

**MORTGAGE, ASSIGNMENT OF LEASES
AND SECURITY AGREEMENT**

Dated May 1, 2008

From

**DANIEL SENIOR LIVING OF INVERNESS II, LLC
3595 Grandview Parkway
Birmingham, AL 35243**

To


**SOUTHERN STATES BANK
201 Office Park Drive
Birmingham, Alabama 35223**

This instrument is to be cross-indexed in the index of Uniform Commercial Code Financing Statements.

The amount of initial indebtedness secured by this instrument is \$942,500.00.

This Mortgage, Assignment of Leases and Security Agreement was prepared by Edward J. Ashton of Walston, Wells & Birchall, LLP, One Federal Place, 1819 5th Avenue North, Suite 1100, Birmingham, Alabama 35203

STATE OF ALABAMA)
JEFFERSON COUNTY)


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**MORTGAGE, ASSIGNMENT OF LEASES
AND SECURITY AGREEMENT**

THIS MORTGAGE, ASSIGNMENT OF LEASES AND SECURITY AGREEMENT dated as of May 1, 2008, entered into by **DANIEL SENIOR LIVING OF INVERNESS II, LLC**, an Alabama limited liability company (the "Borrower"), for the benefit of **SOUTHERN STATES BANK**, an Alabama banking corporation (the "Lender").

Recitals

Capitalized terms used in these recitals shall have the meanings ascribed thereto in Article I hereof.

In order to induce the Lender to make the Loan and to secure the Loan evidenced by the Note the Borrower has delivered this instrument to the Lender.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and to induce the Lender to make the Loan, and to secure the prompt payment of all amounts due under the Note and this Mortgage, and also to secure the full and complete performance of each and every obligation, covenant, duty and agreement of the Borrower in this Mortgage and the Note:

**ARTICLE I
Definitions and Other Provisions
of General Application**

For all purposes of this Mortgage, except as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Article have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular and vice versa and words connoting one gender shall refer to all genders.

(2) All references in this instrument to designated "articles", "sections" and other subdivisions are to the designated articles, sections and subdivisions of this instrument as originally executed.

(3) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Mortgage as a whole and not to any particular article, section or other subdivision.

Advances shall mean, collectively, all amounts advanced by Lender (i) to pay any amount Borrower is obligated to pay under this Mortgage, including without limitation insurance premiums, payment of taxes, assessments and other charges, maintenance or repair of the Collateral, performance of Borrower's obligations under any Lease, any amount due under a prior mortgage, any environmental-related obligations of Borrower under Section 4.06, or (ii) to protect the Lender's interest in, and/or the value of, the Collateral or any portion of the Collateral.

Collateral shall mean all property and rights mortgaged, assigned, pledged or otherwise subject to the lien of this Mortgage.

Condemnation Awards shall have the meaning stated in the third Granting Clause of Article II.

Default Rate shall mean the rate of interest set forth in the Note applicable to past due Obligations due thereunder.

Environmental Law shall mean and include all laws, rules, regulations, ordinances, judgments, decrees, codes, orders, injunctions, notices and demand letters of any Governmental Authority applicable to the Borrower or the Project Site (including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601, et seq.) relating to Hazardous Substances and the protection of human health or the environment, including any relating to Hazardous Substances.

Event of Default shall have the meanings stated in Article VII. An Event of Default shall "exist" if an Event of Default shall have occurred and be continuing and all applicable grace and cure periods shall have expired.

Governmental Authority shall mean any federal, state, county, municipal, or other government, domestic or foreign, and any agency, authority, department, commission, bureau, board, court or other instrumentality thereof.

Guarantors shall mean collectively Daniel Realty Company, LLC and all other persons who at any time deliver a Guaranty to the Lender and the respective heirs, administrators, executors and assigns thereof.

Guaranty shall mean the Guaranty Agreement of even date herewith executed and delivered by Daniel Realty Company, LLC to the Lender and any other guaranty agreement(s), whether one or more than one, executed and delivered by the Guarantors with respect to the Obligations, as at any time amended, supplemented or restated.

Hazardous Substances shall mean and include all pollutants, contaminants, toxic or hazardous wastes and other substances (including asbestos, urea formaldehyde, foam insulation and materials containing either petroleum or any of the substances referenced in Section 101(14) of CERCLA), the removal of which is required or the manufacture, use, maintenance and handling of which is regulated, restricted, prohibited or penalized by an Environmental Law, or, even though not so regulated, restricted, prohibited or penalized, might pose a hazard to the health and safety of the public or the occupants of the property on which it is located or the occupants of the property adjacent thereto.

Interest Rate Contracts shall mean any interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, interest rate insurance and other agreements or arrangements between the Borrower and the Lender designed to provide protection against fluctuations in interest rates.

Leases shall have the meaning stated in the fourth Granting Clause of Article II.

Lender shall mean Southern States Bank and its successors and assigns.

Lien shall mean, as to any asset, (1) any lien, charge, claim, mortgage, security interest, pledge, hypothecation or other encumbrance of any kind with respect to such asset, (2) any interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention agreement relating to such asset, (3) any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception affecting such asset, or (4) any assignment, deposit, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction).

Loan Documents shall mean the Note, the Interest Rate Contracts (if any) the Security Documents and all other documents, instruments and agreements now or hereafter executed or delivered pursuant hereto or in connection herewith, as at any time amended, supplemented or restated.

Mortgage shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more instruments entered into pursuant to the applicable provisions hereof.

Note shall mean the Promissory Note of even date herewith executed and delivered by Borrower payable to Lender's order.

Obligations shall mean:

- (1) the principal of and interest on the Note and every extension, renewal, amendment, and restatement thereof;
- (2) the performance of Borrower's obligations under this Mortgage, including without limitation, Borrower's obligation to reimburse Lender for all Advances;
- (3) all other amounts becoming due and payable under any of the Loan Documents, and each of them;
- (4) all other indebtedness, obligations (including obligations of performance) and liabilities of the Borrower to the Lender of every kind and description whatsoever, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, contracted or arising, or acquired by the Lender from any source, joint or several, liquidated or unliquidated, regardless of how they arise or by what agreement or instrument there may be evidenced or whether they are evidenced by any agreement or instrument, and whether incurred as maker, endorser, surety, guarantor or otherwise, and any and all extensions, restatements and renewals of any of the same; and
- (5) all renewals, and extensions and restatements of any or all the obligations described in paragraphs (1) through (4) above (including without limitation any renewal or extension of, and any substitute for, the Note), whether or not any renewal or extension agreement is executed in connection therewith.

Permitted Encumbrances shall mean the encumbrances set out on **Exhibit B** attached hereto.

Person shall include natural persons, sole proprietorships, corporations (which shall be deemed to include business trusts), unincorporated organizations, associations, companies, institutions, entities, joint ventures, partnerships, governments (whether national, federal, state, county, city, municipal or otherwise) and any governmental instrumentality, division, agency, body or department.

Personal Property and Fixtures shall mean all personal property and fixtures constituting part of the Collateral owned by Borrower.

Project shall mean the Project Site, the Personal Property and Fixtures and all other property and rights referred to or intended so to be in Granting Clauses I and II.

Project Site shall have the meaning stated in the first Granting Clause of Article II.

Rents shall have the meaning stated in the fourth Granting Clause of Article II.

Security Documents shall mean the Guaranty, the Mortgage, and all UCC Financing Statements, together with all documents, instruments and agreements now or hereafter securing or guaranteeing the indebtedness evidenced by the Note, as at any time amended, supplemented or restated.

