

FUTURE ADVANCE MORTGAGE AND SECURITY AGREEMENT

Dated December 2nd, 2010

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**

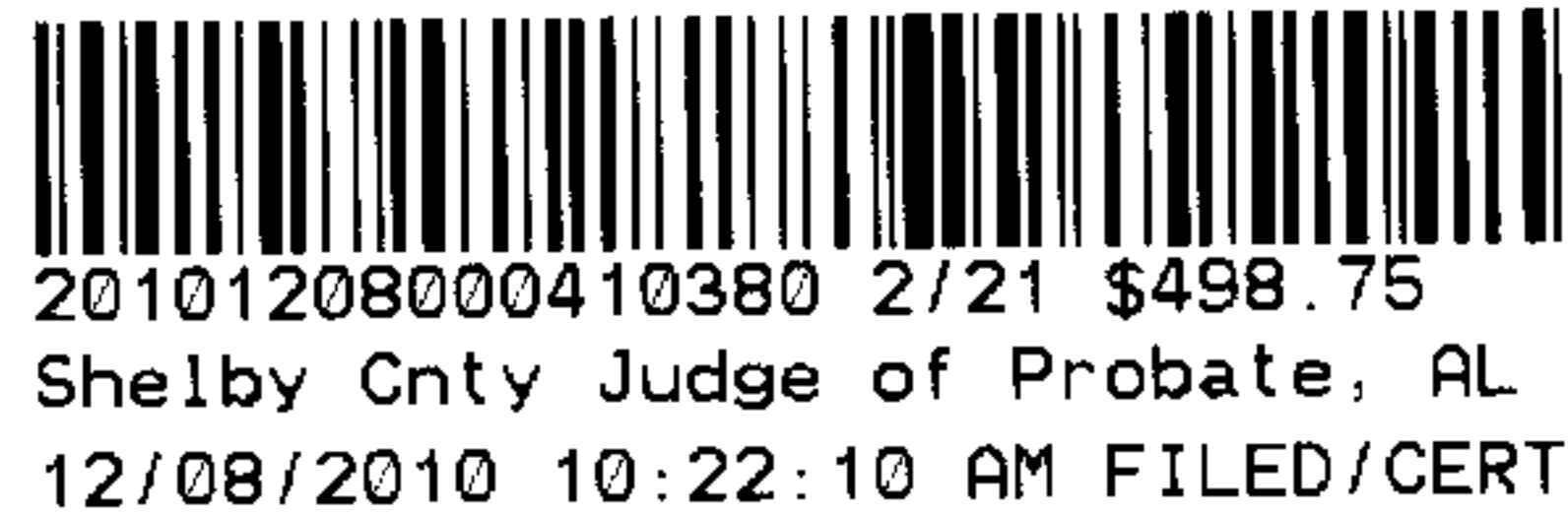
**THIS INSTRUMENT IS TO BE CROSS INDEXED IN THE INDEX OF UNIFORM
COMMERCIAL CODE FINANCING STATEMENTS.**

**THIS MORTGAGE IS A "CONSTRUCTION MORTGAGE" AS DEFINED IN
SECTION 7-9-313(1)(C) OF THE CODE OF ALABAMA AND SECURES, AMONG
OTHER OBLIGATIONS, AN OBLIGATION INCURRED FOR THE
CONSTRUCTION OF IMPROVEMENTS ON THE REAL ESTATE. THE TOTAL
INDEBTEDNESS SECURED BY THIS INSTRUMENT IS \$284,500.**

**This Future Advance Mortgage and Security Agreement was prepared by Stephen R.
Monk of Bradley Arant Boult Cummings, LLP, One Federal Place, 1819 5th Avenue
North, Birmingham, Alabama 35203**


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STATE OF ALABAMA
JEFFERSON COUNTY



FUTURE ADVANCE MORTGAGE AND SECURITY AGREEMENT

THIS FUTURE ADVANCE MORTGAGE AND SECURITY AGREEMENT (this "Mortgage") dated as of the 2nd day of December, 2010, 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

In order to induce Lender to make the Sub-Loan, as hereinafter defined, and to secure the Sub-Loan which is evidenced by the Sub-Note, as hereinafter defined, Borrower has delivered this Mortgage to Lender.

Agreement

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

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.

(4) Capitalized terms not otherwise expressly defined herein shall have the same meanings given to such terms in the Loan Agreement, as hereinafter defined.

