

NEW ISSUE
BOOK ENTRY ONLY

NOT RATED

In the opinion of Bond Counsel, assuming continuing compliance with certain covenants and agreements in the documents relating to the Series 2014 Bonds and subject to the exceptions under "TAX MATTERS" herein, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Series 2014 Bonds is not a tax preference item directly subject to the alternative minimum tax on individuals and corporations; however, interest on the Series 2014 Bonds may be included in the calculation of a corporation's alternative minimum taxable income for purposes of federal income taxation and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. As described herein under "TAX MATTERS," other federal income tax consequences may arise from ownership of the Series 2014 Bonds. In the opinion of Bond Counsel, the principal amount of the Series 2014 Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit made in the sale or transfer thereof, is and shall remain exempt from taxation by the State of Maryland and by its several counties and municipalities under existing law; no opinion is expressed as to such exemption from estate or inheritance taxes or any other taxes not levied directly on the Series 2014 Bonds, the interest thereon, their transfer or the income derived therefrom, as described herein under "TAX MATTERS."



\$104,280,000*
WESTMINSTER, MARYLAND
(The Mayor and Common Council of Westminster)
Revenue Bonds
(The Lutheran Village at Miller's Grant, Inc.)
Series 2014

Consisting of:

\$61,260,000*	\$6,770,000*	\$21,250,000*	\$15,000,000*
Project Revenue Bonds	Entrance Fee	Entrance Fee	Entrance Fee
Series 2014A	Principal Redemption BondsSM	Principal Redemption BondsSM	Principal Redemption BondsSM
	Series 2014B	Series 2014C	Series 2014D

Dates, Interest Rates, Principal Amounts, Prices, Yields and CUSIP Numbers Shown on the Inside Cover

The Series 2014 Bonds (as defined herein) are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and will be available to ultimate purchasers ("Beneficial Owners") under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through, DTC Participants. Purchases by Beneficial Owners will be made in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not be entitled to receive physical delivery of the Series 2014 Bonds. Interest on the Series 2014 Bonds accrues from their date of delivery and is payable on each January 1 and July 1 of each year, commencing January 1, 2015 until maturity or prior redemption. So long as Cede & Co. is the registered owner of the Series 2014 Bonds, payments of principal of, premium, if any, and interest on the Series 2014 Bonds are required to be made to Beneficial Owners by DTC through its participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2014 Bonds are issued by The Mayor and Common Council of Westminster, a Maryland municipal corporation (the "Issuer"), under a Bond Trust Indenture dated as of August 1, 2014 (the "Bond Indenture"), between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the "Bond Trustee"). The Series 2014 Bonds will be limited obligations of the Issuer and, except to the extent that payment thereof may be made from the proceeds of the sale of the Series 2014 Bonds or any investment income therefrom, will be payable solely out of certain payments under the Loan Agreement, the Series 2014 Notes, and the Series 2014 Bond Indenture Master Obligations (each as defined herein), by recourse to the collateral pledged pursuant to the Master Indenture (as defined herein) and the Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014 from the Obligor to the trustees named therein for the benefit of the beneficiaries named therein (the "Deed of Trust") and from moneys pledged under the Bond Indenture as described herein. That certain Master Trust Indenture dated as of August 1, 2014 (the "Master Trust Indenture"), as supplemented by Supplemental Master Trust Indenture Number 1 dated as of August 1, 2014 (the "Supplemental Indenture"; the Master Trust Indenture and the Supplemental Indenture, collectively, the "Master Indenture"), between an Obligated Group, whose sole current member is

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.

a Maryland nonstock corporation (the "Obligor"), and Manufacturers and Traders Trust Company, as Master Trustee sets forth certain covenants and obligations of the Obligor with respect to the Series 2014 Bond Indenture Master Obligations, which are being issued concurrently with the Series 2014 Bonds. The Issuer will loan the proceeds of the Series 2014 Bonds to the Obligor pursuant to a Loan Agreement dated as of August 1, 2014 (the "Loan Agreement"), between the Issuer and the Obligor.