ARTICLE II

Granting Clauses

As security for the Obligations, the Borrower has bargained and sold and does hereby grant, bargain, sell, transfer, assign, set-over and convey to the Lender, its successors and assigns, the property and interests in property described in the following Granting Clauses, and the Borrower has granted and does hereby grant to the Lender security title to and a continuing security interest in said property and interests in property and all proceeds and products thereof:

I.

(Project Site and Buildings)

The real property described on Exhibit A attached hereto and interests therein, together with all easements, permits, licenses, rights-of-way, contracts, leases, tenements, hereditaments, appurtenances, rights, privileges and immunities pertaining or applicable to said real property and interests therein, together with all buildings, structures and improvements now or hereafter located on such real property (the "Project Site").

II.

(Personal Property and Fixtures)

All personal property and fixtures described in Exhibit C attached hereto and all other personal property and fixtures located on the Project Site in which the Borrower has any interest, including all substitutions and replacements for such personal property and fixtures and the proceeds thereof.

III.

(Condemnation Awards and Insurance Proceeds)

Subject to the provisions hereof respecting application of the following for the purposes and on the terms and conditions set forth herein: (i) all awards or payments, including all interest thereon, together with the right to receive the same, that may be made to the Borrower with respect to the Collateral as a result of the exercise of the right of eminent domain, any damage to or destruction of the Collateral or any part thereof, or any other injury to or decrease in the value of the Collateral (herein referred to as "Condemnation Awards"), and (ii) all right, title and interest of the Borrower in and to any policies of insurance (and the proceeds thereof) with respect to any damage to or destruction of the Collateral.

IV.

(Leases and Rents)

(a) All written or oral leases or other agreements for the use or occupancy of all or any portion of the Collateral with respect to which the Borrower is the lessor, and any and all extensions and renewals thereof, now or hereafter existing (collectively, the "Leases");

(b) Any and all guaranties of performance by lessees under the Leases (excluding tenant security deposits until forfeited by a tenant);

(c) The immediate and continuing right to collect and receive all the rents, income, receipts, revenues, issues and profits now due or that may hereafter become due or to which the Borrower may now be or may hereafter (including during the period of redemption, if any) become entitled to demand or claim, arising or issuing from or out of the Leases or from or out of the Collateral, or any part thereof, including but not limited to minimum rents, additional rents, percentage rents, common area maintenance charges, parking charges, tax and insurance premium

contributions, liquidated damages upon default, the premium payable by any lessee upon the exercise of any cancellation privilege provided for in any of the Leases, and all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by destruction or damage to the Collateral, together with any and all rights and claims of any kind that the Borrower may have against any such lessee under the Leases or against any sublessees or occupants of the Collateral, all such moneys, rights and claims described in this subparagraph (c) being hereinafter referred to as the "Rents"; provided, however, that so long as no Event of Default has occurred under the Mortgage, the Borrower shall have the right under a license granted hereby (but limited as provided in Section 8.07 of the Mortgage) to collect, receive and retain the Rents (but not prior to accrual thereof); and

(d) Any award, dividend or other payment made hereafter to the Borrower in any court procedure involving any of the lessees under the Leases in any bankruptcy, insolvency or reorganization proceeding in any state or federal court and any and all payments made by lessees in lieu of rent, the Borrower hereby appointing the Lender as the Borrower's irrevocable attorney-in-fact to appear in any action and collect any such award, dividend or other payment.

V.

(Other)

Any and all other real or personal property of every kind and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred to the Lender as and for additional security hereunder by the Borrower or by anyone in the behalf of, or with the written consent of, the Borrower.

All of the property described in the foregoing Granting Clauses I through V, both inclusive, is herein sometimes together referred to as the "Collateral."

TO HAVE AND TO HOLD the Collateral, together with all the rights, privileges and appurtenances thereunto belonging, unto the Lender, its successors and assigns, forever;

SUBJECT, however, to Permitted Encumbrances.

ARTICLE III

Representations and Warranties

To induce the Lender to make the Loan, the Borrower represents and warrants that:

(1) Valid Title and Related Warranties. The Borrower is lawfully seized of an indefeasible estate in fee simple in and to, and good title to, the Project Site; the Borrower has a good right to sell and mortgage the Collateral; the Collateral is subject to no liens, encumbrances or security interests other than Permitted Encumbrances; and the Borrower will forever warrant and defend the title to the Collateral unto the Lender against the claims of all persons whomsoever, except those claiming under Permitted Encumbrances.

(2) Maintenance of Lien Priority. The Borrower shall take all steps necessary to preserve and protect the validity and priority of the mortgages and liens on and security interests in the Collateral created hereby. The Borrower shall execute, acknowledge and deliver such additional instruments as the Lender may reasonably deem necessary in order to preserve, protect, continue, extend or maintain the lien and security interest created hereby as a lien on and security interest in the Collateral subject only to Permitted Encumbrances, except as otherwise permitted under the terms of this Mortgage. All reasonable and customary costs and expenses incurred in connection with the protection, preservation, continuation, extension or maintaining of the liens and security interests hereby created shall be paid by the Borrower.

ARTICLE IV

Covenants of Borrower

SECTION 4.01 Payment of Taxes and Other Assessments

The Borrower will pay or cause to be paid all taxes, assessments and other governmental, municipal or other public dues, charges, fines or impositions imposed or levied upon the Collateral or on the interests created by this Mortgage or with respect to the filing of this Mortgage, and any tax or excise on rents or other tax, however described, assessed or levied by any state, federal or local taxing authority as a substitute, in whole or in part, for taxes assessed or imposed on the Collateral or on the lien and other interests created by this Mortgage, and before said taxes, assessments and other governmental charges are delinquent, the Borrower will deliver receipts therefor to the Lender upon Lender's written request or, in the case of mortgage filing privilege taxes, pay to the Lender an amount equal to the taxes. The Borrower may, at its own expense, in good faith contest any such taxes, assessments and other governmental charges and, in the event of any such contest, may permit the taxes, assessments or other governmental charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that during such period enforcement of such contested items shall be effectively stayed. If any tax or assessment is levied, assessed or imposed by any governmental authority on the Lender as a legal holder of any of the Obligations or any interest in this Mortgage (other than federal and state income taxes), then all such taxes and assessments shall be paid by the Borrower promptly after they become due and payable but in any event before they become delinquent (and in the opinion of counsel for the Lender, such payment by the Borrower is lawful and does not place the Lender in violation of any law).

SECTION 4.02 Insurance

(a) The Borrower shall keep or cause to be kept the Collateral insured against loss or damage by fire, windstorm, flood (to the extent permitted by law), extended coverage perils, vandalism, malicious mischief and such other hazards, casualties or other contingencies as from time to time in such amounts, in such manner and in such companies as maybe permitted by law and as the Lender may reasonably approve. All such policies shall name the Lender as a named insured and provide that any losses payable thereunder with respect to the Collateral shall (pursuant to loss payable clauses, in form and content acceptable to the Lender, to be attached to each policy) be payable to the Lender, as a mortgagee, and provide that the insurance provided thereby, as to the interest of the Lender, shall not be invalidated by any act or neglect of the Borrower, nor by the commencing of any proceedings by or against the Borrower in bankruptcy, insolvency, receivership or any other proceedings for the relief of a debtor, nor by any foreclosure, repossession or other proceedings relating to the property insured, nor by any occupation of such property or the use of such property for purposes more hazardous than permitted in the policy. The Borrower shall furnish to the Lender insurance certificates, in form and substance reasonably satisfactory to the Lender, evidencing compliance by the Borrower with the terms of this Section and, upon the request of the Lender at any time, the Borrower shall furnish the Lender with photostatic copies of the policies required by the terms of this Section. The Borrower will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to the Lender) to give the Lender at least 10 days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. The Borrower agrees that it will not take any action or fail to take any action which action or inaction would result in the invalidation of any insurance policy required hereunder. At least 10 days prior to the date the premiums on each such policy or policies shall become due and payable, the Borrower shall furnish to the Lender evidence of the payment of such premiums.