Collateral shall have the meaning set forth at the end of Article II below.

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

Default Rate shall have the meaning set forth in the Sub-Note.

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 Borrower or the Property (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 meaning set forth in the Loan Agreement. 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.

Guaranty shall mean the Guaranty Agreement of even date herewith executed and delivered by Guarantor to Lender with respect to the Sub-Loan.

Guarantor shall mean Daniel Realty Company, LLC, an Alabama limited liability company.

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.

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

Loan Agreement shall mean that certain Loan Agreement dated April 3, 2009, between Borrower and Lender, as the same may be amended from time to time.

Loan Documents shall mean the Sub-Note, this Mortgage, the Guaranty, the Loan Agreement and all other documents, instruments and agreements now or hereafter executed or delivered pursuant hereto or in connection with the Sub-Loan secured by this Mortgage, as at any time amended, supplemented or restated.

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

Personal Property and Fixtures shall have the meaning stated in the second Granting Clause of Article II.

Property shall mean the Real Estate, the Improvements, the Personal Property and Fixtures and all other property and rights referred to or intended so to be in Granting Clauses I and II of Article II.

Real Estate shall have the meaning stated in the first Granting Clause of Article II.

Sub-Loan shall mean the principal sum of \$284,500 evidenced by the Sub-Note, which sum shall be advanced to Borrower by Lender pursuant to, and in accordance with the terms and conditions set forth in, the Loan Agreement. The Sub-Loan is a "Sub-Loan" as defined in the Loan Agreement.

Sub-Note shall mean the Promissory Note of even date herewith executed and delivered by Borrower payable to Lender's order in the principal amount of \$284,500. The Sub-Note is a "Sub-Note" as defined in the Loan Agreement.

ARTICLE II

Granting Clauses

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

I.

(Real Estate and Improvements)

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 (collectively, the "Real Estate"), together with all buildings, structures and improvements now or hereafter located on such Real Estate (the "Improvements").

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 Real Estate in which Borrower has any interest, including all substitutions and replacements for such personal property and fixtures and the proceeds thereof (collectively, the "Personal Property and Fixtures").

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 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 Borrower in and to any policies of insurance (and the proceeds thereof) with respect to any damage to or destruction of the Collateral.

All of the property described in the foregoing Granting Clauses I through III, 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 Lender, its successors and assigns, forever;

SUBJECT, however, to the Permitted Encumbrances.

ARTICLE III

Representations and Warranties

To induce Lender to make the Sub-Loan, Borrower represents and warrants to Lender, its successors and assigns, that:

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

(2) Maintenance of Lien Priority. 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. Borrower shall execute, acknowledge and deliver such additional instruments as 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 the 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 Borrower.

ARTICLE IV

Covenants of Borrower

SECTION 4.01 Payment of Taxes and Other Assessments

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, Borrower will deliver receipts therefor to Lender upon Lender's written request or, in the case of mortgage filing privilege taxes, pay to Lender an amount equal to the taxes. 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 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 Borrower promptly after they become due and payable but in any event before they become delinquent (and in the opinion of counsel for Lender, such payment by Borrower is lawful and does not place Lender in violation of any law).

SECTION 4.02 Insurance

(a) 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 Lender may reasonably approve. All such policies shall name 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 Lender, to be attached to each policy) be payable to Lender, as a mortgagee, and provide that the insurance provided thereby, as to the interest of Lender, shall not be invalidated by any act or neglect of Borrower, nor by the commencing of any proceedings by or against 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. Borrower shall furnish to Lender insurance certificates, in form and substance reasonably satisfactory to Lender, evidencing compliance by Borrower with the terms of this Section and, upon the request of Lender at any time, Borrower shall furnish Lender with photostatic copies of the policies required by the terms of this Section. Borrower will cause each insurer under each of the policies to agree (either by endorsement upon such policy or by letter addressed to Lender) to give Lender at least ten (10) days' prior written notice of the cancellation of such policies in whole or in part or the lapse of any coverage thereunder. 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 ten (10) days prior to the date the premiums on each such policy or policies shall become due and payable, Borrower shall furnish to 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 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 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 Borrower only after consultation with and approval by Lender. After a casualty occurs, all insurance proceeds shall be paid to Lender.

