

After Recording Return To:
Richard B. Miller, Esq.
Sell & Melton, L.L.P.
P.O. Box 229
Macon, Georgia 31202-0229

STATE OF ALABAMA,
COUNTY OF SHELBY.

MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (hereinafter referred to as the "Security Agreement") made and entered into as of the 1st day of September, 2009, by and between THE MEDICAL CLINIC BOARD OF THE CITY OF HOOVER, a public corporation created and existing under the laws of the State of Alabama, pursuant to Section 11-58-1, *et seq.* of the Code of Alabama (1975), as amended (the "Act"), party of the first part (hereinafter referred to as "Issuer"), and BANK OF OKLAHOMA, N.A., Tulsa, Oklahoma and trustee with respect to the "Bonds" hereinafter described, party of the second part, as Trustee (hereinafter referred to as "Trustee"):

THIS INSTRUMENT IS TO BE FILED AND INDEXED IN THE REAL ESTATE RECORDS.

W I T N E S S E T H:

That for and in consideration of the sum of Ten and 00/100 Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, and in order to secure the indebtedness and other obligations of the Issuer hereinafter set forth, Issuer does hereby grant, bargain, sell, convey, assign, transfer and set over unto Trustee and the successors and assigns of Trustee all of the following described land and interests in land, estates, easements, rights, improvements, property, fixtures, equipment, furniture, furnishings, appliances and appurtenances comprising the "Project," which is a seventy-seven (77)-unit assisted living facility known as Ridgeview Assisted Living, located at 700 Corporate Ridge, Hoover, Alabama (Shelby County) 35242, with a 20% set aside for low to moderate income residents (hereinafter referred to as the "Facility"):

- (a) All that tract, or parcel of land located in Shelby County, Alabama, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "Land").
- (b) All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, washers, dryers, water heaters, mirrors, mantels, air conditioning apparatus, refrigerating plants, refrigerators, cooking apparatus and appurtenances,

window screens, awnings and storm sashes, which are or shall be attached to said buildings, structures or improvements and all other furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property of every kind and nature whatsoever, but excluding inventory, now or hereafter owned by Issuer and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the Facility, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing and all the right, title and interest of Issuer in any such furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property subject to or covered by any prior security agreement, conditional sales contract, chattel mortgage or similar lien or claim, together with the benefit of any deposits or payments now or hereafter made by Issuer, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and a part of the Facility as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the indebtedness herein described and to be secured by this Security Agreement.

TOGETHER with all easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Facility or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Issuer and the reversion and reversions, remainder and remainders, the rents, issues, profits and revenues of the Facility from time to time accruing (including without limitation all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Issuer of, in and to the same.

TO HAVE AND TO HOLD the Facility, Gross Revenues (as defined below) and all parts, rights, members and appurtenances thereof (herein referred to collectively as the "Mortgaged Property") to the use, benefit and behoof of Trustee and the successors and assigns of Trustee, IN FEE SIMPLE forever, and Issuer covenants that Issuer is lawfully seized and possessed of the Mortgaged Property as aforesaid, and has good right to convey the same, that the same is unencumbered, and that Issuer does warrant and will forever defend the title thereto against the claims of all persons whomsoever. "Gross Revenues" means all revenues, income, receipts, and money (other than proceeds of borrowing) received with respect to the Facility in any period by or on behalf of the Issuer, including, but without limiting the generality of the foregoing, (i) revenues derived from operation of the Facility; (ii) proceeds derived from the Facility with respect to (a) insurance, except to the extent otherwise required by this Indenture, (b) rights to payment for goods sold or leased or for services rendered which are not evidenced by a chattel paper, whether or not they have been earned by performance, (c) securities and other investments, and the income earnings and gains thereon, (d) inventory and other tangible and intangible property, and (e) contract rights and other rights and assets now or hereafter owned, held, or possessed by the Issuer; and (iii) rentals received from the leasing of the Facility or units therein or from tangible personal property.

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee, its successors and assigns forever, and for the purpose of further securing the payment of the "Bonds" (as defined below), Issuer does hereby agree to pay all taxes and assessments when imposed legally upon

said premises, and should Issuer make default in the payment of same, the said Trustee may, at Trustee's option, pay off the same; and to further secure said indebtedness Issuer agrees to keep said Facility insured for at least Five Million Five Hundred Thousand Dollars (\$5,500,000), loss, if any, payable to said Trustee as its interest may appear, and if Issuer shall fail to keep said Facility insured as above specified, then the said Trustee may, at Trustee's option, insure said property for said sum for Trustee's own benefit, the policy, if collected, to be credited on said indebtedness, less cost of collecting same; all amounts so expended by said Trustee shall become a debt to said Trustee additional to the indebtedness hereby specifically secured, and shall be covered by this Security Agreement and bear interest from date of payment by said Trustee and be due and payable at the maturity of any of the principal or any interest thereon.

Upon condition, however, that if the Issuer shall pay said Bonds and reimburse said Trustee for any amounts Trustee may have expended as taxes, assessments or other charges and insurance and interest thereon, then this conveyance to be null and void; but should default be made in the payment of any sum so expended by the said Trustee, or should said Bonds or any part thereof, or interest thereon, remain unpaid at maturity, or should the interest of said Trustee or of its successors and assigns in said Facility become endangered by reason of the enforcement of any prior lien or encumbrance thereon, so as to endanger the debt hereby secured, then in any one of said events the whole of the said indebtedness shall at once become due and payable, and this Security Agreement shall be subject to foreclosure as now provided by law in case of past due mortgages, and the said Trustee and its agents, successors and assigns, shall be authorized to take possession of the premises hereby conveyed, and after notice by publication once a week for three consecutive weeks of the time, place and terms of sale, together with a description of the premises by publication in some newspaper published in the county in which the Facility is located, to sell the same, as a whole or in parcels, in front of the main or front courthouse door, of said last named county, at public outcry, to the highest bidder for cash, and apply the proceeds of said sale: first, to the expense of advertising, selling and conveying, including a reasonable attorneys' fees; and, second, to the payment of any amounts that may have been expended or that may then be necessary to expend, in paying insurance, taxes, assessments, or other encumbrances, with interest thereon; and, third, to the payment of said Bonds in full, whether the same shall or shall not have fully matured at the date of said sale; but no interest shall be collected beyond the day of sale; and, fourth, the balance, if any, to be turned over to the Issuer; and Issuer further agrees that said Trustee, its agents, successors and assigns, may bid at said sale, and purchase said property, if the highest bidder therefor; and Issuer further agrees to pay a reasonable attorneys' fees to Trustee or its assigns, for the foreclosure of this Security Agreement. Should the same be foreclosed, said fee to be a part of the debt hereby secured.