The proceeds of the sale of the Series 2014 Bonds will be loaned to the Obligor and used, together with other available moneys described herein (including, without limitation, a portion of the proceeds of the Series 2014E Bond (as defined herein)), (i) to pay or reimburse the Obligor for the payment of the costs of acquiring, constructing and equipping a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units, and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Ellicott City, Maryland to be known as "The Lutheran Village at Miller's Grant" or "Miller's Grant" (the "Community"), necessary or useful furnishings, equipment and machinery, and such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation improvements (all of the foregoing, the "Project"); (ii) to refinance the outstanding amount of the \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania (the "Pre-Development Loan") the proceeds of which were used to finance pre-development expenses of the Project; (iii) to fund separate debt service reserve accounts for the Series 2014 Bonds; (iv) to pay capitalized interest on the Series 2014 Bonds through approximately July 1, 2016;* (v) to fund an initial deposit to a working capital fund; and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds.

The Series 2014 Bonds are not rated. An investment in the Series 2014 Bonds involves a certain degree of risk related to, among other things, the nature of the Obligor's business, the regulatory environment, and the provisions of the principal documents. A prospective Bondholder is advised to read "SECURITY FOR THE SERIES 2014 BONDS" and "CERTAIN BONDHOLDERS' RISKS" herein for a discussion of certain risk factors that should be considered in connection with an investment in the Series 2014 Bonds.

THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REPAYMENTS AND OTHER FUNDS PROVIDED PURSUANT TO THE BOND INDENTURE AND THE LOAN AGREEMENT AND SECURED BY THE COLLATERAL, REAL AND PERSONAL, PLEDGED BY THE OBLIGOR AS SECURITY THEREFOR. THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

The Series 2014 Bonds are being offered, subject to prior sale and withdrawal of such offer without notice, when, as and if issued by the Issuer and accepted by Herbert J. Sims & Co., Inc. (the "Underwriter") subject to the approving opinion of Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Funk & Bolton, P.A. and Elissa D. Levan, City Attorney; for the Obligor by its counsel, Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland; and for the Underwriter by its counsel, Miles & Stockbridge P.C. It is expected that the Series 2014 Bonds will be available for delivery to the Bond Trustee on behalf of DTC under the DTC FAST system of registration, against payment therefor, on or about _____, 2014.



Dated: _____, 2014

* Preliminary, subject to change

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$104,280,000*
WESTMINSTER, MARYLAND
(The Mayor and Common Council of Westminster)
Revenue Bonds
(The Lutheran Village at Miller's Grant, Inc.)
Series 2014

Consisting of:

\$61,260,000* Project Revenue Bonds Series 2014A	\$6,770,000* Entrance Fee Principal Redemption BondsSM Series 2014B	\$21,250,000* Entrance Fee Principal Redemption BondsSM Series 2014C	\$15,000,000* Entrance Fee Principal Redemption BondsSM Series 2014D
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The Series 2014 Bonds will be issuable in fully registered form without coupons in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof. Interest on the Series 2014 Bonds will be payable on each January 1 and July 1, commencing January 1, 2015.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, PRICES AND INITIAL CUSIPS