SECTION 4.03 Condemnation Awards

The entire proceeds of any Condemnation Award shall be paid to 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 or Event of Default by Borrower.

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

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 Property without the express prior written consent of 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. 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

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

SECTION 4.06 Environmental Compliance and Indemnity

(a) Borrower shall (1) not, and shall not knowingly permit any other person to, bring any Hazardous Substances onto the Property except any such Hazardous Substances that are used in the ordinary course of the contemplated businesses as to be conducted on the Property 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 Property, immediately remove and properly dispose of the same in accordance with applicable Environmental Laws; (3) cause the Property and the operations conducted

thereon (including all operations conducted thereon by other persons) to comply with all Environmental Laws; (4) permit Lender from time to time to inspect the Property 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 Property), 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 Property or the operations on the Property or (C) determined to be necessary by an environmental audit or site assessment of the Property; (6) give notice to Lender in writing if Borrower should become aware of (A) any material spill, release or disposal of any Hazardous Substances, or imminent threat thereof, at the Property, in connection with the operations on the Property, or at any adjacent property that could migrate to, through or under the Property, (B) any material violation of Environmental Laws regarding the Property or operations on the Property, and (C) any material investigation, claim or threatened claim under any Environmental Law, or any notice of violation under any Environmental Law, involving Borrower or the Property; and (7) deliver to Lender, at Lender's request, copies of any and all documents in Borrower's possession or to which Borrower has access relating to Hazardous Substances or Environmental Laws and the Property, and the operations on the Property, including laboratory analyses, site assessments or studies, environmental audit reports and other environmental studies and reports.

(b) If Lender at any time reasonably believes that 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 Property, Lender may require Borrower to furnish to Lender an environmental audit or site assessment reasonably satisfactory to Lender with respect to the matters of concern to Lender. Such audit or assessment shall be performed at the expense of Borrower by a qualified consultant approved by Lender. If Borrower fails to provide such site assessment, inspection or audit within thirty (30) days after such request, Lender may order same, and Borrower hereby grants to Lender and its employees, agents and contractors access to the Property and a license to undertake such site assessment, inspection or audit. Borrower shall be responsible for the cost of such assessment, inspection or audit, and if Borrower fails to pay such cost, Lender may make an advance to pay the same.

(c) 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 Lender, (1) there are no civil, criminal or administrative environmental proceedings involving the Property that are pending or to Borrower's knowledge threatened; (2) Borrower knows of no facts or circumstances that might give rise to such a proceeding in the future; (3) the Property is in compliance with all applicable federal, state and local statutory and regulatory environmental requirements; and (4) the Property is free from any and all Hazardous Substances.

(d) Borrower shall defend, indemnify and save harmless Lender (the "Indemnatee") 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 Indemnatee that are related to or arise out of or result from any violation of, or non-

compliance of the Property or of Borrower with Environmental Laws, or the presence of Hazardous Substances on or under or included in the Property during the time Borrower has any interest in the Property or is otherwise in possession of the Property 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 Property, or any part thereof, during the time Borrower has any interest in the Property or is otherwise in possession of the Property 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 noncompliance 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, 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 Indemnatee, if required by law, at the sole cost and expense of Borrower, the validity or applicability or any Environmental Laws, or any claims, litigation, demands, defenses, judgments, suits, proceedings relating to (x) Hazardous Substances at or about the Property (an "Environmental Complaint") or (y) 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:

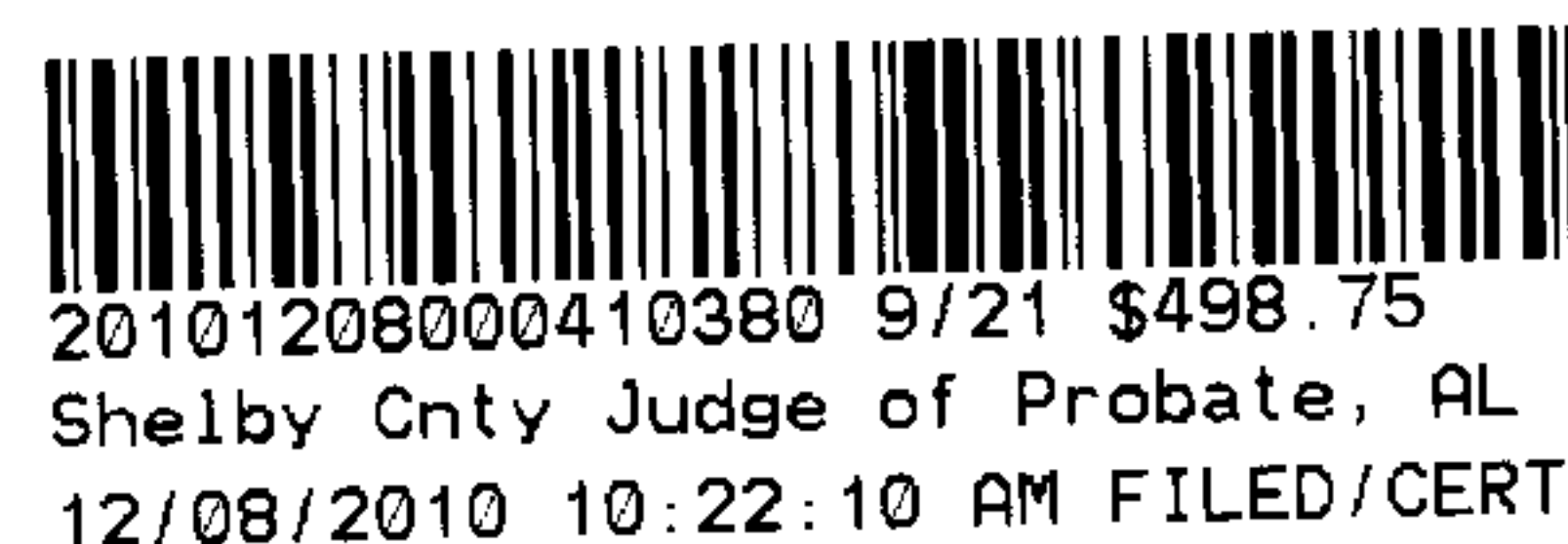
(1) enforcement proceedings with respect to any and all Environmental Laws are deferred or stayed during the pendency of the Contest;

(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) 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 or Event of Default shall exist under any of the Loan Documents, 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 Property;

(5) any Contest shall be instituted promptly after Borrower obtains notice of any Environmental Laws which asserts any obligation or liability affecting Borrower, Lender or all or any portion of the Property, 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) 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 Borrower, execute and deliver any documents reasonably required to prosecute such contest proceedings, provided however that 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 Lender until commencement of an action with respect to any event or occurrence shall be prohibited by law.

ARTICLE V

Transfer of, or Liens on, Collateral

Borrower covenants and agrees that, anything in the Loan Documents to the contrary notwithstanding, it will not, without the express prior written consent of Lender, sell, transfer, lease, convey or otherwise dispose of, or create, or permit or suffer to exist, any lien, security interest or other encumbrance (other than the Permitted Encumbrances) on, all or any part of the Collateral 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, lease, 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) Borrower shall pay in full and discharge all of the Obligations, (ii) Lender shall then have no obligation or commitment to advance funds, incur obligations, or give value to Borrower with respect to the Loan, as defined in the Loan Agreement, and (iii) 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 Borrower, and the entire estate, right, title and interest of Lender shall thereupon cease; and Lender shall, promptly upon the request of Borrower and at Borrower's cost and expense, deliver to Borrower proper instruments acknowledging satisfaction of this Mortgage and terminating all financing statements filed in connection herewith; otherwise, this Mortgage shall remain in full force and effect.

ARTICLE VII

Rights of Lender Upon Default

SECTION 7.01 Acceleration of Indebtedness

If an Event of Default exists, Lender, at its sole option, may, by notice to 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 Borrower, and Lender may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under this Mortgage and the other Loan Documents and available at law or equity.

SECTION 7.02 Operation of Collateral by Lender

In addition to all other rights herein and in the other Loan Documents conferred on Lender, if an Event of Default exists, Lender (or any person, firm or corporation designated by Lender) may, but shall not be obligated to, enter upon and take possession of any or all of the Collateral, exclude Borrower therefrom, and hold, use, administer, manage and operate the same to the extent that Borrower could do so, without any liability to Borrower resulting therefrom (except resulting from willful misconduct or gross negligence of Lender); and 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 Borrower with respect to the Collateral.

SECTION 7.03 Judicial Proceedings; Right to Receiver

If an Event of Default exists, Lender may proceed by suit for a foreclosure of its lien on and security interest in the Collateral, to sue Borrower for damages on account of or arising out of said default or breach, or to sue 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. 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 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.