This conveyance is intended to operate as a mortgage and is given to secure the following described indebtedness (collectively, the "Combined Obligations"):

- (a) The debt evidenced by the Four Million Nine Hundred Ten Thousand and 00/100 Dollar (\$4,910,000.00) The Medical Clinic Board of the City of Hoover First Mortgage Healthcare Facility Revenue Bonds (Ridgeview Assisted Living, LLC Project), Series 2009A" (the "Series 2009A Bonds"), maturing not later than September 1, 2039, and the Five Hundred Ninety Thousand and 00/100 Dollar (\$590,000.00) The Medical Clinic Board of the



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Shelby Cnty Judge of Probate, AL
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City of Hoover First Mortgage Healthcare Facility Revenue Bonds (Ridgeview Assisted Living, LLC Project), Taxable Series 2009B (the "Series 2009B (Taxable) Bonds") issued simultaneously therewith, maturing not later than September 1, 2018 (the "Bonds"), including, without limitation, principal and interest at the rate of 9.00% per annum in the case of the Series 2009A Bonds and at rates ranging from 8.50% to 12.00% per annum in the case of the Series 2009B (Taxable) Bonds, issued on or about September 24, 2009, by the Issuer pursuant to the Lease Agreement (the "Agreement") of even date herewith between Issuer and Ridgeview Assisted Living, LLC, a Georgia limited liability company (the "Lessee") and the Trust Indenture of even date herewith (the "Trust Indenture") between the Issuer and Bank of Oklahoma, N.A. (the "Trustee");

- (b) All amounts payable by Issuer in the event of a Determination of Taxability (as that term is defined in the Agreement) with respect to the Series 2009A Bonds;
- (c) All amounts payable by Lessee to Issuer pursuant to the provisions of the Agreement or any of the other documents defined in the Agreement;
- (d) Any and all additional advances made by the Trustee to protect or preserve the Mortgaged Property or the lien hereof on the Mortgaged Property, or for taxes, assessments or insurance premiums (whether or not the original Issuer remains the owner or less of any portion of the Mortgaged Property at the time of such advances).

Should the Combined Obligations be paid according to the tenor and effect thereof when the same shall become due and payable, and should Issuer perform all covenants herein contained in a timely manner, then this Security Agreement shall be canceled and surrendered.


Issuer hereby further covenants and agrees with Trustee as follows:

ARTICLE I

1.01. Payment of Indebtedness. Issuer will pay the Bonds according to the tenor thereof and all other Combined Obligations promptly as the same shall become due.

1.02. Taxes, Liens and Other Charges.

- (a) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of debts secured by mortgages or the manner of collecting taxes so as to adversely affect Trustee, Issuer will promptly pay any such tax. If Issuer fails to make such prompt payment or if, in the opinion of Trustee, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Issuer from making such payment or would penalize Trustee if Issuer makes such payment or if, in the opinion of Trustee, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the principal sum secured


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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

by this Security Agreement and all interest accrued thereon shall, at the option of Trustee, become immediately due and payable.

- (b) Issuer will pay, before the same become delinquent, all taxes, liens, assessments and charges of every character including all utility charges, whether public or private, already levied or assessed or that may hereafter be levied or assessed upon or against the Facility; and upon demand will furnish to the Trustee receipted bills evidencing such payment.
- (c) Issuer will not permit any mechanics' or other liens to be established or remain against the Facility, provided that if Issuer shall first notify the Trustee of Issuer's intention to do so, Issuer may in good faith contest any mechanics' or other liens filed or established against the Facility, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless by nonpayment of any items the lien of the Security Agreement as to the Facility and as to the payments to be made hereunder will be materially endangered or the Facility, or any part thereof, will be subject to loss or forfeiture, in which event the Issuer shall promptly pay and cause to be satisfied and discharged all such unpaid items.

1.03. Insurance

- (a) Issuer shall procure for, deliver to and maintain for the benefit of Trustee during the term of this Security Agreement, original paid up insurance policies of insurance companies as required by Section 5.12 of the Agreement.
- (b) Trustee is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies maintained pursuant to this Paragraph 1.03, and to collect and receive the proceeds from any such policy or policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Trustee, instead of to Issuer and Trustee jointly. In the event any insurance company fails to disburse directly and solely to Trustee but disburses instead either solely to Issuer and Trustee jointly, Issuer agrees immediately to endorse and transfer such proceeds to Trustee. Upon the failure of Issuer to endorse and transfer such proceeds as aforesaid, Trustee may execute such endorsements or transfers for and in the name of Issuer, and Issuer hereby irrevocably appoints the Trustee as Issuer's agent and attorney-in-fact so to do. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including attorneys' fees, Trustee may apply the net proceeds or any part thereof, at its option, (i) to the payment of the Combined Obligations, whether or not due and in whatever order Trustee elects, (ii) to the repair and/or restoration of the Facility, or (iii) for any other purposes or objects for which Trustee is entitled to advance funds under this Security Agreement; all without affecting the lien of this Security Agreement. Issuer shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.
- (c) At least thirty (30) days prior to the expiration date of each policy maintained pursuant to this Paragraph 1.03, a renewal or replacement thereof satisfactory to Trustee shall be delivered to Trustee. Issuer shall deliver to Trustee receipts evidencing the payment for all such insurance policies and renewals or

replacements. The delivery of any insurance policies hereunder shall constitute an assignment of all unearned premiums as further security hereunder. In the event of the foreclosure of this Security Agreement or any other transfer of title to the Facility in extinguishment of all or any part of the Combined Obligations, all right, title and interest of Issuer in and to all insurance policies then in force shall pass to the purchaser or Trustee.

1.04. Condemnation. If all or any portion of the Facility shall be damaged or taken through condemnation (which term when used in this Security Agreement shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof), either temporarily or permanently, then the Combined Obligations shall, at the option of Trustee, become immediately due and payable. Trustee shall be entitled to receive all compensation, awards and other payments or relief thereof. Trustee is hereby authorized, at its option, to commence, appear in and prosecute, in its own or in Issuer's name, any action or proceeding relating to any condemnation, and to settle or compromise any claim in connection therewith. All such compensation, awards, damages, claims, rights of action and proceeds and the right thereto are hereby assigned by Issuer to Trustee. After deducting from said condemnation proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorneys' fees actually incurred, Trustee may apply the net proceeds or any part thereof, at its option, (a) to the payment of the Combined Obligations, whether or not due and in whatever order Trustee elects, (b) to the repair and/or restoration of the Facility, or (c) for any other purposes or objects for which Trustee is entitled to advance funds under this Security Agreement, all without affecting the lien of this Security Agreement; and any balance of such moneys then remaining shall be paid to Issuer. Issuer agrees to execute such further assignment of any compensation, awards, damages, claims, rights of action and proceeds from condemnation as Trustee may require.