(b) **Insured Casualty; Restoration.** If any part of the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty, Borrower shall give prompt notice to the Lender. The proceeds from the insurance payable on account of such casualty (less the costs of collecting the same), if collected, shall be credited against the Obligations, or, at the election of the Lender and subject to such conditions as Lender may require, such proceeds may be used to purchase additional Personal Property and Fixtures to replace Personal Property and Fixtures that has been damaged or destroyed and to repair or reconstruct the Improvements. Every casualty shall be settled and adjusted by the Borrower only after consultation with and approval by the Lender. After a casualty occurs, all insurance proceeds shall be paid to the Lender.

SECTION 4.03 Condemnation Awards

The entire proceeds of any Condemnation Award shall be paid to the Lender and, after first applying such award to the payment of all costs and expenses (including attorneys' fees) reasonably incurred in the collection thereof, shall be applied as provided in Section 4.02(b), with respect to the amount of such proceeds. No such application shall cure or waive any default of the Borrower.

SECTION 4.04 Waste, Demolition, Alteration or Replacement; Removal of Personal Property and Fixtures

The Borrower will cause the Collateral and every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition, will not commit or permit waste thereon, will not remove, demolish or materially alter the design or structural character of any building now or hereafter erected on the Project Site without the express prior written consent of the Lender (not to be unreasonably withheld, conditioned or delayed), will comply in all material respects with all laws and regulations of any Governmental Authority with reference to the Collateral and the manner and use of the same, and will from time to time make all necessary and proper repairs, renewals, additions and restorations thereto so that the value and efficient use thereof shall be preserved and maintained. The Borrower agrees not to remove any of the Personal Property and Fixtures included in the Collateral unless the same is promptly replaced with like property of at least similar value and utility.

SECTION 4.05 Compliance by Borrower with Terms of Other Loan Documents

The Borrower shall comply, fully and faithfully, with all of its respective material obligations under the other Loan Documents. If the Borrower fails or refuses to do so, the Lender may, but shall not be required to, perform any and all of such obligations of the Borrower under the other Loan Documents, including but not limited to the payment of any or all sums due from the Borrower thereunder. Any sums so paid by the Lender shall constitute Advances, shall be part of the Obligations, and shall be secured hereby.

SECTION 4.06 Environmental Compliance and Indemnity

(a) The Borrower shall (1) not, and shall not knowingly permit any other person to, bring any Hazardous Substances onto the Project Site except any such Hazardous Substances that are used in the ordinary course of the contemplated businesses as to be conducted on the Project Site and that are handled, stored, used and disposed of in accordance with applicable Environmental Laws; (2) subject to the terms of Subsection (1), if any other Hazardous Substances are brought or found on the Project Site, immediately remove and properly dispose of the same in accordance with applicable Environmental Laws; (3) cause the Project Site and the operations conducted thereon (including all operations conducted thereon by other persons) to comply with all Environmental Laws; (4) permit the Lender from time to time to inspect the Project Site and observe the operations thereon; (5) undertake any and all preventive, investigatory and remedial action (including emergency response, removal, clean up, containment and other remedial action) that is (A) required by any applicable Environmental Law, (B) necessary to prevent or minimize any property damage (including damage to any of the Project Site), personal injury, or harm to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Project Site or the operations on the Project Site or (C) determined to be necessary by an environmental audit or site assessment of the Project; (6) give notice to the Lender in writing if the Borrower should become aware of (A) any material spill, release or disposal of any Hazardous Substances, or imminent threat thereof, at the Project Site, in connection with the operations on the Project Site, or at any adjacent property that could migrate to, through or under the Project Site, (B) any material violation of Environmental Laws regarding the Project Site or operations on the Project Site, and (C) any material investigation, claim or threatened claim under any Environmental Law, or any notice of violation under any Environmental Law, involving the Borrower or the Project Site; and (7) deliver to the Lender, at the Lender's request, copies of any and all documents in the Borrower's possession or to which the Borrower has access relating to Hazardous Substances or Environmental Laws and the Project Site, and the operations on the Project Site, including laboratory analyses, site assessments or studies, environmental audit reports and other environmental studies and reports.

(b) If the Lender at any time reasonably believes that the Borrower is not complying with all applicable Environmental Laws or the requirements hereof regarding the same, or that a material spill, release or

disposal of Hazardous Substances has occurred on or under the Project Site, the Lender may require the Borrower to furnish to the Lender an environmental audit or site assessment reasonably satisfactory to the Lender with respect to the matters of concern to the Lender. Such audit or assessment shall be performed at the expense of the Borrower by a qualified consultant approved by the Lender. If the Borrower fails to provide such site assessment, inspection or audit within thirty (30) days after such request, the Lender may order same, and the Borrower hereby grants to the Lender and its employees, agents and contractors access to the Project and a license to undertake such site assessment, inspection or audit. The Borrower shall be responsible for the cost of such assessment, inspection or audit, and if the Borrower fails to pay such cost, the Lender may make an Advance to pay the same.

(c) The Borrower hereby warrants that, to the best of the information, knowledge and belief thereof, and except as otherwise disclosed in that certain Phase I Environmental Assessment Report prepared by MACTEC, a copy of which has been provided to the Lender, (1) there are no civil, criminal or administrative environmental proceedings involving the Project Site that are pending or to the Borrower's knowledge threatened; (2) the Borrower knows of no facts or circumstances that might give rise to such a proceeding in the future; (3) the Project Site is in compliance with all applicable federal, state and local statutory and regulatory environmental requirements; and (4) the Project Site is free from any and all Hazardous Substances.

(d) The Borrower shall defend, indemnify and save harmless the Lender (the "Indemnitee") from and against any and all liabilities, claims, causes of action, judgments, damages, fines, penalties, response costs, and other losses, costs and expense of any nature whatsoever, including reasonable attorneys' fees and costs of investigation and litigation, asserted against or suffered by the Indemnitee that are related to or arise out of or result from any violation of, or non-compliance of the Project Site or of the Borrower with Environmental Laws, or the presence of Hazardous Substances on or under or included in the Project Site during the time the Borrower has any interest in the Project Site or is otherwise in possession of the Project Site and any investigation, clean up or removal of, or other remedial action or response costs with respect to, any Hazardous Substances located on or under or included in the Project Site, or any part thereof, during the time the Borrower has any interest in the Project Site or is otherwise in possession of the Project Site that may be required by any Environmental Law or Governmental Authority (specifically including without limitation any and all liabilities, damages, fines, penalties, response costs, investigatory or other costs pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq.) and including without limitation claims alleging non-compliance with Environmental Laws which seek relief under or are based on state or common law theories such as trespass or nuisance.

