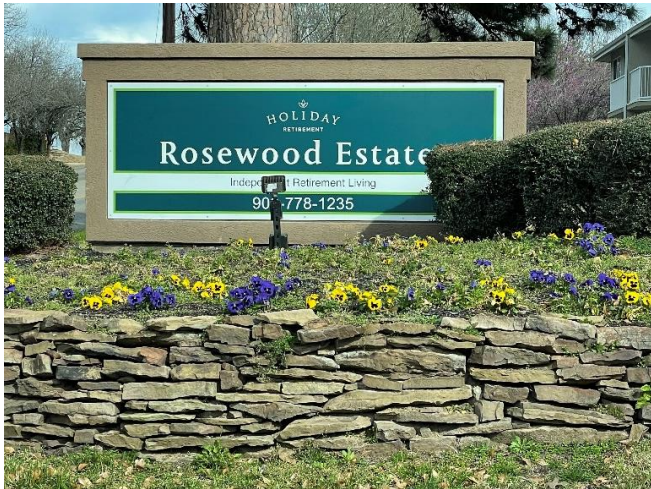
Units and Occupancy by Care Type



Primrose Tyler is the newest community in the market area. The community is similar to Meadow Lake, in that it offers independent living villas, and assisted living and memory care in the main building. There are two options for leasing a villa. The first is a standard rental option and the second is a \$100,000 entry fee which provides for reduced rates throughout the continuum and 75% is returned upon move-out of the villa. The community was training sales people when the shopper visited and a formal tour was not conducted. However, the observations were that the community is refined and the most similar to Meadow Lakes in terms of offerings and amenities.

**Primrose Tyler: Building Information**

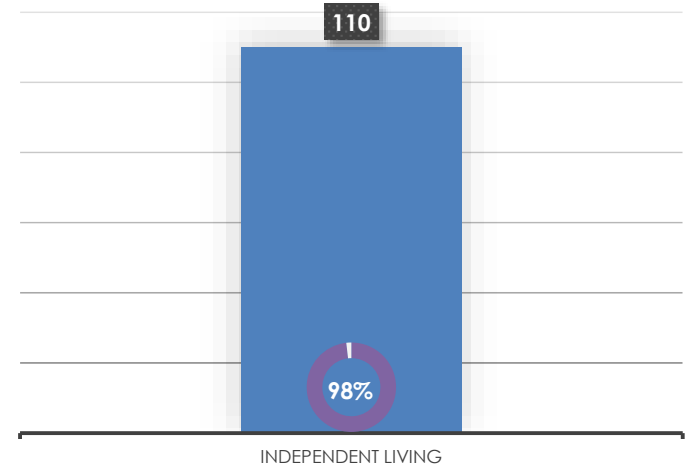
Year Opened	June 2021
Owner/Operator	Primrose
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input type="checkbox"/> Some <input checked="" type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent



Rosewood Estates  
 506 Rice Road  
 Tyler, TX 75703  
 903-705-0363  
 Contact:

[www.holidayseniorliving.com](http://www.holidayseniorliving.com)

Units and Occupancy by Care Type



Rosewood Estates is the standard Holiday Retirement model. Management lives onsite providing a more hands on approach to operations. The community entrance has the dining area to the right and administrative offices to the left. The community is dated and has antiquated furnishings and décor. During the tour the sales person indicated that there were plans to start a \$2 million renovation this year to be completed by 2023. However, during the visit there were no signs of construction having begun. The dining room has set times for service 8 am, 12 pm and 5 pm. All three meals are included in resident's rent. The apartments are in need of updating and have kitchenettes with small refrigerators. This design is not typical of independent living but sales indicated that a full kitchen is not necessary since three meals are included. It was also emphasized that care can be brought into the apartment. This results in a more frail resident population which was observed during the tour. This community will be stronger once renovations start but will likely remain a weak competitor for the subject community.

**Rosewood Estates: Building Information**

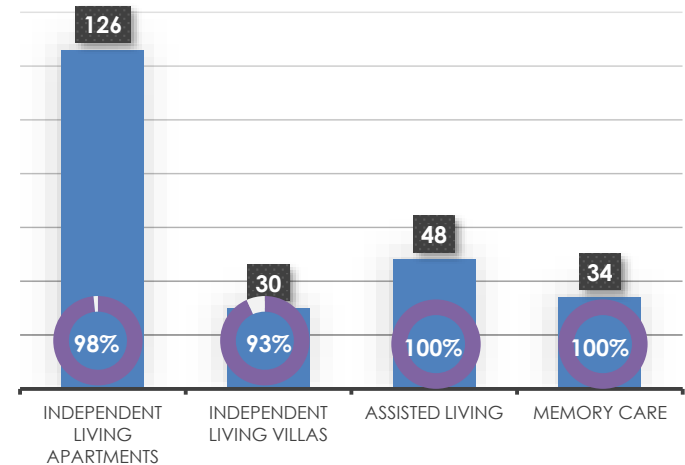
Year Opened	Holiday Retirement
Owner/Operator	1998
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input checked="" type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Excellent
Cap Ex Need	<input checked="" type="checkbox"/> Extensive <input type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input checked="" type="checkbox"/> <b>Poor</b> <input type="checkbox"/> <b>Average</b> <input type="checkbox"/> <b>Excellent</b>



The Hamptons  
 4250 Old Omen Road  
 Tyler, TX 75707  
 903-730-6209  
 Contact: Stefanie Gaitan

[www.civitaseniorliving.com](http://www.civitaseniorliving.com)