1.05. Care of Facility.

- (a) If the Facility or any part thereof is damaged by fire or any other cause, Issuer will give prompt written notice (but in no event later than the second business day thereafter) thereof to Trustee.
- (b) Trustee or its representative is hereby authorized to enter upon and inspect the Facility at any time upon reasonable notice (except for emergencies) during normal business hours.
- (c) Issuer will promptly comply in all material respects with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Facility or any part thereof.
- (d) If all or any part of the Facility shall be damaged by fire or other casualty, Issuer will promptly restore the Facility to the same condition as existed prior to the event causing such damage or destruction; and if a part of the Facility shall be damaged through condemnation; Issuer will promptly restore, repair or alter the remaining portions of the Facility in a manner reasonably satisfactory to Trustee. Notwithstanding the foregoing, Issuer shall not be obligated to so restore unless in each instance Trustee agrees to make available to Issuer (pursuant to a procedure satisfactory to Trustee) any and all net insurance or condemnation proceeds actually received by Issuer and/or Trustee hereunder in connection with such casualty loss or condemnation, to the extent such proceeds are required to defray the expense of such restoration; provided, however, that




the insufficiency of any such insurance or condemnation process to defray the entire expense of restoration shall in no way relieve Issuer of its obligation to restore.

1.06. Further Assurances; After Acquired Property. At any time, and from time to time, upon request by Trustee, Issuer will make, execute and deliver or cause to be made, executed and delivered, to Trustee and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Trustee, any and all such other and further mortgages, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Trustee, be necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a) the obligation of Issuer under the Bonds, the Agreement and under this Security Agreement, and (b) the lien of this Security Agreement as a first and prior lien upon and security title in and to all of the Facility and the Collateral (as hereinafter defined), whether now owned or hereafter acquired by Issuer. Upon any failure by Issuer so to do, Trustee may make, execute, record, file re-record and/or refile any and all such mortgages, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Issuer and Issuer hereby irrevocably appoints Trustee the agent and attorney-in-fact of Issuer so to do. The lien hereof will automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Facility or any part thereof and to all after-acquired Collateral.

1.07. Expenses. Issuer will pay or reimburse Trustee, upon demand therefor, for all reasonable attorneys' fees actually incurred, and reasonable costs and expenses incurred by Trustee in any suit, action, legal proceeding or dispute of any kind in which Trustee is made a party or appears as party plaintiff or defendant, affecting the indebtedness secured hereby, this Security Agreement or the interest created herein, or the Facility or Collateral, including, but not limited to, the exercise of the power of sale contained in this Security Agreement, any condemnation action involving the Facility or any action to protect the security hereof; and any such amounts paid by Trustee shall be added to the indebtedness secured by the lien of this Security Agreement.

1.08. Subrogation. Trustee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.09. Limit of Validity. If from any circumstances whatsoever, fulfillment of any provision of this Security Agreement, the Agreement or the Bonds at the time performance of such provision shall be due, shall involve transcending the limit of validity presently prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, so that in no event shall any exaction be possible under this Security Agreement, the Agreement or the Bonds that is in excess of the current limit of such validity, but such obligation shall be fulfilled to the limit of such validity. The provisions of this Paragraph 1.09 shall control every other provision of this Security Agreement, the Agreement and the Bonds.


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1.10. No Default Affidavits. At Trustee's request, all payment made under the Bonds, the Agreement or hereunder shall be accompanied by the affidavits of an officer of Issuer, dated within five (5) days of the delivery of such payment to Trustee, swearing that it knows of no Default (as hereinafter defined), nor of any circumstance which after notice or lapse of time or both would constitute a Default, which has occurred and is continuing or, if any such Default has occurred and is continuing, specifying the nature and period of existence thereof and the action Issuer has taken or proposes to take with respect thereto and, except as otherwise specified, stating that Issuer has fulfilled all of Issuer's obligations under this Security Agreement which are required to be fulfilled on or prior to the date of such affidavit.

1.11. Acquisition of Collateral. Issuer shall not acquire any portion of the personal property covered by this Security Agreement subject to any security interest, conditional sales contract, title retention arrangement or other charge or lien taking precedence over the security title and lien of this Security Agreement except for purchase money security interests in items of personal property acquired by Issuer in the ordinary course of business.

1.12. Security Agreement.

- (a) With respect to furnishings, furniture, fixtures, machinery, appliances, vehicles, inventory and personal property or in any way connected with the use and enjoyment of the Facility, this Security Agreement is hereby made and declared to be a security agreement encumbering, and granting a security interest in, each and every item of such property included herein as a part of the Facility, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of Alabama. Upon request by the Trustee, at any time and from time to time, a financing statement or statements reciting this Security Agreement to be a security agreement affecting all of such property shall be executed by the Issuer and the Trustee and appropriately filed.
- (b) As further security for the Combined Obligations, Issuer hereby pledges and assigns to Trustee the Gross Revenues of the Issuer and grants to Trustee a security interest in all existing and future accounts, Gross Revenues, contract rights, and accounts receivable of the Issuer, all existing and future instruments, chattel paper and general intangibles of the Issuer and all proceeds of the above, but only to the extent that any such item is directly related to or directly arises from the Facility and/or the operations thereon (the property in which a security interest has been granted in this Paragraph (b) and the foregoing Paragraph (a) being herein called the "Collateral"). In addition to all other provisions of this Security Agreement, Issuer will from time to time at the request of Trustee perform any and all steps requested by Trustee to perfect and maintain Trustee's security interest in the Collateral, including but not limited to transferring any part or all of the Collateral to Trustee or any nominee of Trustee, placing and maintaining signs, executing financing statements and notice of lien, delivering to Trustee documents of title representing the Collateral or any of the Collateral in which the security interest of Trustee can only be perfected by possession of such Collateral or evidencing the Trustee's security interest in any other manner acceptable to and requested by Trustee. Issuer will from time to time at the request of Trustee execute and deliver to Trustee assignments of accounts in form satisfactory to Trustee but should Issuer fail in any one or more instances to execute and deliver such assignment of accounts, such failure shall not constitute a waiver or limitation of the security interest of Trustee in all the Collateral, which shall remain in full force and effect.