(e) Anything in the Loan Documents to the contrary notwithstanding, the Borrower shall have the right (i) to contest (a "Contest") by appropriate administrative, legal or equitable proceedings, diligently prosecuted in good faith, in its name or in the name of the Indemnitee, if required by law, at the sole cost and expense of the Borrower, the validity or applicability of any Environmental Laws, or any claims, litigation, demands, defenses, judgments, suits, proceedings relating to (x) Hazardous Substances at or about the Project (an "Environmental Complaint") or (y) the Borrower and (ii) to postpone compliance with the Environmental Laws until the final determination of such Contest without violating the provisions of this Agreement or any Loan Documents, provided, that:

(1) enforcement proceedings with respect to any and all Environmental Laws are deferred or stayed during the pendency of the Contest;

(2) Lender shall not be subject to any civil or criminal or other liabilities, costs or expenses by reason of any such Contest or postponement in complying with the Environmental Laws;

(3) the Borrower shall post a bond or any other security which shall be required of it in connection with the Contest;

(4) the Collateral shall not be impaired in the reasonable judgment of Lender and no default shall exist under any Credit Document, beyond applicable notice and cure periods, and Lender shall not have completed foreclosure or a sale under power of sale or accepted in a deed in lieu of foreclosure or otherwise (i) or commenced to enforce any of Lender's rights or remedies under the Loan Documents, or (ii) taken title to all or any portion of the Project;

(5) any Contest shall be instituted promptly after the Borrower obtains notice of any Environmental Laws which asserts any obligation or liability affecting Borrower, Lender or all or any portion of the Project, and such Contest shall at all times be diligently prosecuted until a final judgment is obtained that negates such assertion of obligation or liability; and

(6) the Borrower shall notify Lender in writing within ten (10) days after commencement of a Contest, and shall give Lender a monthly report in writing, during the period of a Contest, on Borrower's progress with respect thereto, and shall promptly give Lender such other information with respect thereto as Lender shall reasonably request.

Lender will, at the sole expense of the Borrower, execute and deliver any documents reasonably required to prosecute such contest proceedings, provided however that the Lender shall not have any liability and Borrower shall not have any recourse against Lender for any liability arising therefrom or in connection therewith. Lender, at the sole cost and expense of Borrower, shall have the right (but not the obligation) to join in any Contest.

(f) The provisions of this Section shall survive the payment of the Obligations in full and the termination, satisfaction, release (in whole or in part) and the foreclosure of this Mortgage and shall remain in full force and effect with respect to claims and losses asserted against or suffered by the Lender until commencement of an action with respect to any event or occurrence shall be prohibited by law.

SECTION 4.07 Handicapped Access

(a) Borrower agrees that the Project shall at all times strictly comply to the extent applicable with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988 (if applicable), all state and local laws and ordinances related to handicapped access and all rules, regulations, and orders issued pursuant thereto including, without limitation, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities (collectively "Access Laws").

(b) Notwithstanding any provisions set forth herein or in any other document regarding Lender's approval of alterations of the Project, Borrower shall not alter the Project in any manner which would increase Borrower's responsibilities for compliance with the applicable Access Laws without the prior written approval of Lender. The foregoing shall apply to tenant improvements constructed by Borrower or by any of its tenants. Lender may condition any such approval upon receipt of a certificate of Access Law compliance from an architect, engineer, or other person acceptable to Lender.

(c) Borrower agrees to give prompt notice to Lender of the receipt by Borrower of any complaints related to violation of any Access Laws and of the commencement of any proceedings or investigations which relate to compliance with applicable Access Laws.

ARTICLE V

Transfer of, or Liens on, Collateral

The Borrower covenants and agrees that, anything in the Loan Documents or in the Lease to the contrary notwithstanding, it will not, without the express prior written consent of the Lender, sell, transfer, convey or otherwise dispose of, or create, or permit or suffer to exist, any lien, security interest or other encumbrance (other than Permitted Encumbrances) on, all or any part of the Collateral (including but not limited to any Leases and Rents) or any interests therein, except as specifically permitted under the Loan Documents, it being expressly understood and agreed that a violation of the provisions of this Article V shall constitute an Event of Default under this Mortgage. Any sale, transfer, conveyance, other disposition or act of creating, permitting or suffering to exist any lien, security interest or other encumbrance in violation of this Article V shall be null, void and of no effect.

ARTICLE VI

Defeasance

If (i) the Borrower shall pay in full and discharge all of the Obligations, (ii) the Lender shall then have no obligation or commitment to advance funds, incur obligations, or give value to the Borrower, and (iii) the Borrower shall then have kept and performed each and every obligation, covenant, duty, condition and agreement in this Mortgage and the other Loan Documents imposed on or agreed to by it; then this Mortgage and the grants and conveyances contained herein shall become null and void, and the Collateral shall revert to the Borrower, and the entire estate, right, title and interest of the Lender shall thereupon cease; and the Lender shall, promptly upon the request of the Borrower and at the Borrower's cost and expense, deliver to the Borrower proper instruments acknowledging satisfaction of this instrument and terminating all financing statements filed in connection herewith; otherwise, this Mortgage shall remain in full force and effect.

ARTICLE VII

Events of Default

Any one or more of the following shall constitute an event of default if not cured within the applicable notice and/or grace period, if any, (an "Event of Default") under this Mortgage (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(1) default in the payment of principal or interest on the Obligations, or any portion thereof or any other sum due under the other Loan Documents or any of them, when and as due and payable, and the failure to cure such default within five (5) days after the Lender has given Borrower written notice of such default; or

(2) default in the performance, or breach, of any covenant, condition or agreement on the part of the Borrower contained in Sections 4.01, 4.02, 4.03 (subject to permitted contest periods in such sections) or Article V hereof; or

(3) default in the performance, or breach, of any covenant or warranty of the Borrower in this Mortgage (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically described), and the continuance of such default or breach for a period of 30 days after there has been given to the Borrower by the Lender a written notice specifying such default or breach and requiring it to be remedied, provided that if such default is of a kind which can be cured but cannot reasonably be cured within such thirty-day period, with the prior written consent of the Lender the Borrower shall have a reasonable period of time within which to cure such default, provided that it begins to cure the default promptly after its receipt of such written notice and proceeds in good faith, and with due diligence, to cure such default; or

(4) the loss, theft, damage or destruction of any uninsured material portion of the Collateral, or the sale, transfer, pledge or encumbrance, of any material portion of the Collateral, or the making of any levy, seizure or attachment on, any material portion of the Collateral which is not dismissed, stayed or bonded-over within 30 days; or

(5) the filing or recording of any federal or other tax lien against the Borrower or against any of the Collateral that has a material adverse effect on the Collateral and which is not dismissed, stayed or bonded-over within 30 days; or

(6) the interest of the Lender in the Collateral shall become impaired by reason of the enforcement of any prior lien or encumbrance thereon which is not discharged, bonded-over or satisfied within 30 days; or

(7) the lien or security interest created by this Mortgage is invalid or unenforceable as to any material part of the Obligations or is invalid or unenforceable as to any material part of the Collateral; or

(8) the occurrence under the Note, or under any of the other Loan Documents, of an event of default, as therein defined, and the expiration of the applicable grace period, if any, specified therein; or

(9) any law is passed imposing, or authorizing the imposition of, any specific tax upon this Mortgage or the Obligations or permitting or authorizing the deduction of any such tax from the principal of, or interest on, the Obligations, or by virtue of which any tax, lien or assessment upon the Project shall be chargeable against the owner of this Mortgage unless the Borrower is legally permitted to and does pay such tax, assessment or deduction or is legally permitted to and does immediately make the Lender whole for such tax, assessment or deduction and cause any such lien to be discharged immediately after it attaches.

ARTICLE VIII

Rights of Lender Upon Default

SECTION 8.01 Acceleration of Indebtedness

If an Event of Default exists, the Lender, at its sole option, may, by notice to the Borrower, effective upon dispatch, declare all of the Obligations to be forthwith due and payable, whereupon all the Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, and the Lender may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under this Mortgage and the Credit Agreement and the other Loan Documents and available at law or equity.