\$61,260,000* Series 2014A Bonds

\$5,855,000* % Term Bonds due July 1, 2024*, Yield %, Price %, CUSIP

\$16,710,000* % Term Bonds due July 1, 2034*, Yield %, Price %, CUSIP

\$38,695,000* % Term Bonds due July 1, 2044*, Yield %, Price %, CUSIP

\$6,770,000* Series 2014B Bonds

\$6,770,000* % Term Bonds due July 1, 2023*, Yield %, Price %, CUSIP

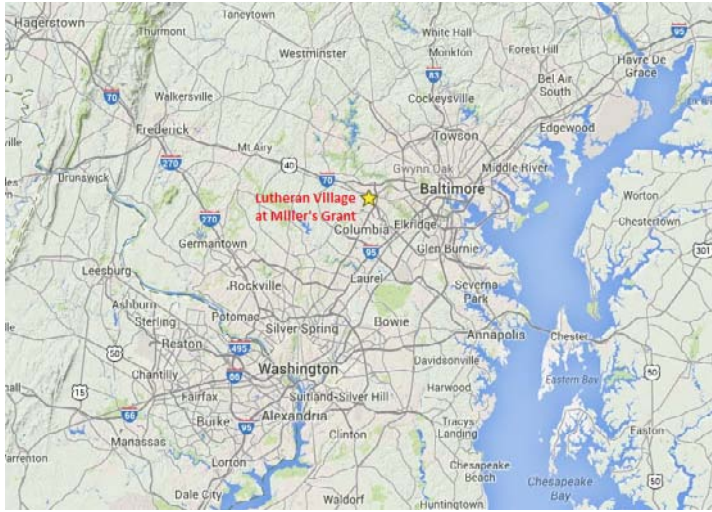
\$21,250,000* Series 2014C Bonds

\$21,250,000* % Term Bonds due July 1, 2021*, Yield %, Price %, CUSIP

\$15,000,000* Series 2014D Bonds

\$15,000,000* % Term Bonds due July 1, 2019*, Yield %, Price %, CUSIP

* Preliminary, subject to change



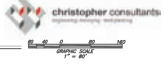
Location Map

Miller's Grant Concept Plan



Lutheran Village at MILLER'S GRANT
 Ellicott City, Maryland
 August 2014

Illustrative Site Plan



**Miller's Grant
 Aerial Artist's Rendering**



Miller's Grant Apartments Entrance Artist's Rendering



Miller's Grant Home Exterior Artist's Rendering



Miller's Grant Home Interior Artist's Rendering



Miller's Grant Bar Artist's Rendering

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PRELIMINARY NOTICES

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

In making an investment decision, investors must rely on their own examination of the Series 2014 Bonds, the Obligor, the Project and the terms of the offering, including the merits and risks involved. The Series 2014 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, no such commission or regulatory authority has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information contained in this Official Statement has been furnished by the Obligor, the Issuer, DTC and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND NEITHER THE BOND INDENTURE NOR THE MASTER INDENTURE HAS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2014 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2014 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2014 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2014 BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE ON CERTAIN EXEMPTIONS FROM REGISTRATION.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Official Statement contains statements which should be considered “forward-looking statements,” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “anticipate,” “believe,” “budget,” “estimate,” “expect,” “intend,” “plan,” “forecast,” or similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE OBLIGOR DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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SHORT STATEMENT

The information set forth in this short statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety including Management assumptions, methodology and rationale underlying the Financial Feasibility Study appearing as Appendix B to this Official Statement. The Financial Feasibility Study included as Appendix B hereto should be read in its entirety.

The offering of the Series 2014 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this short statement from this Official Statement or otherwise to use it without this entire Official Statement. For the definitions of certain words and terms used in this short statement, see Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

The Issuer

The Mayor and Common Council of Westminster (the “Issuer”) is a municipal corporation of the State of Maryland (the “State”) and operates under a charter adopted in accordance with the Constitution and the laws of the State. The Issuer is governed by an elected Mayor and an elected five member Common Council.

The Act authorizes a public body (as defined therein) to issue revenue bonds for the purposes of financing or refinancing the costs of acquisition and improvement of a facility or facilities (within the meaning of the Act), refunding outstanding bonds, funding reserves, paying interest on the bonds in the amount and for the period the public body considers reasonable, and paying costs associated with issuance of the bonds, and to loan the proceeds thereof to a facility user (within the meaning of the Act). The term “facility” (as defined in the Act) means any land or an interest in land, structure, working capital, equipment, or other property, or any combination of them, the acquisition and improvement of which the legislative body of a public body, in its sole discretion, determines by resolution will accomplish one or more of the legislative purposes set forth in the Act. The Issuer approved the issuance of the Series 2014 Bonds by Resolution No. 14-07 adopted by the Common Council on June 23, 2014 and approved by the Mayor on June 23, 2014 (the “Resolution”).

THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REPAYMENTS AND OTHER FUNDS PROVIDED PURSUANT TO THE BOND INDENTURE (AS DEFINED HEREIN) AND THE LOAN AGREEMENT (AS DEFINED HEREIN) AND SECURED BY THE COLLATERAL, REAL AND PERSONAL, PLEDGED BY THE OBLIGOR AS SECURITY THEREFOR. THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER’S FAITH AND CREDIT IS PLEDGED.

The Series 2014 Bonds

The Issuer proposes to issue \$104,280,000* aggregate principal amount of its Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014 (collectively, the “Series 2014 Bonds”), consisting of four series as follows:

- \$61,260,000* principal amount of Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014A (the “Series 2014A Bonds”);
- \$6,770,000* principal amount of Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B (the “Series 2014B Bonds”);
- \$21,250,000* principal amount of Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C (the “Series 2014C Bonds”); and

* Preliminary, subject to change

- \$15,000,000* principal amount of Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D (the “Series 2014D Bonds”)

The Series 2014 Bonds are issued by the Issuer under a Bond Trust Indenture dated as of August 1, 2014 (the “Bond Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “Bond Trustee”). The Series 2014 Bonds will be limited obligations of the Issuer and, except to the extent that payment thereof may be made from the proceeds of the sale of the Series 2014 Bonds or any investment income therefrom, will be payable solely out of certain payments under the Loan Agreement, the Series 2014 Notes (as defined below), and the Series 2014 Bond Indenture Master Obligations (each as defined herein), by recourse to the collateral pledged pursuant to the Master Indenture (as defined herein) and the Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014 from the Obligor (as defined herein) to the trustees named therein for the benefit of the beneficiaries named therein (the “Deed of Trust”) and from moneys pledged under the Bond Indenture as described herein. That certain Master Trust Indenture dated as of August 1, 2014 (the “Master Trust Indenture”), as supplemented by Supplemental Master Trust Indenture Number 1 dated as of August 1, 2014 (the “Supplemental Indenture”; the Master Trust Indenture and the Supplemental Indenture, collectively, the “Master Indenture”), between an Obligated Group, whose sole current member is The Lutheran Village at Miller’s Grant, Inc., a Maryland nonstock corporation (the “Obligor”), and Manufacturers and Traders Trust Company, as Master Trustee sets forth certain covenants and obligations of the Obligor with respect to the Series 2014 Bond Indenture Master Obligations, which are being issued concurrently with the Series 2014 Bonds. The Issuer will loan the proceeds of the Series 2014 Bonds to the Obligor pursuant to a Loan Agreement dated as of August 1, 2014 (the “Loan Agreement”), between the Issuer and the Obligor.

The proceeds of the sale of the Series 2014 Bonds will be loaned to the Obligor and used, together with other available moneys described herein (including, without limitation, a portion of the proceeds of the Series 2014E Bond (as defined below)), (i) to pay or reimburse the Obligor for the payment of the costs of acquiring, constructing and equipping a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units, and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Ellicott City, Maryland to be known as “The Lutheran Village at Miller’s Grant” or “Miller’s Grant” (the “Community”), necessary or useful furnishings, equipment and machinery, and such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation improvements (all of the foregoing, the “Project”); (ii) to refinance the outstanding amount of the \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania (the “Pre-Development Loan”) the proceeds of which were used to finance pre-development expenses of the Project; (iii) to fund separate debt service reserve accounts for the Series 2014 Bonds; (iv) to pay capitalized interest on the Series 2014 Bonds through approximately July 1, 2016;* (v) to fund an initial deposit to a working capital fund; and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds.

See “THE SERIES 2014 BONDS” herein.