- (c) The remedies of any violation of the covenants, terms and conditions of the security agreement contained in this Security Agreement shall be (i) as prescribed herein, or (ii) as prescribed by general law, or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, all at the Trustee's sole election. The Issuer and the Trustee agree that the filing of any such financing statement or statements in the records normally having to do with personal property shall not in any way affect the agreement of the Issuer and the Trustee that everything used in connection with the production of income from the Facility or adapted for use therein or which is described or reflected in this Security Agreement, is, at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the real estate conveyed hereby regardless of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Security Agreement, or (iii) any such item is referred to or reflected in any such financing statement or statements so filed at any time. Similarly, the mention of any such financing statement or statements of the rights in and to (i) the proceeds of any fire and/or hazard insurance policy, or (ii) any award in eminent domain proceedings for a taking or for loss of value, or (iii) the Trustee's interest as lessor in any present or future lease or right to income growing out of the use and/or occupancy of the Facility, whether pursuant to lease or otherwise, shall not in any way alter any of the rights of the Trustee as determined by this Security Agreement or affect the priority of the Trustee's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement or statements is solely for the protection of the Trustee in the event any court shall at any time hold with respect to the foregoing clauses (i), (ii), or (iii) of this sentence, that notice of the Trustee's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records.
- (d) The Issuer warrants that (i) the Issuer's name, identity or corporate structure and principal place of business are as set forth in Exhibit "B" hereof, on the title page hereof and on the execution page hereof; (ii) except as set forth on Exhibit "B," the Issuer has been using or operating under said name, identity or corporate structure without change; and (iii) the location of the Collateral (other than the Gross Revenues) is upon the Land. Subject to the terms of Section 5.1 of the Agreement, the Issuer covenants and agrees that the Issuer will furnish the Trustee with notice of any change in the matters addressed by clauses (i) or (iii) of this subparagraph 1.12(d) within thirty (30) days of the effective date of any such change and the Issuer will promptly execute any financing statements or other instruments deemed necessary by the Trustee to prevent any filed financing statement from becoming misleading or losing its perfected status.

1.13. Due on Transfer. Issuer covenants and agrees with Trustee that Issuer shall not encumber (other than by Permitted Encumbrances, as defined in the Agreement), pledge, convey, transfer or assign any or all of its interest in the Facility or the Collateral without the prior written consent of Trustee, except as specifically provided herein.

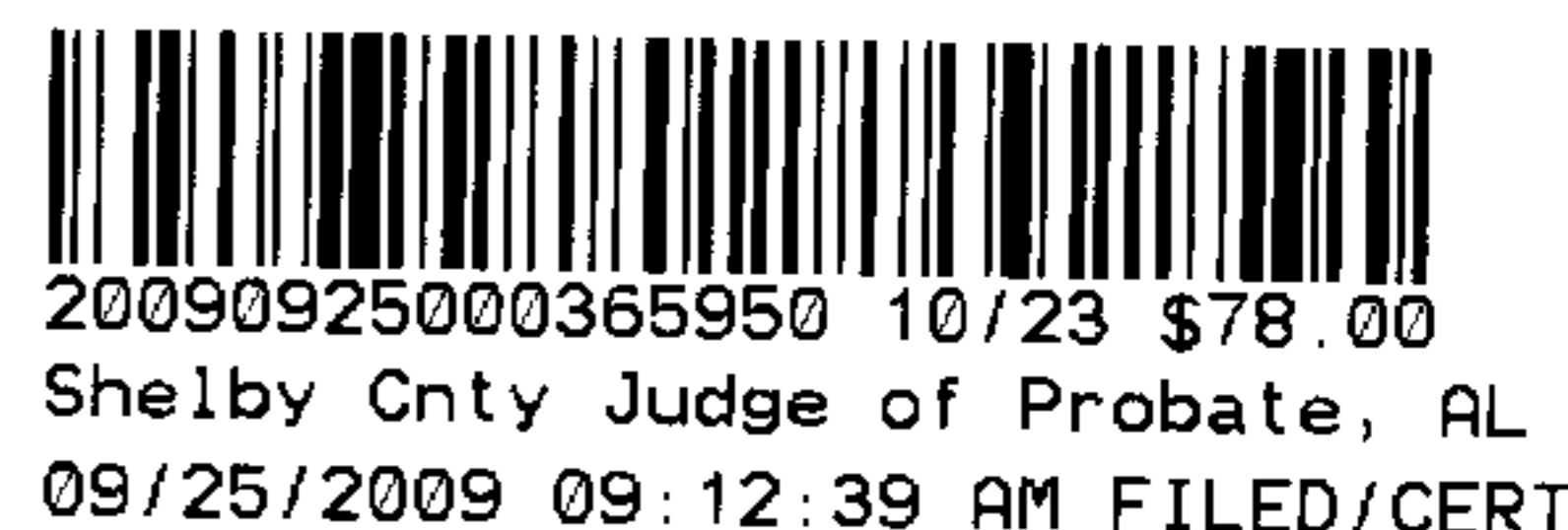
1.14. Release of Furnishings, Fixtures and Equipment. In any instance where Issuer and its sound discretion determines that any items of furnishings, fixtures and equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary and subject to the terms of Section 5.1 of the Agreement, Issuer may, provided it is not in Default hereunder, remove such items of furnishings, fixtures and equipment from the Facility and sell, trade-in, exchange or otherwise dispose of them, free and clear of the lien hereof, provided that in the event any of the Bonds are outstanding at the time of such removal, Issuer shall either:

- (a) Purchase with its own funds (as defined in clause (b) below) within a reasonable time and install within a reasonable time thereafter anywhere in the Facility other furnishings, fixtures and equipment having equal or greater fair market value and utility (but not necessarily having the same function) in the operation of the Facility as an assisted living facility all of which substituted furnishings, fixtures and equipment shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Facility, and therefore subject to the lien hereof; provided, however, that Issuer may not proceed under this clause (a) if such removal and substitution would impair operating unity or otherwise adversely affect the fair market value of the Facility; or
- (b) Not make any such substitution and installation, provided that Issuer shall promptly deposit into the Project Fund cash in an amount equal to the proceeds realized from the sale or scrapping of the furnishings, fixtures and equipment so removed or the credit received for the trade-in thereof, or the fair market value thereof, whichever is higher. Issuer shall not be required to replace any furnishings, fixtures and equipment which constitute a part of the Facility and which are removed from the Facility after compliance by Issuer with the provision of this subsection and so long as Issuer complies with the provisions of this subsection with respect to the removal from the Facility of any furnishings, fixtures and equipment constituting a part of the Facility, any furnishings and equipment which Issuer purchases and installs in or on the Facility with its own funds shall not, unless such furnishings and equipment are necessary for the Facility to remain a skilled nursing facility be deemed to be part of the Facility or subject to the lien of this Security Agreement even though such furnishings and equipment might "replace" furnishings, fixtures and equipment so removed.