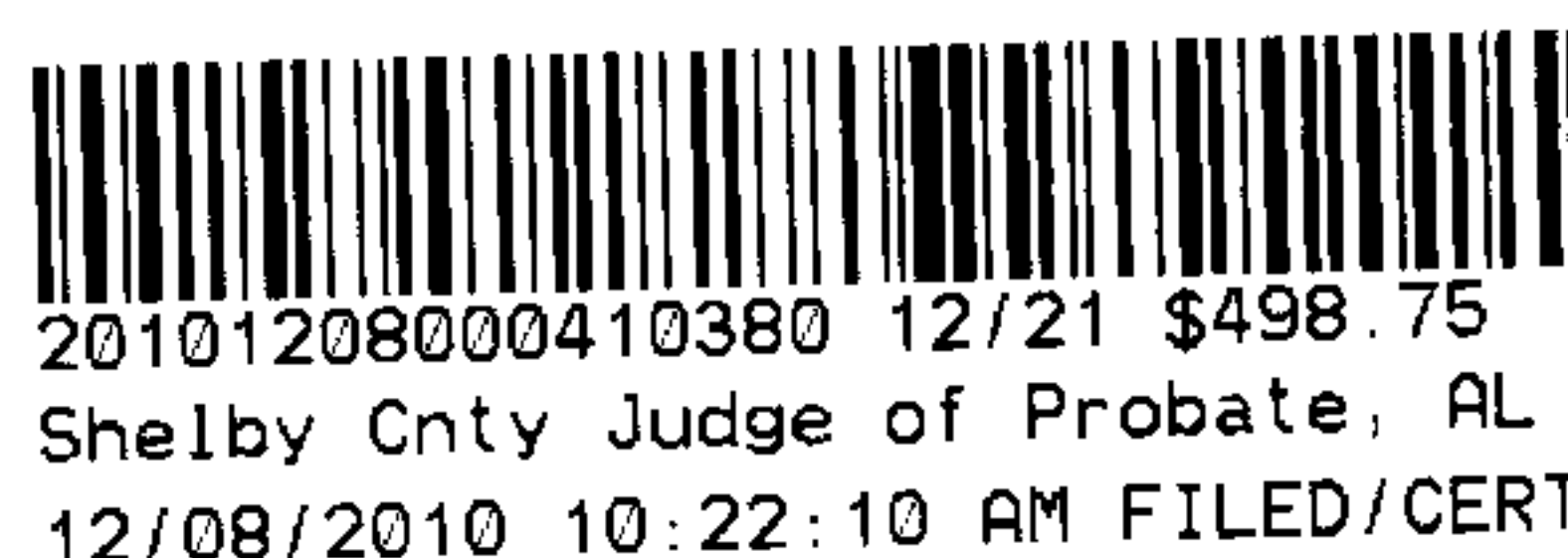
SECTION 7.04 Power of Sale

This Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and Lender shall be authorized, at its option, whether or not possession of the Collateral is taken, after giving twenty one (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. 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, Borrower hereby waiving the application of any doctrine of marshalling or like proceeding. If 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. Borrower hereby waives any equitable rights otherwise available to it with respect to marshalling of assets hereunder, or to require 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 7.05 Personal Property and Fixtures

(a) After an Event of Default shall have occurred, 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. 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 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 Borrower shall assemble the Collateral and make the Collateral available to Lender at any place designated by Lender. To the extent permitted by law, Borrower expressly waives any notice of sale or any other disposition of the Personal Property and Fixtures and any rights or remedies of 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 Lender existing after default. To the extent that such notice is required and cannot be waived, Borrower agrees that if such notice is given to Borrower in accordance with the provisions of Section 8.08 below, at least ten (10) 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) Borrower agrees that 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. Borrower hereby grants to Lender the right, at its option after the occurrence of any 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 Lender may elect. 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 Lender and that all prerequisites of sale shall be presumed conclusively to have been performed or to have occurred.