Series 2014E Bond. The Issuer has delivered its not to exceed \$25,000,000 Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E (the “Series 2014E Bond”). The Series 2014E Bond was delivered pursuant to the Act, the Resolution and that certain Loan and Financing Agreement dated as of July 1, 2014 (the “Series 2014E Loan and Financing Agreement”) among the Issuer, Branch Banking and Trust Company (the “Series 2014E Bondholder”) and the Obligor. Under the terms of the Series 2014E Loan and Financing Agreement, the Issuer delivered the Series 2014E Bond and agreed to lend the proceeds thereof to the Obligor, the Obligor agreed to make loan payments at times sufficient to pay principal, premium (if any) and interest on the Series 2014E Bond, and the Series 2014E Bondholder agreed to purchase the Series 2014E Bond on the terms and conditions set forth therein and in (a) that certain Continuing Covenants Agreement dated as of August 1, 2014 by and between the Series 2014E Bondholder and the Obligor (the “Continuing Covenants Agreement”) and (b) that certain Construction Disbursement and Monitoring Agreement (the “Disbursement Agreement”; the Disbursement Agreement, the Continuing Covenants Agreement and the Series 2014E Loan and Financing Agreement, collectively, the “Series 2014E Bond Documents”) dated as of August 1, 2014 by and among the Obligor, zumBrunnen, Inc. (the “Construction Monitor”), the Bond Trustee and the Series 2014E Bondholder. The Series 2014E Bond is secured by a promissory note (the “Series 2014E Master Obligation”) issued pursuant to the Master

* Preliminary, subject to change

Indenture on a parity with all of the other Series 2014 Master Obligations (as defined herein). The sale of the Series 2014 Bonds is contingent upon the satisfaction of any conditions precedent to the initial advance of proceeds under the Series 2014E Bond (other than the condition precedent of the issuance of the Series 2014 Bonds). **The Series 2014E Bond is not being offered pursuant to this Official Statement.**

The Series 2014E Bond is being issued on a draw-down basis, and the Series 2014E Bondholder will hold the Series 2014E Bond. The purchase price of the Series 2014E Bond will be paid through periodic advances of the proceeds of the Series 2014E Bond (“Series 2014E Bond Proceeds Advances”) in accordance with the Series 2014E Bond Documents. Except as otherwise provided in the Series 2014E Loan and Financing Agreement, the principal amount of the Series 2014E Bond outstanding and due shall only be the aggregate amount as has been drawn down and interest shall only accrue on such principal amount of the Series 2014E Bond as has actually been drawn. See “CERTAIN BONDHOLDERS’ RISKS – The Series 2014E Bond is a Draw-Down Bond.”

Under the terms of the Series 2014E Loan and Financing Agreement, the Obligor may make requests for Series 2014E Bond Proceeds Advances on a monthly basis or more frequently as acceptable to the Series 2014E Bondholder and shall be made in accordance with the Disbursement Agreement.

The Series 2014E Bond is payable from the release of Initial Entrance Fees in accordance with the operation of the Entrance Fee Fund prior to the use of any Entrance Fees to the redemption of payment of the Series 2014 Bonds. See “Plan of Financing – Application of Initial Entrance Fees” herein.

No debt service reserve fund will be funded for the benefit of the holder of the Series 2014E Bond. The Debt Service Reserve Fund for the Series 2014 Bonds does not secure the Series 2014E Bond.

Description of the Series 2014 Bonds

Redemption. The Series 2014 Bonds are subject to redemption prior to their stated maturity. See “THE SERIES 2014 BONDS – Redemption Prior to Maturity” herein.

Denominations. The Series 2014 Bonds are issuable in the denominations of \$5,000 or any integral multiple thereof. See “THE SERIES 2014 BONDS – General” herein.

Registration, Transfers and Exchanges. The Series 2014 Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) and will be available to ultimate purchasers (“Beneficial Owners”) under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through, DTC Participants. Beneficial Owners will not be entitled to receive physical delivery of the Series 2014 Bonds. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. See “BOOK-ENTRY ONLY SYSTEM” herein.