ARTICLE II

2.01. Events of Default. The terms "Default," "Event of Default" or "Events of Default," wherever used in this Security Agreement, shall mean any one or more of the following events:

- (a) Failure by Issuer to pay any installment of principal or interest as required by the Bonds or any other amount payable by this Security Agreement or as part of the other Combined Obligations as and when due and payable after the expiration of any applicable cure periods set forth in the Agreement; or
- (b) Failure by Issuer to duly observe or perform any other term, covenant, condition or agreement of this Security Agreement, provided that Issuer shall have the right to cure such failure within 30 days after receipt of written notice from the Trustee specifying such failure; provided, however, in the case of



such failure which can be cured with due diligence but not within such thirty-day period, the Issuer's failure to proceed promptly to cure such failure and thereafter prosecute the curing of such failure with due diligence; or

- (c) Failure by Issuer to duly observe or perform any term, covenant, condition or agreement in any other agreement given or made as additional security for the performance of the Bonds or this Security Agreement, provided that Issuer shall have the right to cure such failure within 30 days after receipt of written notice from the Trustee specifying such failure; provided, however, in the case of such failure which can be cured with due diligence but not within such thirty-day period, the Issuer's failure to proceed promptly to cure such failure and thereafter prosecute the curing of such failure with due diligence; or
- (d) Any representation or warranty of Issuer contained in this Security Agreement, the Agreement, or in any of the other documents referred to therein (collectively, the "Combined Documents"), or in any certificate, instrument or other writing furnished pursuant to or in connection with any of the foregoing, proves to be untrue or misleading in any material respect; or
- (e) Any default or Event of Default shall occur under the Agreement or any of the other Combined Documents.

2.02. Acceleration of Maturity. If an Event of Default shall have occurred and be continuing, then the entire Combined Obligations shall, at the option of Trustee, immediately become due and payable without notice or demand, time being of the essence of this Security Agreement; and no omission on the part of Trustee to exercise such option when entitled to do so shall be construed as a waiver of such right.

2.03. Right to Enter and Take Possession.

- (a) If an Event of Default shall have occurred and be continuing, Issuer upon demand of Trustee, shall forthwith surrender to Trustee the actual possession of the Facility and if, and to the extent permitted by law, Trustee itself, or by such officers or agents as it may appoint, may enter and take possession of all the Facility without the appointment of a receiver, or an application therefor, and may exclude Issuer and their agents and employees wholly therefrom, and may have joint access with Issuer to the books, papers and accounts of Issuer that are related to the Facility.
- (b) If Issuer shall for any reason fail to surrender or deliver the Facility or any part thereof after such demand by Trustee, Trustee may obtain a judgment or decree conferring upon Trustee the right to immediate possession or requiring Issuer to deliver immediate possession of the Facility to Trustee to the entry of which judgment or decree Issuer hereby specifically consents. Issuer will pay to Trustee upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Trustee, its attorneys and agents; and all such expenses and compensation shall, until paid, be secured by the lien of this Security Agreement.
- (c) Upon every such entering upon or taking of possession, Trustee may hold, store, use, operate, manage and control the Facility and conduct




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the business thereof, and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property; (ii) insure or keep the Facility insured; (iii) manage and operate the Facility and exercise all the rights and powers of Issuer to the same extent as Issuer could in its own name or otherwise with respect to the exercise by others of any of the powers herein granted Trustee, all as Trustee from time to time may determine to be in its best interest. Trustee may collect and receive all the rents, issues, profits and revenues from the Facility, including those past due as well as those accruing thereafter, and, after deducting (aa) all expenses of taking, holding, managing and operating the Facility (including compensation for the services of all persons employed for such purposes); (bb) the cost of such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Trustee may at its option pay; (ee) other proper charges upon the Facility or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Trustee, Trustee shall apply the remainder of the moneys and proceeds so received by Trustee first to the payment of accrued interest, and second to the payment of overdue installments of principal.

- (d) Whenever all that is due upon such interest, deposits and principal installments and under any of the terms, covenants, conditions and agreements of this Security Agreement shall have been paid and all Events of Default made good, Trustee shall surrender possession of the Facility to Issuer, its successors or assigns. This return of possession of the Premises to Issuer shall not affect Trustee's right to take possession of the Premises in the event of a subsequent default by Issuer.

2.04. Performance by Trustee. If Issuer shall default in the payment, performance or observance of any term covenant or condition of this Security Agreement, Trustee may, at its option, pay, perform or observe the same, and all payments made or costs or expenses incurred by Trustee in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by Issuer to Trustee with interest thereon at the default rate provided in the Bonds. Trustee shall be the sole judge of the necessity for any such actions and of the amounts to be paid. Trustee is hereby empowered to enter and to authorize others to enter upon the Facility or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without thereby becoming liable to Issuer or any person in possession holding under Issuer.


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2.05. Receiver. If an Event of Default shall have occurred and be continuing, Trustee upon application to a court of competent jurisdiction, shall be entitled as a matter of strict right without notice and without regard to the occupancy or value of any security for the indebtedness secured hereby or the solvency of any party bound for its payment, to the appointment of a receiver to take possession of and to operate the Facility and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Land is situated. Issuer will pay to Trustee upon demand all expenses, including receiver's fees, reasonable attorneys' fees actually incurred, and reasonable costs and agent's compensation, incurred pursuant to the provisions of this Paragraph 2.05; and all such expenses shall be secured by this Security Agreement.