Units and Occupancy by Care Type

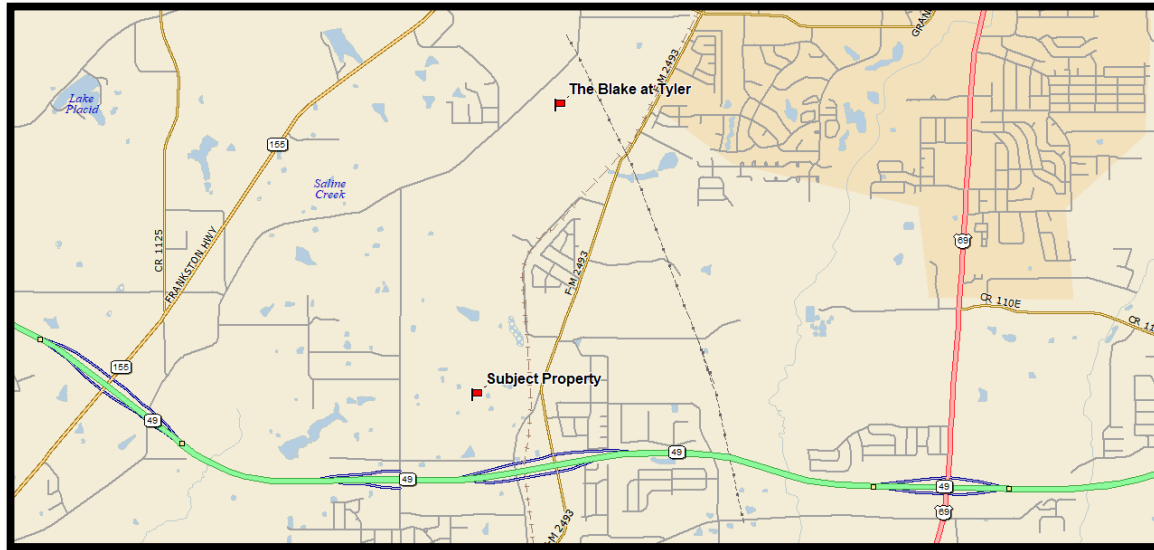


The Hamptons is an expansive independent living, assisted living and memory care community located on a main thoroughfare in Tyler, TX. The community is separated into two parts, independent living apartments, clubhouse and cottage homes have a dedicated building and entrance from the street, and assisted living and memory has its own building and entrance. Overall, the community is well amenitized and is finished to a high level in the common spaces. But the apartments (all levels of care) and garden homes have Formica countertops and basic appliances. The garden homes do not have a yard to speak of but offer screened in porches. The community is the only one in Tyler that has a swimming pool, located in the independent living area of the campus. The sales person did say that residents in independent living are able to utilize on-site home health in an effort to stay in their apartment longer. This community has similar offerings to the subject community and will be a strong competitor.

The Hamptons: Building Information

Year Opened	2005
Owner/Operator	Civitas
Fee Structure	<input checked="" type="checkbox"/> Rental <input type="checkbox"/> Entrance fee <input type="checkbox"/> Other
Profit Status	<input checked="" type="checkbox"/> For-profit <input type="checkbox"/> Not-for-profit
Building Type	<input type="checkbox"/> Single-story <input checked="" type="checkbox"/> Multi-story <input type="checkbox"/> High-rise
Building Exterior	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Interior Finish	<input type="checkbox"/> Poor <input type="checkbox"/> Average <input checked="" type="checkbox"/> Excellent
Cap Ex Need	<input type="checkbox"/> Extensive <input checked="" type="checkbox"/> Some <input type="checkbox"/> None
Location/ Area	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Site	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
Positioning	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent
<b>Overall</b>	<input type="checkbox"/> Poor <input checked="" type="checkbox"/> Average <input type="checkbox"/> Excellent

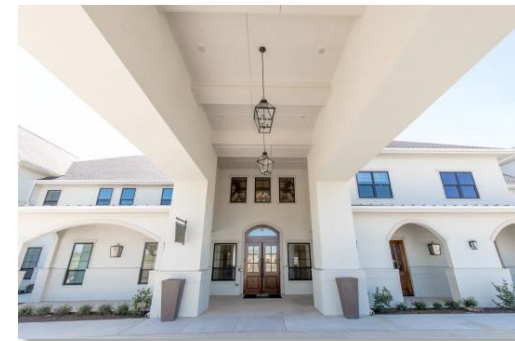
## Properties Under Construction



5.2. Map of projects under construction

Exhibit 5.3. Projects Under Construction

Community	Address	City	ZIP Code	Care Type	Miles from Subject Property	Status
The Blake at Tyler	7266 Crosswater	Tyler	75703	AL, MC	1.7	The project is located at The Crossing development and will be two stories and offer 72 AL units and 43 MC units in a 25,000 sq. ft. building. The community is scheduled to open in 2023.



**Conclusion**

Based on the demographic findings of this study, including healthy growth projections among key cohorts (such as 75+ Households (\$50k) and Affluent Adult Child Households), favorable demand estimates and Meadow Lake's position in the market, ProMatura concludes that the proposed acquisition poses little risk. While a new competitive threat, The Blake at Tyler, is entering the market, demand estimates indicate that the market is deep enough to absorb the new supply.