Payments. Interest on the Series 2014 Bonds is payable on January 1 and July 1 of each year (each such date, an “Interest Payment Date”), commencing January 1, 2015. Payment of the principal of and interest on Series 2014 Bonds will be made by the Bond Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter by the DTC Participants to Beneficial Owners of the Series 2014 Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

Tax Exemption. In the opinion of Whiteford, Taylor & Preston L.L.P., Bond Counsel to the Issuer, under existing law, interest on the Series 2014 Bonds will be excludible from gross income for federal income tax purposes assuming continuous compliance with certain covenants and agreements relating to the Series 2014 Bonds designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations thereunder. Bond Counsel is also of the opinion that interest on the Series 2014 Bonds will not be a specific item of tax preference under Section 57 of the Code for purposes of the federal individual and corporate alternative minimum taxes but is included in the calculation of a corporation’s alternative minimum taxable income for purposes of federal income taxation. Lastly, Bond Counsel is of the opinion that interest on the Series 2014 Bonds is exempt from present State of Maryland taxation under existing statutes, but no opinion is expressed concerning estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2014 Bonds, the interest thereon, their transfer or the income derived therefrom. For a discussion of certain representations and

assumptions on which such opinions are based and limitations on the scope of such opinions, see “TAX MATTERS” herein.

The Obligor and the Project

The Obligor is a Maryland nonstock corporation. The Obligor has been determined by the Internal Revenue Service (the “IRS”) to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Obligor received a determination letter from the IRS dated May 22, 2007 stating that the Obligor is a charitable organization as described in the Code.

The Obligor proposes to construct a continuing care retirement community to be known as “The Lutheran Village at Miller’s Grant” or “Miller’s Grant” to be located on approximately 50 acres of land in Ellicott City, Maryland (the “Project”). The Project is planned to initially consist of 241 independent living units (the “Independent Living Units”), 20 assisted living units (the “Assisted Living Units”) and 12 skilled nursing beds (the “Skilled Nursing Beds,” and together with the Assisted Living Units, the “Healthcare Center”) and common areas. As of July 21, 2014, 187 of the 241 available Independent Living Units (approximately 77.6%) are reserved by prospective residents. See “Marketing and Presales” below and “THE OBLIGOR AND THE PROJECT – Marketing and Presales” herein.

See Appendix A hereto for a description of the Obligor and the Project. See also “FINANCIAL FEASIBILITY STUDY” in Appendix B hereto.

Carroll Lutheran - Background

In 2005, Carroll Lutheran Village, Inc. (“Carroll Lutheran”) established the Obligor to develop and operate the Project. Carroll Lutheran was incorporated in 1977 as a Maryland nonstock, membership corporation and a not-for-profit charitable organization described in Section 501(c)(3) of the Code. Carroll Lutheran owns and operates a fee-for-service continuing care retirement community known as Carroll Lutheran Village, located on approximately 90 acres in Westminster, Carroll County, Maryland, approximately 30 miles northwest of Baltimore, Maryland and approximately 56 miles north of Washington, D.C. Carroll Lutheran Village consists of 398 residential independent living units, including 298 apartments and 100 homes, plus 50 assisted living units and 103 skilled nursing beds, 20 of which are dedicated to the care of persons with dementia or Alzheimer’s. Carroll Lutheran Village was accredited by the Continuing Care Accreditation Commission (now known as the Commission on Accreditation of Rehabilitation Facilities or CARF/CCAC) in 1991 and has retained accredited status since then. In 2011, Carroll Lutheran Village was reaccredited for a five-year period.

Carroll Lutheran is the sole member of the Obligor and was formed by the Lutheran congregations which are members of the Westminster Conference (the “Conference”) of the Delaware-Maryland Synod, Evangelical Lutheran Church of America (“ELCA”) which recognized a need for quality retirement facilities in central Maryland. Neither Carroll Lutheran nor the Obligor is responsible for any financial or contractual obligations of the Conference, the Synod or ELCA, and the Conference, the Synod and ELCA are not responsible for any financial or contractual obligations of Carroll Lutheran or the Obligor. Carroll Lutheran is solely liable for its obligations relating to the issuance of its own indebtedness. Carroll Lutheran is not obligated with respect to the Series 2014 Bonds, and the Obligor is not obligated with respect to any indebtedness of Carroll Lutheran. The Obligor is currently the only member of the Obligated Group. Carroll Lutheran is a member of the LeadingAge national organization and LeadingAge Maryland. Carroll Lutheran operates Carroll Lutheran Village on a nonsectarian basis.