SECTION 7.06 Conveyance After Sale

Borrower hereby authorizes and empowers Lender or the auctioneer at any foreclosure sale had hereunder, for and in the name of 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 7.07 Application of Proceeds

All payments then held or thereafter received by Lender as proceeds of the Collateral, as well as any and all amounts realized by Lender in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by 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 Lender in exercising its rights under this Mortgage and any of the other Loan Documents or otherwise reasonably incurred by 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 Borrower to Lender under this Mortgage or any of the other Loan Documents, all in such priority as among such principal, interest, costs, fees, expenses and other amounts as Lender shall elect;

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

SECTION 7.08 Waiver of Appraisement Laws

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 VIII

Provisions of General Application

SECTION 8.01 Provisions Regarding Remedies

(a) The exercise by 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 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 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 other Loan Documents, nor consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by an executive officer of 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 Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

SECTION 8.02 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 Borrower.

SECTION 8.03 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 Lender to effectuate the provisions hereof.

SECTION 8.04 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 8.05 Advances by Lender

(a) The proceeds of the Sub-Loan shall be advanced to Borrower by Lender in accordance with, and subject to all of the terms and conditions of, the Loan Agreement.

(b) If 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, 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, Lender may make advances for any other purpose in order to protect Lender's interest in, and/or the value of, the Collateral or any portion of the Collateral to the extent permitted by law, 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 8.06 Release or Extension by Lender

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 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 of the other Loan Documents.

SECTION 8.07 Partial Payments

Acceptance by Lender of any payment of less than the amount due on the Obligations shall be deemed acceptance on account only, and the failure of 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, 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 8.08 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, Borrower or 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) Borrower and 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 (3) days after the date deposited in the mail, if mailed in accordance with subsection (a)(iii) of this Section.

SECTION 8.09 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 8.10 Effect of Headings

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

SECTION 8.11 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 8.12 Governing Law

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

SECTION 8.13 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.


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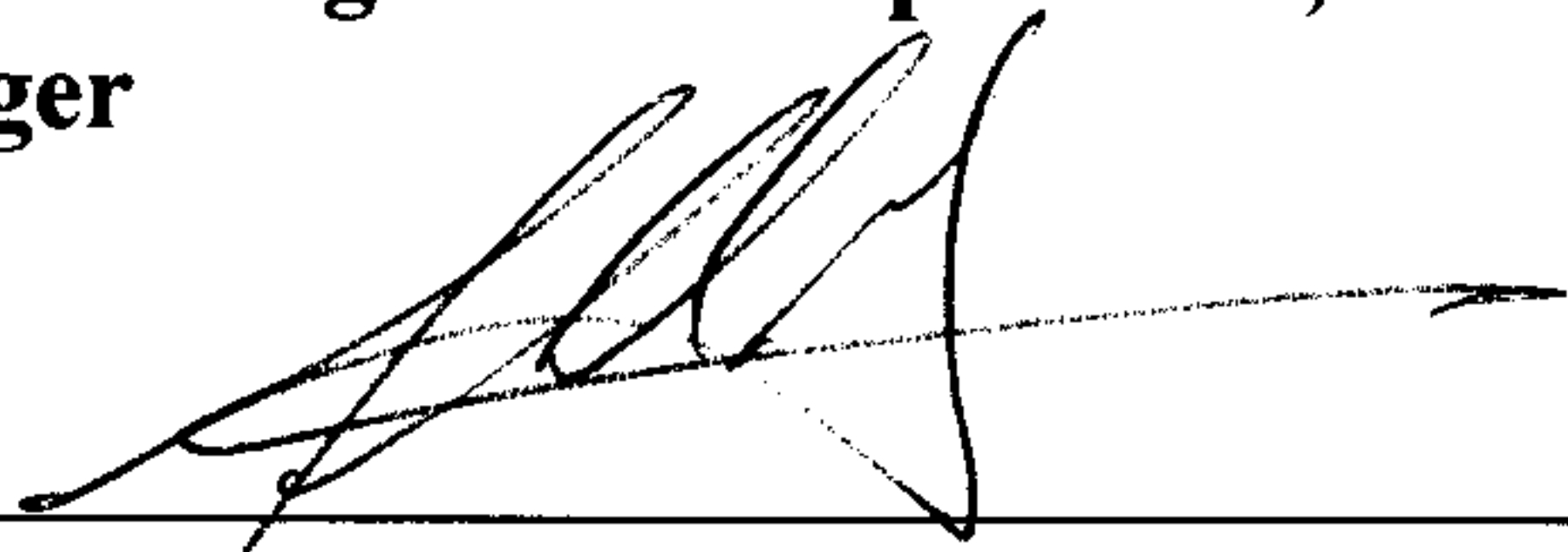
SECTION 8.14 No Obligations Assumed by Lender