2.06. Enforcement.

- (a) If an Event of Default shall have occurred and be continuing, Trustee at its option, may sell the Facility or any part of the Facility at public sale or sales before the door of the courthouse of the county in which the Facility or any part of the Facility is situated, to the highest bidder for cash, in order to pay the indebtednesses secured hereby and accrued interest thereon and insurance premiums, liens, assessments, taxes and charges, including utility charges, if any, with accrued interest thereon, and all expenses of the sale and of all proceedings in connection therewith, including reasonable attorneys' fees, if incurred, after advertising the time, place and terms of sale once a week for three (3) consecutive weeks immediately preceding such sale (but without regard to the number of days) in a newspaper in which Sheriff's sales are advertised in said county. At any such public sale, Trustee may execute and deliver to the purchaser a conveyance of the Facility or any part of the Facility or any part of the Facility in fee simple, with full warranties of title and to this end, Issuer hereby constitutes and appoints Trustee the agent and attorney-in-fact of Issuer to make such sale and conveyance, and thereby to divest Issuer of all right, title or equity that Issuer may have in and to the Facility and to vest the same in the purchaser or purchasers at such sale or sales, and all the acts and doing of said agent and attorney-in-fact are hereby ratified and confirmed and any recitals in said conveyance or conveyances as to facts essential to a valid sale shall be binding upon Issuer. The aforesaid power of sale and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, are granted as cumulative of the other remedies provided hereby or by law for collection of the Combined Obligations and shall not be exhausted by one exercise thereof but may be exercised until full payment of all of the Combined Obligations.
- (b) If an Event of Default shall have occurred and be continuing, Trustee may, in addition to and not in abrogation of the rights covered under subparagraph (a) of this Paragraph 2.06, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Bonds and the other Combined Obligations or the performance of any term, covenant, condition or agreement of this Security Agreement or any term, covenant, condition or agreement of this Security Agreement or any other right, and (ii) to pursue any other remedy available to it, all as Trustee shall determine most effectual for such purposes.

2.07. Purchase by Trustee. Upon any foreclosure sale, Trustee may bid for and purchase the Facility and shall be entitled to apply all or any part of the indebtedness secured hereby as a credit to the purchase price.

2.08. Application of Proceeds of Sale. In the event of a sale under power or a foreclosure sale of the Facility, the proceeds of said sale shall be applied first to the expenses of such sale and of all proceedings in connection therewith, including reasonable attorney's and trustee's fees actually incurred, then to insurance premiums, liens, assessments, taxes and charges including utility charges advanced by Trustee then to payment of the outstanding principal balance of the indebtedness secured hereby, then to the accrued interest on all of the foregoing, and finally the remainder, if any, shall be paid to Issuer.


2.09. Issuer as Tenant Holding Over. In the event of any such sale under power or foreclosure sale by Trustee, Issuer shall be deemed a tenant holding over and shall forthwith deliver possession to the purchaser or purchasers at such sale or be summarily dispossessed according to provisions of law applicable to tenants holding over.

2.10. Waiver of Appraisement, Valuation Stay, Extension and Redemption Laws. Issuer agrees to the full extent permitted by law that in case of a Default on the part of Issuer hereunder, neither Issuer nor anyone claiming through or under it shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension, homestead, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Security Agreement, or the absolute sale of the Facility, or the final and absolute putting into possession thereof, immediately after such sale, of the purchasers thereat, and Issuer for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so, the benefit of all such laws, and any and all right to have the assets comprised in the security intended to be created hereby marshalled upon any foreclosure of the lien hereof.

2.11. Leases. Trustee at its option, is authorized to foreclose this Security Agreement subject to the rights of any tenants of the Facility, and the failure to make any such tenants parties to any such foreclosure proceedings and to foreclose their rights will not be, nor be asserted to be by Issuer, as a defense to any proceedings instituted by Trustee to collect the sums secured hereby.

2.12. Discontinuance of Proceedings and Restoration of the Parties. In case Trustee shall have proceeded to enforce any right, power or remedy under this Security Agreement by sale under power, foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Trustee, then and in every such case Issuer and Trustee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Trustee shall continue as if no such proceeding had been taken.

2.13. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Trustee by this Security Agreement is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute or under the Combined Documents.


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2.14. Waiver.

- (a) No delay or omission of Trustee or any holder of the Bonds to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Security Agreement to Trustee may be exercised from time to time and as often as may be deemed expedient by Trustee. No consent or waiver, expressed or implied, by Issuer to or of any breach or default by Issuer in the performance of the obligations thereof shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the sale or any other obligations of Issuer hereunder. Failure on the part of Trustee to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Trustee of its rights hereunder or impair any rights, powers or remedies consequent on any breach or default by Issuer.
- (b) If Trustee (i) grants forbearance or an extension of time for the payment of any Combined Obligations; (ii) takes other or additional security for the payment of any Combined Obligations; (iii) waives or does not exercise any right granted herein or in any of the Combined Documents; (iv) releases any part of the Facility from the lien and security title of this Security Agreement or otherwise changes any of the terms, covenants, conditions or agreements of any of the Combined Documents; (v) consents to the filing of any map, plat or replat affecting the Facility; (vi) consents to the granting of any easement or other right affecting the Facility; or (vii) makes or consents to any agreement subordinating the lien and security title hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Bonds, the Agreement, this Security Agreement or any other Combined Obligations of or any subsequent purchaser of the Facility or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude Trustee from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument or instruments executed by Trustee, shall the lien of this Security Agreement be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Facility, Trustee, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Facility or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

2.15. Suits to Protect the Facility. Trustee shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Facility by any acts which may be unlawful or any violation of this Security Agreement, (b) to preserve or protect its interest in the Facility and in the rents, issues, profits and revenues arising therefrom, and (c) to restrain the enforcement of or compliance with any legislation or other 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 interest of Trustee.

2.16. Trustee May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Issuer, their creditors or their property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Trustee allowed in such proceedings for the entire amount of the Combined Obligations due and payable at the date of the institution of such proceedings and for any additional amount which may become due and payable by Issuer hereunder after such date.


2.17. Waiver of Issuer's Rights.

BY EXECUTION OF THIS SECURITY AGREEMENT ISSUER EXPRESSLY:

(A) ACKNOWLEDGES THE RIGHT TO ACCELERATE THE INDEBTEDNESS EVIDENCED BY THE BONDS AND ALL OTHER COMBINED OBLIGATIONS AND THE POWER OF ATTORNEY GIVEN HEREIN TO TRUSTEE TO SELL THE FACILITY BY NONJUDICIAL FORECLOSURE UPON DEFAULT BY ISSUER WITHOUT ANY JUDICIAL HEARING AND WITHOUT ANY NOTICE OTHER THAN SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE GIVEN UNDER THE PROVISIONS OF THIS SECURITY AGREEMENT;