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**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (this “Disclosure Agreement”) dated as of July 1, 2022 is executed and delivered by Wesley Court, LLC (“Wesley Court”), Craig Amarillo, LLC (“Craig Amarillo”) and Meadow Lake, LLC (“Meadow Lake” and together with Wesley Court and Craig Amarillo, the “Obligated Group” and each individually an “Obligor” or “Member”) and UMB Bank, National Association, as Dissemination Agent hereunder (in such capacity, the “Dissemination Agent”) in connection with the issuance by Tarrant County Cultural Education Facilities Finance Corporation (the “Issuer”) of its Revenue Bonds (CMW Obligated Group) Series 2022A, its Taxable Revenue Bonds (CMW Obligated Group) Series 2022B and its Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (collectively, the “Bonds”). The Bonds are being issued pursuant to the Act (as defined herein), the Health Act (as defined herein) and a Bond Trust Indenture dated as of July 1, 2022 (the “Bond Indenture”), by and between the Issuer and UMB Bank, National Association, as bond trustee (the “Bond Trustee”), as the same may be amended and supplemented from time to time with the prior written consent of Hamlin Capital Management, LLC (the “Bondholder Representative”). The proceeds of the Bonds are being loaned by the Issuer to the Obligated Group pursuant to the Loan Agreement dated as of July 1, 2022 (the “Loan Agreement”), by and between the Issuer and the Obligated Group Representative on behalf of itself and the other Obligated Group Members. Under the Loan Agreement, the Obligated Group has agreed to make payments to the Bond Trustee to provide for the full and prompt payment when due of the principal of, and premium, if any, and interest on the Bonds.

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Obligated Group and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and to assist the Underwriter (as defined below) in complying with the Rule (as defined below). The Obligated Group and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided for or required under this Disclosure Agreement, and has no liability to any person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Bond Indenture, the Continuing Covenants Agreement and the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Act” shall mean Cultural Education Facilities Finance Corporation Act, Chapter 337, Texas Local Government Code, as amended.

“Annual Report(s)” shall mean any of the Annual Reports provided by the Obligated Group pursuant to, and as described in, and containing the information specified in Sections 3 and 4 of this Disclosure Agreement.

“Annual Report Filing Date” shall mean for any Fiscal Year, the date that is 150 days after the end of the Fiscal Year.

“Beneficial Owner” shall mean any person that (i) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) is treated as the owner of any Bonds for federal income tax purposes.

“Continuing Covenants Agreement” shall mean the Continuing Covenants Agreement, dated as of July 1, 2022, by and among the Obligated Group and the Bond Trustee.

“Disclosure Representative” shall mean the Authorized Representative of the Obligated Group or his, her or its designee, or such other person as the Obligated Group shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Obligated Group and that has filed with the Bond Trustee a written acceptance of such designation.

“Financial Obligation” as used in this Disclosure Agreement has the meaning given such term in the Rule, as it may be amended. The current definition is (i) a debt obligation; (ii) a derivative instrument entered into in connection with or pledged as a security or a source of payment for an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the period of 12 consecutive months beginning on January 1 in any calendar year and ending on December 31 of the same calendar year or such other fiscal year as an Obligor, upon at least 30 days’ prior notice to the Bond Trustee, shall establish as its fiscal year.

“Health Act” shall mean the Health Facilities Development Act, Chapter 221, Texas Health and Safety Code.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Offering Memorandum” shall mean the Offering Memorandum dated July 15, 2022 relating to the Bonds.

“Repository” shall mean the Electronic Municipal Market Access system (“EMMA”) maintained by the MSRB.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Underwriter” shall mean Odeon Capital Group LLC and its successors or assigns.

### SECTION 3. Provision of Annual Reports.

(a) Each Obligor shall, or shall cause the Dissemination Agent to, not later than the Annual Report Filing Date, provide to the Repository, the Bondholder Representative and the Underwriter an Annual Report in a format that meets the requirements of the Repository. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information included within the Annual Report. If the Fiscal Year changes for an Obligor, the Obligor shall give notice of such change in the same manner as for a Listed Event under Section 5(a) of this Disclosure Agreement. Each Obligor shall provide the Annual Reports to the Dissemination Agent and the Bond Trustee (if the Dissemination Agent is not the Bond Trustee) not later than the date that is 150 days following the end of its Fiscal Year together with written instructions to file such Annual Report with the Repository. Promptly upon receipt of such Annual Reports the Dissemination Agent shall provide a copy thereof to the Repository and shall send to the Bond Trustee (if the Bond Trustee is not the Dissemination Agent) a copy of its transmittal letter to the Repository.

(b) If by the date that is ten (10) Business Days prior to the Annual Report Filing Date, the Dissemination Agent has not received an Obligor’s Annual Report and written instructions required by subsection (a), the Dissemination Agent shall so advise the Obligor in writing and the Obligor shall make such filings.

(c) If by the Annual Report Filing Date the Dissemination Agent has not received a copy of the Annual Report for such Obligor or written notice from such Obligor that it has provided such Annual Report directly to the Repository, the Dissemination Agent shall send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(d) If so requested in writing by an Obligor, the Dissemination Agent shall confirm to the Bond Trustee and such Obligor that the Annual Reports have been provided pursuant to this Disclosure Agreement, the date on which they were provided to the Repository.

### SECTION 4. Content of Annual Reports.

(a) Each Annual Report shall include the audited special-purpose combined and combining financial statements of the Obligated Group for the current and prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board. Such financial statements shall include a balance sheet as of the end of the Fiscal Year and a statement of revenues and expenses and a statement of cash flow for that Fiscal Year, in each case on an audited combined basis and showing, in each case, in comparative form the financial figures for or as of the end of the preceding Fiscal Year as appropriate; provided, however, that if such audited financial statements are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements shall be included in the Annual Report.