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

IN WITNESS WHEREOF, Borrower has caused this Mortgage 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 
Name John D Gunderson
Its SVP


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STATE OF ALABAMA

JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that John 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 and who is known to me, acknowledged before me on this day that, being informed of the contents of said Mortgage, 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 2nd day of December, 2010

Alecia Nicole Perry
Notary Public

NOTARIAL SEAL

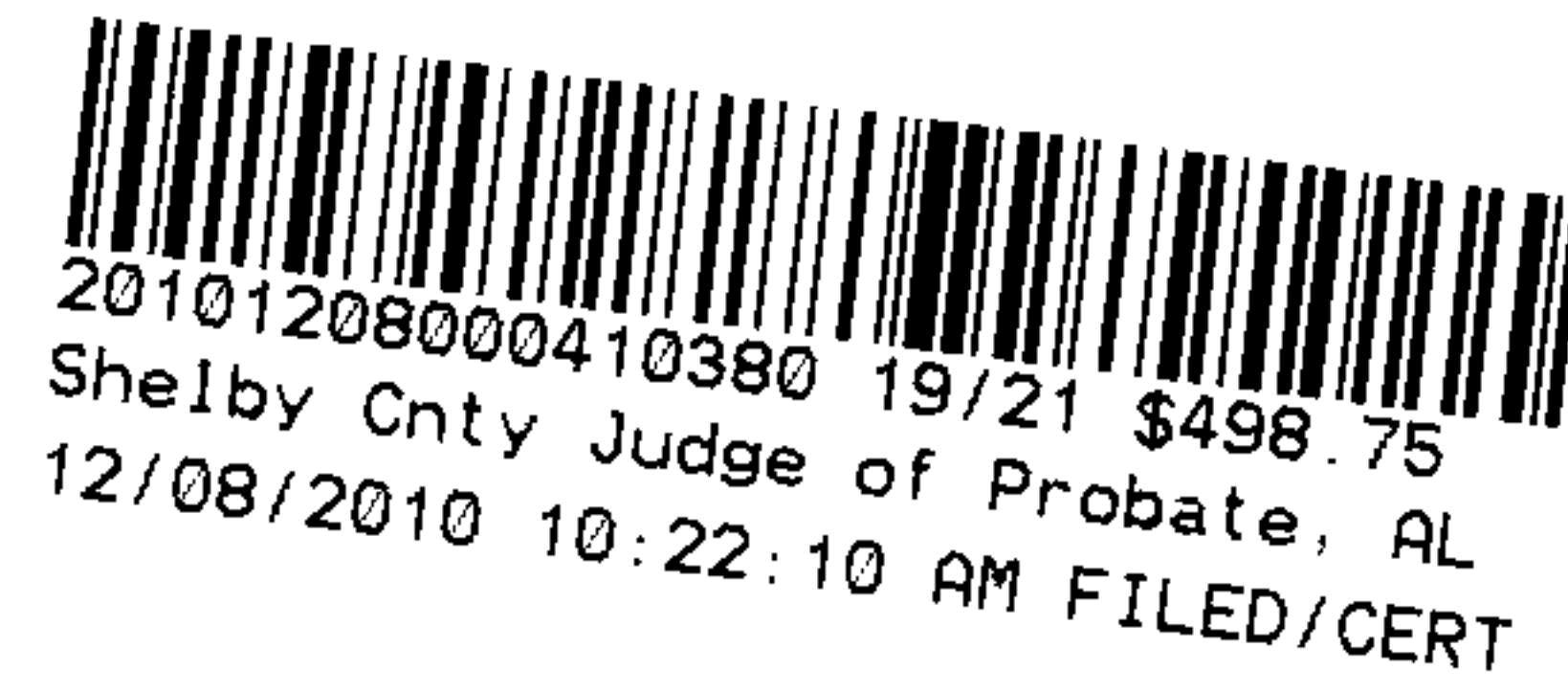
My commission expires: NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: June 1, 2013
BONDED THRU NOTARY PUBLIC UNDERWRITERS


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EXHIBIT A

Legal Description of Real Estate

Lot 48B, according to the Final Plat of The Cottages of Danberry, Resurvey No. 3, as recorded in Map Book 41 page 80 in the Probate Office of Shelby County, Alabama; being situated in Shelby County, Alabama.