(B) WAIVE ANY AND ALL RIGHTS WHICH ISSUER MAY HAVE UNDER THE CONSTITUTION OF THE UNITED STATES (INCLUDING THE FIFTH AND FOURTEENTH AMENDMENTS THEREOF, THE VARIOUS PROVISIONS OF THE CONSTITUTIONS FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW), (1) TO NOTICE AND TO JUDICIAL HEARING PRIOR TO THE EXERCISE BY TRUSTEE OF ANY RIGHT OR REMEDY HEREIN PROVIDED TO TRUSTEE EXCEPT SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE PROVIDED IN THIS SECURITY AGREEMENT; AND (2) CONCERNING THE APPLICATION, RIGHTS OR BENEFITS OF ANY STATUTE OF LIMITATION OR ANY MORATORIUM, REINSTATEMENT, MARSHALLING, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD, EXEMPTION OR REDEMPTION LAWS: (C) ACKNOWLEDGE THAT ISSUER HAS READ THIS SECURITY AGREEMENT AND ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS SECURITY AGREEMENT AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO ISSUER AND ISSUER HAS CONSULTED WITH COUNSEL OF ISSUER'S CHOICE PRIOR TO EXECUTING THIS SECURITY AGREEMENT; AND (D) ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF ISSUER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY ISSUER AS PART OF A BARGAINED FOR LOAN TRANSACTION AND THAT THIS SECURITY AGREEMENT IS VALID AND ENFORCEABLE BY TRUSTEE AGAINST ISSUER IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

2.18. Trustee's Remedial Actions Subject to 50%/35% Bondholder Tests. Remedial Actions Taken by the Trustee under this Article II are subject to the 50%/35% Bondholder Tests set forth in Sections 903, 904 and 909 of the Trust Indenture.


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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

ARTICLE III

3.01. Successors and Assigns. This Security Agreement shall inure to the benefit of and be binding upon Issuer and Trustee and their respective heirs, executors, legal representatives, successors and assigns. Whenever a reference is made in this Security Agreement to Issuer or Trustee such reference shall be deemed to include a reference to the heirs, executors, legal representatives successors and assigns of Issuer or Trustee. It is specifically agreed and understood that this Security Agreement may be assigned to the Trustee.

3.02. Terminology. All personal pronouns used in this Security Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and Articles are for convenience only and neither limit nor amplify the provisions of this Security Agreement itself, and all references herein to Articles, Paragraphs or subparagraphs thereof, shall refer to the corresponding Articles, Paragraphs or subparagraphs thereof, of this Security Agreement unless specific reference is made to such Articles, Paragraphs or subparagraphs thereof of another document or instrument.

3.03. Severability. If any provision of this Security Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Security Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.04. Applicable Law. This Security Agreement shall be interpreted, construed and enforced according to the laws of the State of Alabama.

3.05. Notices. Any and all notices, elections or demand permitted or required to be made under this Security Agreement shall be in writing, signed by the party giving such notice, election or demand, and shall be delivered personally, or sent by registered or certified United States mail, postage prepaid, to the other party at the address set forth below, or at such other address within the continental United States of America as may have theretofore been designated in writing. The date of personal delivery or the date of mailing, as the case may be, shall be the date of such notice, election or demand. For the purposes of this Security Agreement:

The address of
Lessee is:

Ridgeview Assisted Living, LLC
593 Atlanta Street
Roswell, Georgia 30075

with copies to:

Gregory p. Youra, Esq.
Holt Ney Zatcoff & Wasserman, LLP
100 Galleria Parkway, Suite 600
Atlanta, Georgia 30339

J.P. Turner & Company, L.L.C.
Suite 310
331 Newman Springs Road
Red Bank, New Jersey 07701
Attn: James H. Friar



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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

The address of
Issuer is:

The Medical Clinic Board of the City of Hoover
Attn: Allen Pate
City of Hoover
100 Municipal Drive
Hoover, Alabama 35216

with a copy to:
Mark S. Boardman, Esq.
April B. Danielson, Esq.
Boardman, Carr, Hutcheson & Bennett, P.C.
400 Boardman Drive
Chelsea, Alabama 35043-8211

3.06 Time of the Essence. Time is of the essence with respect to each and every covenant, agreement and obligation of Issuer under this Security Agreement, the Bond and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the indebtedness.

IN WITNESS WHEREOF, Issuer has executed this Security Agreement under seal, as of the day and year first above written.

THE MEDICAL CLINIC BOARD OF THE
CITY OF HOOVER

(SEAL)

By: *Charlie Faulkner*
Chairman

Attest: *David Bradley*
Secretary

STATE OF ALABAMA)
)
COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Charlie FAULKNER and DAVID BRADLEY, whose names as Chairman and Secretary, respectively, of The Medical Clinic Board of the City of Hoover, a corporation, are signed to the foregoing conveyance, and who are known to me and known to be such officer, acknowledged before me this day that they, in their respective capacities as such officer, being informed of the contents of the conveyance, and with full authority and of their own free will and accord, voluntarily executed the foregoing Mortgage and Security Agreement for and as the free and unrestrained act of said public corporation, for the purposes therein named and expressed.

3rd IN WITNESS WHEREOF, I have hereunto set my hand and official seal of office this day of September, 2009.

April B. Danielson
NOTARY PUBLIC

(SEAL)

My Commission Expires:

7/3/10



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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT


AGREEMENT, JOINDER AND INDEMNITY BY LESSEE

Ridgeview Assisted Living, LLC, a Georgia limited liability company authorized to do business in the State of Alabama (the "Lessee") hereby agrees to discharge the duties of the Issuer set forth in the foregoing Mortgage and Security Agreement, dated as of September 1, 2009 (the "Security Agreement") to the extent that it is legally permissible for the Lessee to do so; it being the intent herein to relieve the Issuer from all the obligations and burdens that normally fall upon a mortgagor in recognition of the fact that the Lessee has a long-term leasehold interest in the Facility as set forth in that certain Lease Agreement, dated as of September 1, 2009, between the Issuer and the Lessee (the "Agreement").

Consistent with similar provisions, Section 5.2 of the Agreement and Section 410 of that certain Trust Indenture, dated as of September 1, 2009, between the Issuer and Bank of Oklahoma, N.A. (the "Indenture"), Lessee hereby agrees to and shall indemnify and save the Issuer and the Trustee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the execution or enforcement of the foregoing Security Agreement; provided however, this indemnity shall not apply to any acts of gross negligence or willful misconduct of the Issuer or the Trustee. The Lessee shall indemnify and save the Issuer and the Trustee harmless from and against all reasonable costs and expenses incurred in or in connection with the foregoing indemnity, including reasonable attorneys' fees actually incurred, and upon notice from the Issuer, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

Lessee hereby subjects its interest in and to all of the real property that comprises the Facility to the lien of this Security Agreement. Lessee also hereby grants to the Trustee a security interest in the gross revenues and other personal property that is part of the Facility, all to secure its obligations under the Agreement.