SECTION 8.02 Operation of Collateral by Lender

In addition to all other rights herein and in the other Loan Documents conferred on the Lender, if an Event of Default exists, the Lender (or any person, firm or corporation designated by the Lender) may, but shall not be obligated to, enter upon and take possession of any or all of the Collateral, exclude the Borrower therefrom, and hold, use, administer, manage and operate the same to the extent that the Borrower could do so, without any liability to the Borrower resulting therefrom (except resulting from willful misconduct or gross negligence of Lender); and the Lender may collect, receive and receipt for all proceeds accruing from such operation and management, make repairs and purchase needed additional property, and exercise every power, right and privilege of the Borrower with respect to the Collateral.

SECTION 8.03 Judicial Proceedings; Right to Receiver

If an Event of Default exists, the Lender may proceed by suit for a foreclosure of its lien on and security interest in the Collateral, to sue the Borrower for damages on account of or arising out of said default or breach, or to sue the Borrower for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy, whether under this Mortgage, any other Loan Documents or otherwise. The Lender shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, to the appointment by any competent court or tribunal, without notice to the Borrower or any other party, of a receiver of the rents, issues and profits of the Collateral, with power to lease and control the Collateral and with such other powers as may be deemed necessary.

SECTION 8.04 Power of Sale

This Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Lender shall be authorized, at its option, whether or not possession of the Collateral is taken, after giving 21 days' notice by publication once a week for three consecutive weeks of the time, place and terms of each such sale together with a description of the property to be sold by publication in some newspaper published in the county in which the Collateral to be sold is located, to sell, or cause to be sold, all and singular the Collateral, and all the estate, right, title and interest therein, in front of the courthouse door of the County Courthouse of the county in which the Collateral to be sold is located, at public outcry, between the hours of 11:00 A.M. and 4:00 P.M., local time, to the highest bidder for cash, or otherwise foreclose this Mortgage as provided by applicable law. The Lender, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Collateral, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale any part or all of the Collateral, real, personal or mixed, may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Borrower hereby waiving the application of any doctrine of marshalling or like proceeding. If the Lender, in the exercise of the power of sale herein given, elects to sell the Collateral in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Collateral not previously sold shall have been sold or all the Obligations shall have been paid in full. The Borrower hereby waives any equitable rights otherwise available to it with respect to marshalling of assets hereunder, or to require the Lender to exhaust its remedies against any Person. Notwithstanding the foregoing, Lender shall with respect to any foreclosure offer such Collateral for sale alternatively en masse for one total price and in parcels for individual prices, it being understood that multiple parcels of real estate comprise a portion of the Collateral, each of which could be sold independent of the others.

SECTION 8.05 Personal Property and Fixtures

(a) After an Event of Default shall have occurred, the Lender shall have and may exercise with respect to any or all of the Personal Property and Fixtures all rights, remedies and powers of a secured party under the Alabama Uniform Commercial Code with reference to the Personal Property and Fixtures or any other items in which a security interest has been granted herein, including without limitation the right and power to sell at public or private sale or sales or otherwise dispose of, lease or utilize the Personal Property and Fixtures and any part or parts thereof in any manner, to the fullest extent authorized or permitted under the Alabama Uniform Commercial Code after default hereunder, without liability for the preservation of the Personal Property and Fixtures or their value and without the necessity of a court order. The Lender shall have, among other rights, the right to take possession of the Personal Property and Fixtures and to enter upon any premises where the same may be situated for the purpose of repossessing the same without being guilty of trespass and without liability for damages occasioned thereby and to take any action deemed appropriate or desirable by the Lender, at its option and in its sole but reasonable discretion, to repair, restore or otherwise prepare the Personal Property and Fixtures for sale or lease or other use or disposition. At the request of Lender the Borrower shall assemble the Collateral and make the Collateral available to Lender at any place designated by Lender. To the extent permitted by law, the Borrower expressly waives any notice of sale or any other disposition of the Personal Property and Fixtures and any rights or remedies of the Lender with respect to, and the formalities prescribed by law relative to, the sale or disposition of the Personal Property and Fixtures or to the exercise of any other right or remedy of the Lender existing after default. To the extent that such notice is required and cannot be waived, the Borrower agrees that if such notice is given to the Borrower in accordance with the provisions of Section 9.08 below, at least ten days before the time of the sale or other disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving said notice.

(b) The Borrower agrees that the Lender may sell or dispose of the Personal Property and Fixtures in accordance with the rights and remedies granted under this Mortgage with respect to the real property covered hereby. The Borrower hereby grants to the Lender the right, at its option after Event of Default, to transfer at any time to itself or its nominee the Personal Property and Fixtures or any part thereof and to receive the monies, income, proceeds and benefits attributable to the same and to hold the same as additional Collateral or to apply it on the Obligations in such order and manner as the Lender may elect. The Borrower covenants and agrees that all recitals in any instrument transferring, assigning, leasing or making other disposition of the Personal Property and

Fixtures or any part thereof shall be full proof of the matters stated therein, and no other proof shall be required to establish the legal propriety of the sale or other action taken by the Lender and that all prerequisites of sale shall be presumed conclusively to have been performed or to have occurred.

SECTION 8.06 Conveyance After Sale

The Borrower hereby authorizes and empowers the Lender or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Borrower, to execute and deliver to the purchaser or purchasers of any of the Collateral sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

SECTION 8.07 Rents and Leases

(a) If an Event of Default exists, the Lender, at its option, shall have the right, power and authority to exercise and enforce any or all of the following rights and remedies with respect to Rents and Leases:

(1) to terminate the license granted to the Borrower in Article II hereof to collect the Rents, and, without taking possession, in the Lender's own name to demand, collect, receive, sue for, attach and levy the Rents, to give proper receipts, releases and acquittances therefor, and after deducting all necessary and reasonable costs and expenses of collection, including reasonable attorney's fees, to apply the net proceeds thereof to the Obligations in such order and amounts as the Lender may choose (or hold the same in a reserve as security for the Obligations);

(2) without regard to the adequacy of the security, with or without any action or proceeding, through any person or by agent, or by a receiver to be appointed by court, to enter upon, take possession of, manage and operate the Collateral or any part thereof for the account of the Borrower, make, modify, enforce, cancel or accept surrender of any Lease, remove and evict any lessee, increase or reduce rents, decorate, clean and make repairs, and otherwise do any act or incur any cost or expenses the Lender shall deem proper to protect the security hereof, as fully and to the same extent as the Borrower could do if in possession, and in such event to apply any funds so collected to the operation and management of the Collateral (including payment of reasonable management, brokerage and attorney's fees) and payment of the Obligations in such order and amounts as the Lender may choose (or hold the same in reserve as security for the Obligations);

(3) to take whatever legal proceedings that are necessary or desirable to enforce any obligation or covenant or agreement of the Borrower under this Mortgage.

(b) The collection of the Rents and application thereof (or holding thereof in reserve) as aforesaid or the entry upon and taking possession of the Collateral or both shall not cure or waive any Event of Default or waive, modify or affect any notice of default under this Mortgage, or invalidate any act done pursuant to such notice, and the enforcement of such right or remedy by the Lender, once exercised, shall continue for so long as the Lender shall elect, notwithstanding that the collection and application aforesaid of the Rents may have cured the original default. If the Lender shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy hereunder may be reasserted at any time and from time to time following any subsequent Event of Default.

SECTION 8.08 Application of Proceeds

All payments then held or thereafter received by the Lender as proceeds of the Collateral, as well as any and all amounts realized by the Lender in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Lender as follows:

(1) to the payment of the Obligations, and to the payment of all costs and expenses of any kind then or thereafter at any time reasonably incurred by the Lender in exercising its rights under this Mortgage and any other Loan Document or otherwise reasonably incurred by the Lender in collecting or enforcing payment of the Obligations, as well as to the payment of any other amount then or thereafter at any time owing by the Borrower to the Lender under this Mortgage or any other Loan Document, all in such priority as among such principal, interest, costs, fees, expenses and other amounts as the Lender shall elect;

(2) any balance remaining after payment in full of all amounts referred to in paragraph (1) above shall be paid by the Lender to the Borrower, at the written direction of the Borrower, in such amounts as the Borrower shall so direct in writing or to whomever else may then be legally entitled thereto.