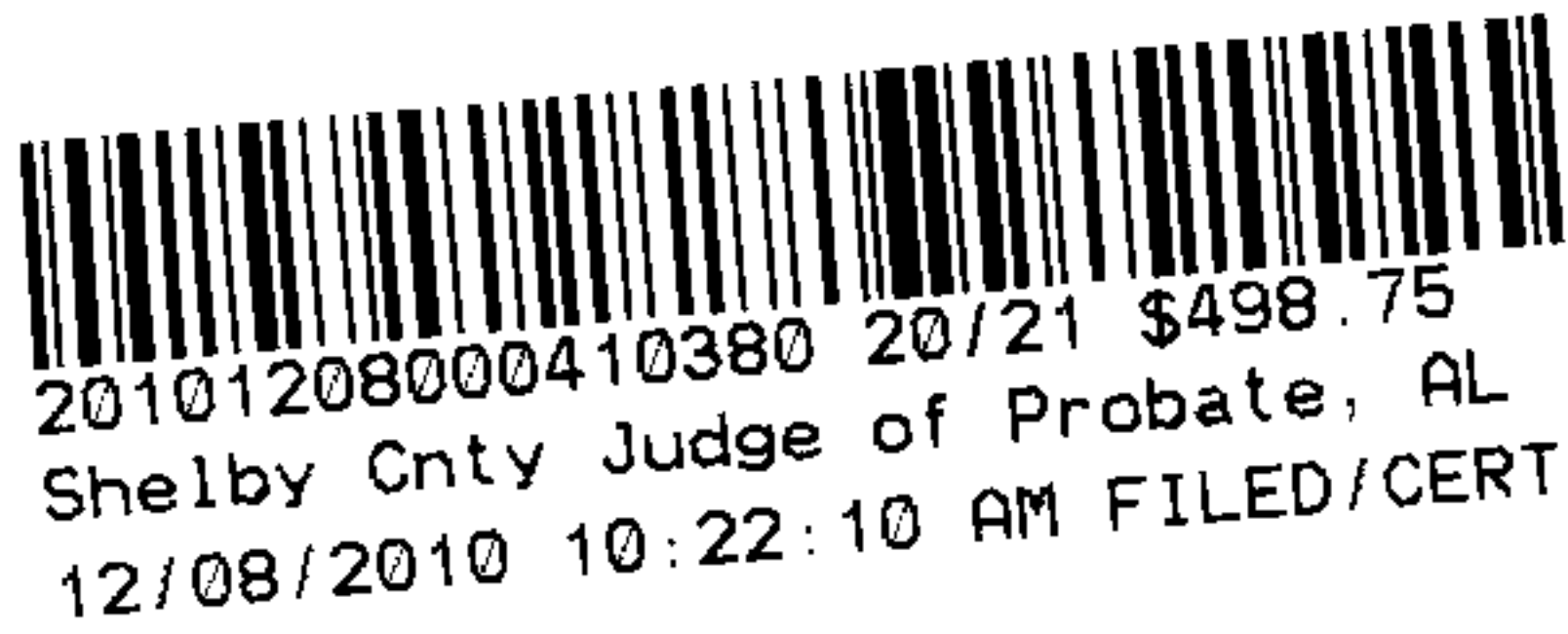


EXHIBIT B

Permitted Encumbrances

1. Taxes and assessments for the current tax year and all subsequent years thereafter, 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. 199901346, 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. Mortgage, Assignment of Leases and Security Agreement dated May 1, 2008, from Borrower to Lender recorded in Instrument No. 20080501000179730 in the Probate Office, as amended by First Amendment thereto dated July 11, 2008, and recorded in Instrument No. 20080714000282330 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., recorded in Instrument No. 20080501000179670 in the Probate Office, as amended by First Amendment thereto dated September 25, 2008, and recorded in Instrument No. 20081006000394050 in the Probate Office.
9. Rights of others to the use of Lake Heather.
10. The Cottages of Danberry Declaration of Covenants, Conditions and Restrictions dated February 6, 2009, and recorded in Instrument No. 20090206000039480 in the Probate Office.

EXHIBIT C

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 Borrower for the purpose of, or used or useful in connection with, the Property, 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 Property.



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