Each Annual Report shall also include (i) a separate written statement of the accountants preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for such Fiscal Year and the Obligated Group's Days' Cash on Hand as of the last day of such Fiscal Year in accordance with the Continuing Covenants Agreement; (ii) a statement that such accountants have no knowledge of any default under the Continuing Covenants Agreement, the Master Trust Indenture and the Loan Agreement insofar as it related to accounting or financial matters, or, if such accountants shall have obtained knowledge of any such default or defaults, disclosing in such statement the default or defaults and the nature thereof; and (iii) an occupancy report setting forth the actual occupancy of the Obligated Group's communities as a percentage of capacity.

(b) If an Obligor's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) of this Disclosure Agreement, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when and if they become available.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each Obligor shall give, or direct the Dissemination Agent in writing to give, written notice to the Repository, the Bondholder Representative and the Underwriter of the occurrence of any of the following events as applicable to the Bonds:

- (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-exempt status of the Series 2022A and Series 2022C Bonds or material events affecting the tax-exempt status of the Series 2022A and Series 2022C Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of an Obligor;
- (13) the consummation of a merger, consolidation, or acquisition involving an Obligor or the sale of all or substantially all of the assets of an Obligor, 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;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of an Obligor, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligor, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligor, any of which reflects financial difficulties.

(b) Each Obligor shall or shall cause the Dissemination Agent to file written notice describing the occurrence of a Listed Event with (i) the Repository within ten (10) Business Days of the occurrence of such Listed Event; and (ii) the Bondholder Representative. The foregoing notwithstanding, notice of a Listed Event described in subsections (a)(8) and (a)(9) of this Section 5 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Bond Indenture. Notwithstanding the foregoing, in no event shall the Dissemination Agent be required to determine the occurrence of any Listed Event and in the absence of specific written direction from an Obligor to provide the notice to the Repository, the Bondholder Representative, and the Underwriter, the Dissemination Agent shall have no obligation to file notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The obligations of the Obligated Group Members under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If an Obligor's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were an Obligor, and such original Obligor shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, such Obligor shall give notice of such termination or substitution in the same manner as for a Listed Event under Section 5 of this Disclosure Agreement. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this Disclosure Agreement, insofar as the provision of

the Rule no longer in effect required the provision of such information, shall no longer be required to be provided. The Obligated Group shall deliver to the Bond Trustee and the Dissemination Agent an opinion of a nationally recognized bond counsel to the effect that the information that will no longer be provided is no longer required under the Rule as then in effect.

SECTION 7. Dissemination Agent. UMB Bank, National Association is appointed as the Dissemination Agent and agrees to act in such capacity hereunder. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by any Obligor pursuant to this Disclosure Agreement or for ensuring the compliance with any rule or regulation of the Obligated Group or the Underwriter in connection with the filings of information herein but is merely responsible for the filing of any such information provided to the Dissemination Agent by the Obligors. The Obligated Group shall pay the fees, charges and expenses of the Dissemination Agent in connection with its administration of this Disclosure Agreement. The Dissemination Agent may be removed by the Obligated Group at any time upon at least 30 days' written notice to the Issuer, the Dissemination Agent and the Bond Trustee or may resign at any time upon at least 30 days' written notice to the Issuer, the Obligated Group Representative and the Bond Trustee. If at any time there is not any other designated Dissemination Agent, Meadow Lake, LLC will act as the Dissemination Agent on its own behalf and on behalf of the Obligated Group.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Group, and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) of this Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Bondholder Representative or the Holders of the Bonds in the same manner as provided in the Bond Indenture for amendments to the Bond Indenture with the consent of Holders or (ii) does not, in the opinion of a nationally recognized bond counsel addressed to the Issuer, the Bond Trustee and the Dissemination Agent, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Obligated Group shall describe such amendment in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent an Obligor from disseminating any other information (such as information required to be delivered to the Repository in accordance with the Continuing Covenants Agreement), using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

If an Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, such Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of an Obligor or the Dissemination Agent to comply with any provision of this Disclosure Agreement (other than any failure to provide information to the Underwriter), the Bond Trustee may (and, at the written direction of the Underwriter, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or the Bondholder Representative, shall), or any Holder or Beneficial Owner of the Bonds or the Bondholder Representative may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause such Obligor or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Notwithstanding the foregoing, a default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, the Loan Agreement, or the Continuing Covenants Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of an Obligor or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties; Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Obligated Group agrees to indemnify and to hold the Dissemination Agent, its officers, directors, employees, attorneys and agents harmless against any loss, expense and liability it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. Notwithstanding anything to the contrary herein, the Dissemination Agent, shall have the same rights, indemnities, privileges and protections in the discharge of its obligations hereunder as the Bond Trustee would have in discharging any of its obligations under the Bond Indenture. Such rights, indemnities, privileges, and protections are incorporated herein by reference as if fully set forth herein. The obligations of the Obligated Group under this Section shall survive resignation or removal of the Dissemination Agent and the payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or between the parties to this Disclosure Agreement may be given as follows:

To the Obligated Group:	Meadow Lake, LLC c/o Lifespace Communities, Inc. 4201 Corporate Drive West Des Moines, Iowa 50266 Attention: Nicholas A. Harshfield
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With a copy to its counsel:	Dorsey & Whitney LLP 801 Grand Avenue, Suite 3900 Des Moines, Iowa 50309 Attention: David D. Grossklaus
To the Bond Trustee or the Dissemination Agent:	UMB Bank, National Association 2 South Broadway, Suite 600 St. Louis, Missouri 63102 Attention: Corporate Trust Services
To the Issuer:	Tarrant County Cultural Education Facilities Finance Corporation c/o Brown Pruitt Wambsganss Ferrill & Dean, P.C. 201 Main Street, Suite 801 Fort Worth, Texas 76102 Attention: Secretary, Randal L. Dean
To the Underwriter:	Odeon Capital Group LLC 750 Lexington Avenue, 27th Floor New York, New York 10022 Attention: Scott Kaysen
To the Bondholder: Representative:	Hamlin Capital Management, LLC 640 Fifth Avenue, 11th Floor New York, New York 10019 Attention: Joseph J. Bridy

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Group Members, the Bond Trustee, the Dissemination Agent, the Underwriter, the Bondholder Representative and Holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 14. 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.