SECTION 8.09 Multiple Sales

The Lender shall have the option to proceed with foreclosure by power of sale or through the courts without declaring all of the Obligations due. Any such sale may be made subject to the unmatured part of the Obligations, and such sale, if so made, shall not in any manner affect the unmatured part of the Obligations, but as to such unmatured part of the Obligations this Mortgage shall remain in full force and effect as though no sale had been made under the provisions of this Section. Several sales may be made under the provisions of this Section without exhausting the right of sale for any remaining part of the Obligations whether then matured or unmatured, the purpose hereof being to provide for a foreclosure and sale of the Collateral for any matured part of the Obligations without exhausting any power of foreclosure and the power to sell the Collateral for any other part of the Obligations, whether matured at the time or subsequently maturing.

SECTION 8.10 Waiver of Appraisement Laws

The Borrower waives, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (i) any appraisement before sale of any portion of the Collateral (commonly known as appraisement laws) or (ii) any extension of time for the enforcement or the collection of the Obligations or any creation or extension of a period of redemption from any sale made in collecting the Obligations (commonly known as stay laws and redemption laws).

ARTICLE IX

Provisions of General Application

SECTION 9.01 Provisions Regarding Remedies

(a) The exercise by the Lender of any option given under the terms of this Mortgage shall not be considered as a waiver of the right to exercise any other option given herein, and the filing of a suit to foreclose the lien and security interest granted by this Mortgage, either on any matured portion of the Obligations or for the whole of the Obligations, shall not be considered an election so as to preclude foreclosure under power of sale after a dismissal of the suit; nor shall the publication of notices for foreclosure preclude the prosecution of a later suit thereon.

(b) No failure or delay on the part of the Lender in exercising any right, power or remedy under this Mortgage shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder or thereunder.

(c) The remedies provided in this Mortgage and in the other Loan Documents are cumulative and not exclusive of any remedies provided by law.

(d) No amendment, modification, termination or waiver of any provisions of this Mortgage or the Credit Agreement, nor consent to any departure by the Borrower therefrom, shall be effective unless the same shall be in writing and signed by an executive officer of the Lender, and then such waiver of consent shall be effective only in the specific instance and for the specific purpose for which given.

(e) No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

SECTION 9.02 Landlord-Tenant Relationship

Any sale of the Collateral under this Mortgage shall, without further notice, create the relationship of landlord and tenant at sufferance between the purchaser and the Borrower.

SECTION 9.03 Enforceability

If any provision of this Mortgage is now, or at any time hereafter becomes, invalid or unenforceable, all other provisions hereof shall remain in full force and effect and shall be construed in favor of the Lender to effectuate the provisions hereof.

SECTION 9.04 Application of Payments

Except as provided in Loan Documents, if the lien or the security interest created by this Mortgage is invalid or unenforceable as to any part of the Obligations or is invalid or unenforceable as to any part of the Collateral, the unsecured or partially secured portion of the Obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the Obligations, and all payments made on the Obligations, whether voluntary or under foreclosure or other enforcement action or procedures, shall be considered to have been first paid on and applied to the full payment of that portion of the Obligations that is not secured or not fully secured by the lien or security interest created hereby.

SECTION 9.05 Advances by Lender

If the Borrower shall fail to comply with the provisions hereof with respect to the securing of insurance, the payment of taxes, assessments and other charges, maintenance or repair of the Collateral, environmental-related obligations under Section 4.06, any amount due under a prior mortgage, performance of Borrower's obligations under any Lease, or any other term or covenant herein contained, after expiration of the applicable grace and/or notice period, the Lender may (but shall not be required to) make Advances to effect performance of the same, and where necessary enter or take possession of the Collateral for the purpose of performing any such term or covenant. In addition, the Lender may make Advances for any other purpose in order to protect the Lender's interest in, and/or the value of, the Collateral or any portion of the Collateral. To the extent permitted by law, the Borrower agrees to repay all Advances upon demand, with interest from the date such Advances are made, at the Default Rate (to the fullest extent permitted by applicable law), and all Advances, with interest, shall be secured hereby.

SECTION 9.06 Release or Extension by Lender

The Lender, without notice, may release any part of the Collateral or any Person liable for the Obligations without in any way affecting the rights of the Lender hereunder as to any part of the Collateral not expressly released and may agree with any party with an interest in the Collateral to extend the time for payment of all or any part of the Obligations or to waive the prompt and full performance of any term, condition or covenant of this Mortgage or any other Loan Document.

SECTION 9.07 Partial Payments

Acceptance by the Lender of any payment of less than the amount due on the Obligations shall be deemed acceptance on account only, and the failure of the Borrower to pay the entire amount then due after any cure period shall be and continue to constitute an Event of Default, and at any time thereafter and until the entire amount due on

the Obligations has been paid, the Lender shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the existence of an Event of Default.

SECTION 9.08 Addresses for Notices

(a) Any request, demand, authorization, direction, notice, consent, or other document provided or permitted by this Mortgage to be made upon, given or furnished to, or filed with, the Borrower or the Lender shall be sufficient for every purpose hereunder if in writing and (except as otherwise provided in this Mortgage) either (i) delivered personally to the party or, if such party is not an individual, to an officer, or other legal representative of the party to whom the same is directed, (ii) sent by nationally recognized overnight courier, with all charges paid and addressed as provided on the cover page hereof, or (iii) mailed by certified mail, postage prepaid and addressed as provided on the cover page hereof.

(b) The Borrower and the Lender may specify a different address for the receipt of such documents by mail by giving notice of the change in address to the other parties identified in this subsection.

(c) Any such notice or other document shall be deemed to be received (i) as of the date delivered, if delivered personally in accordance with subsection (a)(i) of this Section, (ii) the next business day if sent by overnight courier in accordance with subsection (a)(ii) of this Section, or (iii) three days after the date deposited in the mail, if mailed in accordance with subsection (a)(iii) of this Section.

SECTION 9.09 Construction of Mortgage

This Mortgage may be construed as a mortgage, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and security interest created hereby and the purposes and agreements herein set forth.

SECTION 9.10 Effect of Headings and Table of Contents

The article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 9.11 Date of Mortgage

The date of this Mortgage is intended as and for a date for the convenient identification of this Mortgage and is not intended to indicate that this Mortgage was executed and delivered on said date.

SECTION 9.12 Governing Law

This Mortgage shall be construed in accordance with and governed by the laws of the State of Alabama.

SECTION 9.13 Counterparts

This Mortgage may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 9.14 No Obligations with Respect to Leases

The Lender shall not by virtue of this Mortgage or otherwise assume any duties, responsibilities, liabilities or obligations with respect to the Leases or any of the other Collateral (unless expressly assumed by the Lender under a separate agreement in writing), and this Mortgage shall not be deemed to confer on the Lender any duties or obligations that would make the Lender directly or derivatively liable for any person's negligent, reckless or willful conduct. The Borrower agrees to defend, indemnify and save harmless the Lender from and against any and all claims, causes of action and judgments relating to the Borrower's performance of its duties, responsibilities and obligations under Leases with respect to any of the other Collateral.

IN WITNESS WHEREOF, the Borrower has caused this instrument to be executed in its name, under seal, by an officer of its Manager duly authorized thereunto, on and as of the date and year first above written.