Notwithstanding the fact that it is the intention of the parties that the Issuer shall not incur pecuniary liability by reason of the terms of the Security Agreement, or the undertakings required of the Issuer thereunder, by reason of (i) the issuance of the Bonds; (ii) the execution of the Security Agreement; (iii) the performance of any act required of it by the Security Agreement; (iv) the performance of any act requested of it by the Lessee; or (v) any other costs, fees, or expenses incurred by the Issuer with respect to the Facility or the financing thereof, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Issuer should incur any such pecuniary liability then in such event the Lessee shall indemnify and hold harmless the Issuer against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all reasonable costs and expenses (including reasonable attorneys' fees) incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer and at Issuer's option, the Lessee shall defend the Issuer in any such action or proceeding and pay the reasonable attorneys' fees of the Issuer actually incurred in defending any such action.


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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

The provisions of this Agreement, Joinder and Indemnity shall survive the termination of this Security Agreement.

RIDGEVIEW ASSISTED LIVING, LLC

By: _____

Manager

STATE OF GEORGIA)

FORSYTH)

COUNTY OF ~~FULTON~~)

I, the undersigned, a Notary Public in and for said State and County, do hereby certify that Christopher F. Brogdon and _____, whose name ~~as~~ as Manager and Secretary, respectively, of Ridgeview Assisted Living, LLC, a Georgia limited liability company, ~~are~~ signed to the foregoing conveyance, and who ~~are~~ known to me and known to be such official~~s~~, acknowledged before me this day that ~~they~~ *he*, in ~~their~~ *his* respective capacities as such official~~s~~, being informed of the contents of the conveyance, and with full authority and of ~~their~~ *his* own free will and accord, voluntarily executed the foregoing Mortgage and Security Agreement for and as the free and unrestrained act of said limited liability company, for the purposes therein named and expressed.

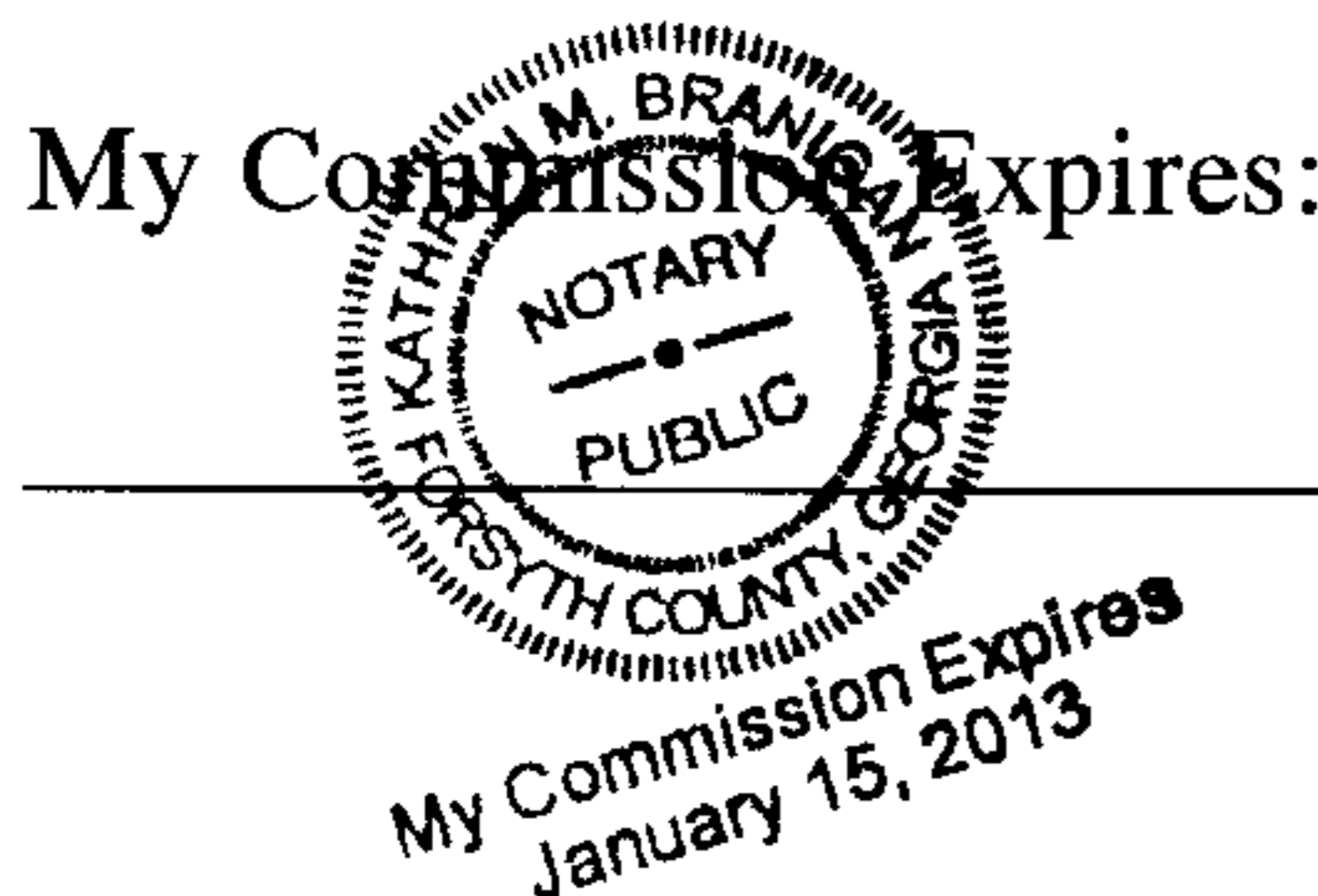
2nd IN WITNESS WHEREOF, I have hereunto set my hand and official seal of office this day of September, 2009.

Kathryn M. Branigan

NOTARY PUBLIC

(SEAL)

My Commission Expires:



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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

EXHIBIT A

[legal description of Land]

Lot 2D-3A, according to the Southerland Place Resurvey, as recorded in map Book 25, page 143, in the Probate Office of Shelby County, Alabama.




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Shelby Cnty Judge of Probate, AL
09/25/2009 09:12:39 AM FILED/CERT

EXHIBIT B

ISSUER	The Medical Clinic Board of the City of Hoover c/o Allen Pate 100 Municipal Drive Hoover, Alabama 35216
TRUSTEE:	Bank of Oklahoma, N.A. One Williams Center Tulsa, Oklahoma 74103
LESSEE:	Ridgeview Assisted Living, LLC 593 Atlanta Street Roswell, Georgia 30075

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