SECTION 15. Applicable Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Texas excluding conflicts of law principles.



IN WITNESS WHEREOF, the Obligated Group and the Dissemination Agent have executed this Continuing Disclosure Agreement on the date and year first written above.

WESLEY COURT, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

CRAIG AMARILLO, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

MEADOW LAKE, LLC

By: \_\_\_\_\_  
Name: Jesse Jantzen  
Title: President

By: \_\_\_\_\_  
Name: Nicholas A. Harshfield  
Title: Treasurer

UMB BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Name: Brian P. Krippner  
Title: Senior Vice President

**EXHIBIT A**

**NOTICE TO THE REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligor: \_\_\_\_\_  
Name of Issuer: Tarrant County Cultural Education Facilities Finance Corporation  
Name of Bond Issue: Revenue Bonds (CMW Obligated Group) Series 2022A,  
Taxable Revenue Bonds (CMW Obligated Group) Series 2022B and  
Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series  
2022C  
Date of Issuance: July \_\_, 2022

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement. The Obligor anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

UMB BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name:  
Title:

**FORM OF BONDHOLDER REPRESENTATIVE LETTER**

[Closing Date]

Tarrant County Cultural Education  
Facilities Finance Corporation  
c/o Brown Pruitt Wambsganss Dean  
Forman & Moore, P.C.  
201 Main Street, Suite 801  
Fort Worth, Texas 76102  
Attention: Secretary, Randal L. Dean

Gilmore & Bell, P.C.  
Bond Counsel  
2405 Grand Boulevard  
Suite 1100  
Kansas City, Missouri 64108  
Attention: Bill Burns

UMB Bank, National Association  
2 South Broadway, Suite 600  
St. Louis, Missouri 63102  
Attention: Corporate Trust

Odeon Capital Group LLC  
Municipals Department  
750 Lexington Avenue, 27th Floor  
New York, NY 10022  
Attention: Scott Kaysen

Ladies and Gentlemen:

The undersigned, an officer of Hamlin Capital Management, LLC (the “Bondholder Representative”), is entering into this Investment Letter in connection with the investment with the Owners (as defined herein) of the Revenue Bonds (CMW Obligated Group), Series 2022 in the aggregate principal amount of \$110,890,000, consisting of \$53,310,000 Revenue Bonds (CMW Obligated Group) Series 2022A (the “Series 2022A Bonds”), \$52,580,000 Taxable Revenue Bonds (CMW Obligated Group) Series 2022B (the “Series 2022B Bonds”), and \$5,000,000 Taxable Entrance Fee Revenue Bonds (CMW Obligated Group) Series 2022C (the “Series 2022C Bonds,” and together with the Series 2022A Bonds and the Series 2022B Bonds, the “Bonds”), issued by Tarrant County Cultural Education Facilities Finance Corporation (the “Issuer”). The Bonds are authorized and issued pursuant to the Bond Trust Indenture, dated as of July 1, 2022, as supplemented and amended (the “Bond Indenture”), between the Issuer and UMB Bank, National Association (the “Bond Trustee”). Proceeds of the Bonds are being loaned to Meadow Lake, LLC, a Texas limited liability company, as Obligated Group Representative (“Meadow Lake” or the “Obligated Group Representative”), Craig Amarillo, LLC, a Texas limited liability company (“Craig Amarillo, LLC”), and Wesley Court, LLC, a Texas limited liability company (“Wesley Court, LLC,” together with Craig Amarillo, LLC and Meadow Lake, LLC, each a “Member of the Obligated Group” and collectively the “Obligated Group”), pursuant to a Loan Agreement, dated as of July 1, 2022 (the “Loan Agreement”), between the Issuer and the Obligated Group Representative on behalf of itself and the other Members of the Obligated Group, to (1) finance a portion of the costs of the Project, as defined in the Bond Indenture, (2) fund a debt service reserve fund for the Bonds, (3) fund capitalized interest on the Series 2022A Bonds, (4) fund working capital for the Project, and (5) pay costs of issuance for the Bonds. Odeon Capital Group LLC (the “Underwriter”) is acting as the underwriter of the Bonds, which are being offered by the Offering Memorandum, dated July 15, 2022, including the appendices thereto (the “Offering Memorandum”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Indenture. The Bondholder Representative does hereby represent and agree as follows:

1. The Bondholder Representative is the duly appointed and retained representative of the beneficial owners of 100% in outstanding aggregate principal amount of the Bonds delivered on the date of this Investment Letter.

2. The Bondholder Representative is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The principal place of business of the Bondholder Representative, and the office location for those representatives of the Bondholder Representative making the decision for the investors to purchase the Bonds, is in the State of New York.

3. The Bondholder Representative is delivering this Investment Letter on behalf of the initial beneficial owners of the Bonds and all other beneficial owners of the Bonds from time to time represented by the Bondholder Representative (collectively, the “Owners”). Each Owner has executed an Investment Advisory Agreement with the Bondholder Representative or is a limited partner in a limited partnership managed by the Bondholder Representative. The Bondholder Representative is authorized by the Owners to make the representations and agreements set forth herein on behalf of the Owners.