DANIEL SENIOR LIVING OF INVERNESS II, LLC
As Borrower

By: Daniel Management Corporation
Its: Manager

By [Signature]

Name John D. Gunderson

Its Sr. Vice President

STATE OF ALABAMA)
JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that John D. Gunderson, whose name as Sr. Vice President of Daniel Management Corporation, an Alabama corporation, in its capacity as Manager of Daniel Senior Living of Inverness II, LLC, an Alabama limited liability company, is signed to the foregoing Mortgage, Assignment of Leases and Security Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority executed the same voluntarily for and as the act of such corporation in its capacity as Manager of such limited liability company.

Given under my hand and seal this the 1st day of May, 2008.

[Signature]
Notary Public

NOTARIAL SEAL

My commission expires: _____

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: July 26, 2011
BONDED THRU NOTARY PUBLIC UNDERWRITERS

EXHIBIT A

Project Site

A tract of land situated in the Southwest 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, being more particularly described as follows:

Commence at a found 1 inch crimp iron, being the Northeast Corner of the SE 1/4 of the SW 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama and run in a Northerly direction along the East line of said SW 1/4 a distance of 149.83 feet to a found 5/8 inch rebar, being on the Southerly line of McKibbon Hotel Group of Birmingham, Alabama, L.P. as recorded in Instrument No. 20031202000779900 in the Office of the Judge of Probate, Shelby County, Alabama; thence $90^{\circ}00'17''$ to the left in a Westerly direction along said Southerly line of McKibbon Hotel Group of Birmingham, Alabama, L.P. a distance of 368.04 feet to a found 5/8 inch rebar; thence $21^{\circ}44'28''$ to the right in a Northwesterly direction along said Southerly line of McKibbon Hotel Group of Birmingham, Alabama, L.P. a distance of 175.52 feet to a found nail, being on the Easterly right-of-way line of Inverness Center Drive as shown on the maps of Inverness P.U.D. Additional Rights Of Way Phase II as recorded in Map Book 35, Pages 51-A through 51-F and Instrument No. 20050622000309770, Pages 1 through 6 in the Office of the Judge of Probate, Shelby County, Alabama; thence (leaving said Southerly line of McKibbon Hotel Group of Birmingham, Alabama, L.P. and said Easterly right-of-way line of Inverness Center Drive) $9^{\circ}00'11''$ to the right in a Northwesterly direction a distance of 108.01 feet to a set 5/8 inch capped WSECO rebar (CA#003), being on the Westerly right-of-way line of said Inverness Center Drive and also lying on the Southerly line of ALTEC Industries, Inc. as recorded in Instrument No. 19811130000127160 in the Office of the Judge of Probate, Shelby County, Alabama, being the Point of Beginning, said rebar also being on a non radial curve to right having a radius of 395.77 feet and a central angle of $3^{\circ}53'48''$; thence $94^{\circ}12'01''$ (angle measured to tangent) to the left in a Southwesterly direction along said Westerly right-of-way line of Inverness Center Drive and along the arc of said non radial curve a distance of 26.92 feet to a set 5/8 inch capped WSECO rebar (CA#003), being a P.O.C. (Point on Curve) of said non radial curve; thence $00^{\circ}50'56''$ to the left (angle measured from tangent) in a Southwesterly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 152.49 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.C. (Point of Curve) of a curve to left having a radius of 486.00 feet and a central angle of $27^{\circ}33'56''$; thence along the arc of said curve in a Southerly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 233.82 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.T. (Point of Tangent) of said curve; thence tangent to said curve in a Southerly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 25.56 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.C. (Point of Curve) of a curve to right having a radius of 1117.50 feet and central angle of $13^{\circ}03'23''$; thence along the arc of said curve in a Southerly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 254.65 feet to a set 5/8 inch capped WSECO rebar (CA#003) being the P.T. (Point of Tangent) of said curve; thence tangent to said curve in a Southerly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 77.61 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.C. (Point of Curve) of a curve to left having a radius of 702.50 feet and a central angle of $29^{\circ}09'56''$; thence along the arc of said curve in a Southerly direction

along said Westerly right-of-way line of Inverness Center Drive a distance of 357.60 feet to a set 5/8 inch capped WSECO rebar (CA#003) being the P.T. (Point of Tangent) of said curve; thence tangent to said curve in a Southeasterly direction along said Westerly right-of-way line of Inverness Center Drive a distance of 4.45 feet to a set 5/8 inch capped WSECO rebar (CA#003) being the P.C. (Point of Curve) of a curve to right having a radius of 86.00 feet and central angle of 84°47'50"; thence (leaving said Westerly right-of-way line of Inverness Center Drive) along the Northerly right-of-way line of Lake Heather Drive as shown on the maps of Inverness P.U.D. Additional Rights Of Way Phase II as recorded in Map Book 35, Pages 51-A through 51-F and Instrument No. 20050622000309770, Pages 1 through 6 in the Office of the Judge of Probate, Shelby County, Alabama, and also along the arc of said curve in a Southeasterly, Southerly and Southwesterly direction a distance of 127.28 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.T. (Point of Tangent) of said curve; thence tangent to said curve in a Southwesterly direction along said Northerly right-of-way line of Lake Heather Drive a distance of 288.53 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.C. (Point of Curve) of a non radial curve to left having a radius of 702.50 feet and a central angle of 20°29'45"; thence 00°52'16" to the right along said Northerly right-of-way line of Lake Heather Drive and also along the arc of said non radial curve in a Southwesterly direction a distance of 251.30 feet to a set 5/8 inch capped WSECO rebar (CA#003), being the P.T. (Point of Tangent) of said non radial curve; thence tangent to said non radial curve in a Southwesterly direction along said Northerly right-of-way line of Lake Heather Drive a distance of 50.85 feet to a set cut cross in concrete, being on the Easterly line of Lake Heather Estates as recorded in Map Book 16, Pages 121A through 121C in the Office of the Judge of Probate, Shelby County, Alabama; thence (leaving said Northerly right-of-way line of Lake Heather Drive) 134°56'50" to the right in a Northerly direction along said Easterly line of Lake Heather Estates a distance of 206.60 feet to a found 1/2 inch rebar; thence 28°30'05" to the left in a Northwesterly direction along said Easterly line of Lake Heather Estates a distance of 590.65 feet to a point on the 496 contour adjacent to Lake Heather; thence 95°10'36" to the right in an Easterly direction along the 496 contour adjacent to Lake Heather (for the next forty courses and distances) a distance of 15.52 feet to a point; thence 85°44'37" to the left in a Northerly direction a distance of 103.68 feet to a point; thence 38°15'06" to the right in a Northeasterly direction a distance of 38.67 feet to a point; thence 56°28'53" to the right in an Easterly direction a distance of 27.85 feet to a point; thence 35°57'49" to the right in a Southeasterly direction a distance of 62.93 feet to a point; thence 28°32'35" to the right in a Southeasterly direction a distance of 71.73 feet to a point; thence 08°10'45" to the left in a Southeasterly direction a distance of 56.93 feet to a point; thence 76°20'13" to the left in a Northeasterly direction a distance of 31.94 feet to a point; thence 74°35'11" to the left in a Northerly direction a distance of 59.98 feet to a point; thence 19°32'34" to the right in a Northerly direction a distance of 82.69 feet to a point; thence 16°03'08" to the right in a Northeasterly direction a distance of 42.28 feet to a point; thence 45°19'13" to the right in a Northeasterly direction distance of 39.69 feet to a point; thence 28°36'49" to the right in a Easterly direction a distance of 54.63 feet to a point; thence 67°57'03" to the left in a Northeasterly direction a distance of 24.96 feet to a point; thence 61°26'54" to the left in a Northwesterly direction a distance of 61.63 feet to a point; thence 08°48'09" to the right in a Northwesterly direction a distance of 39.33 feet to a point; thence 38°27'21" to the left in a Northwesterly direction a distance of 7.94 feet to a point; thence 47°09'15" to the left in a Westerly direction a distance of 94.27 feet to a point; thence 42°30'54" to the right in a Northwesterly direction a distance of 26.99 feet to a point; thence 18°35'40" to the right in a