4. Each Owner has been informed that the Bonds are not general obligations of the Issuer, but are special, limited obligations payable and secured solely as provided for in the Bond Indenture, the Master Indenture and the other Bond Documents (each as defined in the Bond Purchase Agreement, dated the date of its execution and delivery, among the Issuer, the Obligated Group Members and the Underwriter) and that the Issuer has no taxing power. No funds of the Issuer are pledged to the payment of the Bonds. The Bonds are payable solely from funds provided by the Obligated Group Representative pursuant to the Loan Agreement.

5. Each Owner has retained the Bondholder Representative to advise and represent the Owner regarding the purchase and sale of securities such as the Bonds. Each Owner has the ability to bear the economic risks of an investment in the Bonds, and is and will be an “accredited investor” as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), or a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities and Exchange Commission.

6. The Bondholder Representative has exercised its delegated authority for each Owner to purchase the Bonds. The decision to purchase the Bonds has been made by Hamlin Capital, as Bondholder Representative and not by any Owner. Each Hamlin Investor Bond is held in a managed account of such investor or a commingled investment vehicle managed by Hamlin Capital.

7. The Bondholder Representative has received an Offering Memorandum prepared by the Obligated Group in connection with the limited public offering of the Bonds and hereby represents that the information contained therein, along with all other additional information supplied by the Obligated Group directly to the Bondholder Representative, is sufficient for the Bondholder Representative to decide for the Owners to purchase the Bonds.

8. The Bondholder Representative has reviewed to its satisfaction and is familiar with the Offering Memorandum, including the documents included therein or incorporated therein by reference, and the terms of the transactions contemplated thereby. The Bondholder Representative has made, either alone or together with its advisors (if any), such independent investigation of the Project, the Obligated Group, and related matters as the Bondholder Representative deems, or such advisors (if any) have advised, to be necessary or advisable in connection with advising and representing the Owners as to an investment in the Bonds; and the Bondholder Representative and its advisors (if any) have conducted such due diligence, made such inquiries and received all information and data that the Bondholder Representative and such advisors (if any) believe to be necessary in order to reach an informed decision as to the advisability of an

investment in the Bonds by the Owners. The Bondholder Representative has based its decision to recommend an investment in the Bonds on the Offering Memorandum and its own investigation, including (without limitation) its review of the aforementioned documents, records, reports, financial statements and other information concerning the Obligated Group and the Project, discussions with representatives of the Obligated Group and discussions with the Underwriter based upon information about the Obligated Group and the Project provided by the Obligated Group to the Underwriter and/or the Bondholder Representative. The Bondholder Representative has been afforded the opportunity to ask such questions as it has deemed necessary in making its investment decisions, and such questions have been answered to the satisfaction of the Bondholder Representative. The Bondholder Representative acknowledges and agrees that none of the Underwriter, the Issuer, the Bond Trustee or the Master Trustee or their respective representatives or attorneys have any liability for the failure by the Obligated Group and its representatives to provide any information or for the accuracy or completeness of any such information provided by or on behalf of the Obligated Group and its representatives. The Bondholder Representative acknowledges that all information and documents about the Obligated Group and the Project which the Underwriter forwarded to or discussed with the Bondholder Representative was received from the Obligated Group and its representatives, and that the Underwriter has made no representation or guarantee to the Bondholder Representative with respect to the accuracy or completeness of such information or documents. The Underwriter has represented to the Bondholder Representative that nothing has come to the attention of the Underwriter that would lead the Underwriter to believe that the information or documents provided by the Obligated Group Representative about the Project or the Obligated Group Representative was incorrect or incomplete in any material respect. The Bondholder Representative acknowledges that the Underwriter is acting as underwriter in connection with the sale of the Bonds and the transactions contemplated by the Offering Memorandum and that the Underwriter is not acting as an advisor to or fiduciary of the Bondholder Representative. In its evaluation of the investment for the Owners in the Bonds, the Bondholder Representative has relied on its own expertise and investigation and that of its representatives, attorneys and advisors.

9. The Bondholder Representative is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations to be (a) able to evaluate the risks and merits of the investment represented by the purchase by the Owners of the Bonds, and (b) capable of making and has made its own investigation of the Obligated Group and the Project in connection with its decision for the Owners to purchase the Bonds.

10. The Bonds are purchased by every Owner for the purpose of investment and each Owner intends to hold the Bonds for its own account as a long term investment, without a current view to any distribution or sale of the Bonds. Each Owner is informed that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

11. The Bondholder Representative acknowledges, on behalf of the Owners, (i) that the Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act or any state securities laws, and that the Bonds may not be resold, transferred, pledged or hypothecated in whole or in part, unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from registration is available, and (ii) that the Bonds will not carry any rating from any rating service.

12. (a) The Bondholder Representative is not recommending any action to the Issuer, Lifespace or any Member of the Obligated Group; (b) the Bondholder Representative is not acting as an advisor to the Issuer, Lifespace or any Member of the Obligated Group and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to such entities with respect to the information and material contained in this letter or the Bond Documents; (c) the Bondholder Representative has not and will not provide financial, legal, tax, accounting or other advice to the Issuer, Lifespace or any Member of the Obligated Group or to any financial advisor or underwriter engaged by the Issuer, Lifespace or any Member of the Obligated

Group in connection with the Bonds or the Bond Documents; (d) the Issuer, Lifespace and the Members of the Obligated Group, their financial advisors and underwriters should each seek to obtain any financial, legal, tax, accounting and other advice with regards to the Bonds and the Bond Documents from its own advisors (including as it relates to structure, timing, terms, and similar matters); (e) the transaction contemplated by the Bonds and the Bond Documents are arm's length, commercial transactions in which the Issuer, Lifespace and the Members of the Obligated Group are acting and have acted solely as principals and for their own interests and the Bondholder Representative has not made any recommendations to the Issuer, Lifespace or any Member of the Obligated Group in regard to the transactions related to the Bonds or the Bond Documents; (f) the Bondholder Representative is acting for its own interests and for those of the Owners of the Bonds; and (g) the Issuer, Lifespace and the Members of the Obligated Group should discuss any information and material contained in this letter or the Bond Documents with any and all internal or external advisors and experts that such entity deems appropriate before acting on this information or material.

13. The Bondholder Representative agrees to inform the Issuer, the Obligated Group Representative, the Bond Trustee and the Underwriter at such time, if any, as the Bondholder Representative does not serve as representative of any Owner with respect to any Bonds.

The foregoing representations shall survive the issuance and delivery of the Bonds.

**HAMLIN CAPITAL MANAGEMENT, LLC,**  
as Bondholder Representative

By: \_\_\_\_\_  
Title: \_\_\_\_\_

PROPOSED FORM OF OPINION OF BOND COUNSEL

July 19, 2022

Tarrant County Cultural Education Facilities  
Finance Corporation  
Fort Worth, Texas

UMB Bank, National Association  
St. Louis, Missouri,  
as Bond Trustee and Master Trustee

Meadow Lake, LLC  
Des Moines, Iowa  
as Obligated Group Representative

Odeon Capital Group LLC  
New York, New York  
as Underwriter

Hamlin Capital Management, LLC  
New York, New York  
as Bondholder Representative

Re: \$53,310,000 Tarrant County Cultural Education Facilities Finance Corporation Revenue Bonds (CMW Obligated Group), Series 2022A, \$52,580,000 Tarrant County Cultural Education Facilities Finance Corporation Taxable Revenue Bonds (CMW Obligated Group), Series 2022B and \$5,000,000 Tarrant County Cultural Education Facilities Finance Corporation Taxable Entrance Fee Revenue Bonds (CMW Obligated Group), Series 2022C

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Ladies and Gentlemen:

We have acted as bond counsel to Meadow Lake, LLC, a Texas limited liability company (“*Meadow Lake, LLC*”), Craig Amarillo, LLC, a Texas limited liability company (“*Craig Amarillo, LLC*”), and Wesley Court, LLC, a Texas limited liability company (“*Wesley Court, LLC*” and together with Meadow Lake, LLC and Craig Amarillo, LLC, the “*Obligated Group*” and each individually a “*Member of the Obligated Group*”), in connection with the issuance of the above-captioned bonds (the “*Bonds*”) by the Tarrant County Cultural Education Facilities Finance Corporation, a nonstock nonprofit cultural educational facilities finance corporation duly organized and existing under the laws of the State of Texas (the “*Issuer*”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds are issued under the Cultural Education Facilities Finance Corporation Act, Chapter 337 of the Texas Local Government Code, as from time to time amended (the “*Act*”), and a Bond Trust Indenture dated as of July 1, 2022 (the “*Bond Indenture*”), between the Issuer and UMB Bank, National Association, as bond trustee (the “*Bond Trustee*”). Capitalized terms used and not otherwise defined in this opinion have the meanings assigned in the Bond Indenture.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer and the Obligated Group contained in the Loan Agreement and the Tax Agreement and certified proceedings and other certifications of the Issuer, the Obligated Group and others furnished to us,

including appraisal reports dated as of June 14, 2022 provided by Newmark Valuation & Advisory, without undertaking to verify them by independent investigation.

We have also relied on (1) the legal opinions of Dorsey & Whitney, LLP, counsel to the Obligated Group and Lifespace Communities, Inc., an Iowa nonprofit corporation (“Lifespace”), the sole member of each Member of the Obligated Group, dated the date of this opinion, regarding certain matters, including (a) the status and due organization of the Members of the Obligated Group and Lifespace, (b) the status of Lifespace as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and the status of the Members of the Obligated Group as disregarded entities for purposes of the Code, (c) the power of the Members of the Obligated Group or the Obligated Group Representative on behalf of the Obligated Group to enter into and perform their respective obligations under the Loan Agreement and the Tax Agreement, and (d) the due authorization, execution and delivery of the Loan Agreement and the Tax Agreement by the Members of the Obligated Group or the Obligated Group Representative on behalf of the Obligated Group and the binding effect and enforceability of those documents against the Members of the Obligated Group, and (2) the opinion of Brown Pruitt Wambsganss Dean Forman & Moore, P.C., counsel to the Issuer, regarding, among other matters (a) the creation and existence of the Issuer under the laws of the State of Texas, (b) the power and authority of the Issuer to issue the Bonds, and (c) the resolution authorizing the issuance of the Bonds being duly adopted by the Issuer, being in full force and effect, and constituting the valid and binding act of the Issuer.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer has lawful power and authority under the laws of the State of Texas, including the Act, to issue the Bonds and to enter into and perform its obligations under the Bond Indenture, the Loan Agreement and the Tax Agreement.

2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding limited obligations of the Issuer.

3. The Bonds are payable solely from the loan payments made by the Obligated Group under the Loan Agreement and the Bond Note and other funds held by the Bond Trustee and pledged under the Bond Indenture as security for the Bonds. The Bonds are limited obligations of the Issuer payable solely from the revenues, receipts and resources of the Issuer pledged to its payment under the Bond Indenture and not from any other revenues, funds or assets of the Issuer. No owner of any Bonds has the right to compel Tarrant County, Texas to pay the principal of, interest or redemption premium, if any, on the Bonds.