Northwesterly direction a distance of 46.15 feet to a point; thence 05°13'08" to the right in a Northwesterly direction a distance of 45.53 feet to a point; thence 37°05'25" to the left in a Westerly direction a distance of 29.58 feet to a point; thence 06°00'36" to the right in a Northwesterly direction a distance of 55.93 feet to a point; thence 25°04'44" to the right in a Northwesterly direction a distance of 54.25 feet to a point; thence 86°09'11" to the right in a Northeasterly direction a distance of 16.62 feet to a point; thence 24°32'17" to the right in a Northeasterly direction a distance of 83.01 feet to a point; thence 13°45'50" to the right in an Easterly direction a distance of 33.50 feet to a point; thence 39°32'44" to the right in a Southeasterly direction a distance of 51.07 feet to a point; thence 33°10'28" to the left in an Easterly direction a distance of 37.75 feet to a point; thence 39°59'45" to the left in a Northeasterly direction a distance of 126.46 feet to a point; thence 12°58'43" to the left in a Northeasterly direction a distance of 29.95 feet to point; thence 09°18'41" to the right in a Northeasterly direction a distance of 66.03 feet to a point; thence 35°48'48" to the right in a Northeasterly direction a distance of 71.90 feet to a point; thence 25°40'17" to the right in an Easterly direction a distance of 9.97 feet to point; thence 53°46'03" to the right in a Southeasterly direction a distance of 55.25 feet to a point; thence 81°37'35" to the left in an Easterly direction a distance of 40.78 feet to a point; thence 27°24'29" to the right in an Easterly direction a distance of 57.32 feet to a point; thence 16°34'33" to the left in an Easterly direction a distance of 119.69 feet to a point; thence 44°14'12" to the right in a Southeasterly direction a distance of 42.65 feet to point; thence 94°27'03" to the left in a Northeasterly direction a distance of 15.41 feet to a point; thence (leaving the 496 Contour) 47°38'34" to the right in an Easterly direction along said Southerly line of ALTEC Industries, Inc. a distance of 356.98 feet to the Point of Beginning.

Containing 19.616 acres or 854,488 square feet.

Less and Except:

A tract of land situated in the South 1/2 of the Southwest 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama, being more particularly described as follows:


Commence at a found 1 inch crimp iron, being the Northeast Corner of the SE 1/4 of the SW 1/4 of Section 36, Township 18 South, Range 2 West, Shelby County, Alabama and run in a Southerly direction along the East line of said 1/4 - 1/4 Section a distance of 237.22 feet to a point; thence 90°00'00" to the right in a Westerly direction a distance of 1260.66 feet to a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003), being the Point of Beginning of the parcel herein described, said point being a P.O.C. (Point on Curve) of a curve to the right having a radius 225.00 feet and a central angle of 7°24'19"; thence 84°13'39" to the left (angle measured to tangent) in a Southerly direction along the arc of said curve a distance of 29.08 feet to the P.T. (Point of Tangent), being a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003); thence tangent to said curve in a Southerly direction a distance of 107.11 feet to a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003), being the P.C. (Point of Curve) of a curve to the left having a radius of 1255.00 feet and a central angle of 0°04'50"; thence in a Southerly direction along the arc of said curve a distance of 1.76 feet to a P.O.C. (Point on Curve), being a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003); thence 90°04'50" to the right (angle measured from tangent) in a Westerly direction a distance of 125.06 feet to a set Walter Schoel Engineering Company, Inc.

capped 5/8 inch iron (CA# 003); thence 90°00'00" to the right in a Northerly direction distance of 116.87 feet to a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003); thence 90°00'00" to the right in a Easterly direction a distance of 60.30 feet to a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003); thence 39°11'11" to the left in a Northeasterly direction a distance of 33.24 feet to a set Walter Schoel Engineering Company, Inc. capped 5/8 inch iron (CA# 003); thence 39°11'11" to the right in a Easterly direction a distance of 37.12 feet to the Point of Beginning.

Containing 15,687 square feet or 0.360 acres.

TOTAL AREA: 838,801 square feet or 19.256 acres.


EXHIBIT B


20080501000179730 23/24 \$1493.75
Shelby Cnty Judge of Probate, AL
05/01/2008 04:14:47PM FILED/CERT

Permitted Exceptions

1. Taxes and assessments for the year 2008 and subsequent years, not yet due and payable.
2. Restrictions, covenants and conditions as set out in Declaration of Protective Covenants for Inverness Office Park recorded in Instrument No. 2005041000150480 and Articles of Incorporation of Inverness Office Park Association, Inc. recorded in Instrument No. 20050203000055560, all in the Office of the Probate Judge of Shelby County, Alabama (the "Probate Office").
3. Annexation Agreement by and between Metropolitan Life Insurance Company, Inverness Point Homeowners' Association, Inc. and the City of Hoover, Alabama recorded in Real 327, Page 01 in the Probate Office.
4. Title to all minerals within and underlying the premises, together with all mining rights and other right, privileges and immunities relating thereto, as set out in deed recorded in Deed Book 5, Page 355 in the Probate Office.
5. Lake restrictions, buffers and building height restrictions as set forth in the Statutory Warranty Deed from Metropolitan Life Insurance Company to Lake Heather Development Co., Inc. recorded as Instrument No. 1992-18226, as amended by instruments recorded as Instrument No. 1992-26078 and Instrument No. 1999-01346, all in the Probate Office.
6. Covenants, conditions and restrictions as set forth in the Statutory Warranty Deed dated May 1, 2008 from Metropolitan Life Insurance Company to Daniel Senior Living of Inverness II, LLC to be recorded in the Probate Office.
7. Easement Agreement dated May 1, 2008 by and between Daniel Senior Living of Inverness I, LLC and Daniel Senior Living of Inverness II, LLC to be recorded in the Probate Office.
8. Agreement and Declaration of Restrictive Covenants dated May 1, 2008 by and between Daniel Senior Living of Inverness II, LLC and Lake Heather Homeowners' Association, Inc. to be recorded in the Probate Office.
9. Rights of others to the use of Lake Heather.

EXHIBIT C


20080501000179730 24/24 \$1493.75
Shelby Cnty Judge of Probate, AL
05/01/2008 04:14:47PM FILED/CERT

Description of Personal Property and Fixtures

All building materials, equipment, fixtures, tools, apparatus and fittings of every kind or character now owned or hereafter acquired by Daniel Senior Living of Inverness II, LLC for the purpose of, or used or useful in connection with, the Project, wherever the same may be located, including, without limitation, all lumber and lumber products, bricks, stones, building blocks, sand, cement, roofing materials, paint, doors, windows, hardware, nails, wires, wiring, engines, boilers, furnaces, tanks, motors, generators, switchboards, telephones, telecopy, and other communication equipment and facilities, computers, printers, copy machines, fire detection, suppression and extinguishment facilities, elevators, escalators, plumbing, plumbing fixtures, air-conditioning and heating equipment and appliances, electrical and gas equipment and appliances, stoves, refrigerators, dishwashers, hot water heaters, garbage disposers, trash compactors, other appliances, carpets, rugs, window treatments, lighting, fixtures, pipes, piping, decorative fixtures, and all other building materials, equipment and fixtures of every kind and character used or useful in connection with the Project.