4. The Bond Indenture, the Loan Agreement and the Tax Agreement have been duly authorized, executed and delivered by the Issuer and are valid and legally binding agreements of the Issuer enforceable against the Issuer. The Bond Indenture creates a valid lien on the Trust Estate pledged and assigned by the Issuer to the Bond Trustee under the Bond Indenture for the benefit and security of the owners of the Bonds.

5. The interest on the Series 2022A Bonds (i) is excludable from gross income for federal income tax purposes, and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer and the Obligated Group comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2022A Bonds in order that interest thereon be, or continue to be,



excludable from gross income for federal income tax purposes. The Issuer and the Obligated Group have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. The Series 2022A Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

We express no opinion regarding (a) the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Bonds (except to the extent, if any, stated in the Offering Memorandum), (b) the perfection or priority of the lien on the Trust Estate pledged under the Bond Indenture, or (c) federal or state tax consequences arising with respect to the Bonds, other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Bond Indenture, the Loan Agreement and the Tax Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

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## Book-Entry Only System

The information in this section has been obtained from sources that the Issuer, the Obligated Group and the Underwriter believe to be reliable, but none of the Issuer, the Obligated Group or the Underwriter takes any responsibility for the accuracy thereof.

### *The Depository Trust Company*

The Depository Trust Company (“DTC” or, together with any successor securities depository for the Series 2022 Bonds, the “Securities Depository”), will act as securities depository for the Series 2022 Bonds. The Series 2022 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 relating to each of the Series 2022A Bonds, the Series 2022B Bonds and the Series 2022C Bonds, respectively, in a principal amount equal to the aggregate principal amount of such series of the Series 2022 Bonds will be deposited with DTC or its agent.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under New York Banking Law, a “banking organization” within the meaning of 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, as amended. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States 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 securities certificates. Direct Participants include both United States and non-United States 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 has a S&P Global Inc. rating of AA+. The DTC rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

### ***Ownership of Series 2022 Bonds***

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022 Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of the Beneficial Owners. *Beneficial Owners will not receive certificates representing their ownership interests in the Series 2022 Bonds except in the event that use of the book-entry only system for the Series 2022 Bonds is discontinued under the circumstances described below under "Discontinuance of Book-Entry Only System."*

To facilitate subsequent transfers, all Series 2022 Bonds deposited by Direct Participants and Indirect 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 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants 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 2022 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 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 Trustee and request that copies of the notices be provided directly to them.

*So long as a nominee of DTC is the registered owner of the Series 2022 Bonds, references herein to the Bondholders or the holders or owners of the Series 2022 Bonds shall mean DTC and shall not mean the Beneficial Owners of the Series 2022 Bonds. The Issuer and the Trustee will recognize DTC or its nominee as the holder of all of the Series 2022 Bonds for all purposes, including the payment of the principal or Redemption Price of and interest on, and the purchase price of, the Series 2022 Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Bond Indenture.*

*Neither the Issuer nor the Trustee will have any responsibility or obligation to Direct Participants, Indirect Participants or Beneficial Owners with respect to payments or notices to Direct Participants, Indirect Participants or Beneficial Owners.*

### ***Payments on and Redemption or Purchase of Series 2022 Bonds***

So long as the Series 2022 Bonds are held by DTC under a book-entry system, principal and interest payments on the Series 2022 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding information from the Trustee on the applicable payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect 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 Direct Participants and Indirect Participants and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

So long as the Series 2022 Bonds are held by DTC under a book-entry only system, the Trustee will send any notice of redemption or purchase with respect to the Series 2022 Bonds only to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Indirect Participant or of any Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the proceedings for the redemption or purchase of the Series 2022 Bonds or of any other action premised on such notice. If fewer than all of the Series 2022 Bonds of a series are selected for redemption or purchase, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed or purchased, except as otherwise directed by the Issuer.

*None of the Issuer, the Trustee, the Underwriter or the Obligated Group can give any assurances that DTC, the Direct Participants or Indirect Participants will distribute payments of the principal or Redemption Price of and interest on or the purchase price of, the Series 2022 Bonds paid to DTC or its nominee, as the registered owner of the Series 2022 Bonds, or any redemption, purchase 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 Offering Memorandum.*

### ***Discontinuance of Book-Entry Only System***

DTC may discontinue its services as a securities depository for the Series 2022 Bonds at any time by giving reasonable notice to the Issuer, the Obligated Group and the Trustee, or the Issuer may discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor Securities Depository is not obtained, Series 2022 Bonds are required to be printed and delivered in fully certificated form to the Direct Participants shown on the records of DTC provided to the Trustee or, to the extent requested by any Direct

Participant, to the Beneficial Owners of the Series 2022 Bonds shown on the records of such Direct Participant provided to the Trustee.

### **Registration and Exchange of Series 2022 Bonds**

So long as the Series 2022 Bonds are maintained under a book-entry system, transfers of ownership interests in the Series 2022 Bonds will be made as described above under “Book-Entry Only System.” If the book-entry only system is discontinued, any Series 2022 Bond may be exchanged for an equal aggregate principal amount of Series 2022 Bonds of the same series in other Authorized Denominations, and the transfer of any Series 2022 Bond may be registered, upon presentation and surrender of such Series 2022 Bond at the designated office of the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative. The Issuer and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the Issuer nor the Trustee shall be required to register the transfer of any Series 2022 Bond or make any such exchange of any Series 2022 Bond (1) during the 15 days preceding the date of mailing of any notice of redemption, or (2) after a notice of redemption of such Series 2022 Bond or any portion thereof has been mailed.