Carroll Lutheran – Financial Support to the Project

Liquidity Support. Carroll Lutheran, the Obligor and the Master Trustee will enter into a liquidity support agreement (the “Liquidity Support Agreement”), at the issuance of the Series 2014 Bonds to provide liquidity support to the Obligor. Pursuant to the Liquidity Support Agreement, Carroll Lutheran has agreed (1) to make an advance to or for the benefit of the Obligor in the amount of \$2,000,000, which will be deposited in the Liquidity Support Fund established by the Master Indenture, (2) to reserve an additional \$1,000,000 on its balance sheet for future advances to the Obligor, if such additional funds are needed for working capital or liquidity and (3) to cause Citizens Bank of Pennsylvania to issue a standby irrevocable letter of credit in the original stated amount of

\$4,000,000 (which is subject to reduction and replacement as described herein) (the “Bank Letter of Credit”) the beneficiary of which will be the Master Trustee (all of the foregoing (1), (2) and (3), the “Obligor Liquidity Support”).

After the Obligor has fully utilized the first \$2,000,000 on deposit in the Liquidity Support Fund, Carroll Lutheran will make additional advances of up to \$1,000,000 from the funds set aside on its balance sheet for the purposes set forth below, which will be deposited in the Liquidity Support Fund and used in accordance with the Master Indenture.

The Master Trustee will be able to draw upon the Bank Letter of Credit only after the full amount of working capital reserve funds have been depleted under the terms of the documents executed in connection with the Project and the Obligor has fully utilized the first \$3,000,000 of Obligor Liquidity Support made available by Carroll Lutheran. Furthermore, the Master Trustee’s ability to draw under the Bank Letter of Credit will reduce over time as follows:

- The ability to draw on the Bank Letter of Credit is reduced to \$3,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014E Bond or (b) March 31, 2017;
- The ability to draw on the Bank Letter of Credit is reduced to \$2,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond or (b) September 30, 2018.

Under the terms of the Master Indenture and the Liquidity Support Agreement, the Obligor may replace the Bank Letter of Credit with another letter of credit or collateral facility having substantially the same terms and conditions for draws as the Bank Letter of Credit or with cash deposited into the Liquidity Support Fund.

Uses of Liquidity Support. The moneys available under the Liquidity Support Agreement may be drawn upon by the Master Trustee for the benefit of the Obligor to pay for costs of completing the Project, operating expenses of the Project, costs of needed repairs to the Project, costs of capital improvements to the Project, judgments against the Obligor, refunds of Entrance Fees as required by the Residency Agreements or amounts due on any indebtedness of the Obligor but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran, if no other funds of the Obligor are available in any Master Trustee-held fund (other than the Operating Reserve Fund or the Debt Service Reserve Fund) for such purposes. Interest earned on amounts on deposit in the Liquidity Support Fund are to be remitted to Carroll Lutheran by the Master Trustee on at least a quarterly basis.

Termination of Liquidity Support Agreement and Closing of Liquidity Support Fund. The Liquidity Support Agreement will also provide that, upon meeting the following conditions, the obligations of Carroll Lutheran to make the Obligor Liquidity Support available to the Obligor shall terminate: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Obligor and any other Obligated Group Member have achieved a Debt Service Coverage Ratio of not less than 1.30 for four consecutive fiscal quarters; (c) the Obligor and any other Obligated Group Member have had not less than 200 Days’ Cash on Hand for four consecutive quarters; (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (e) the independent living units that are part of the Project have had not less than 88% occupancy for the most recent four fiscal quarters; (f) the Obligated Group is then in compliance with the Continuing Care Act, and the release of funds from the Liquidity Support Fund will not cause the Obligor or any other Obligated Group Member to not be in compliance with the Continuing Care Act; and (g) there is no Event of Default under any documents evidencing, securing or otherwise related to the Bonds. Upon the satisfaction of the foregoing, any moneys remaining in the Liquidity Support Fund will be disbursed to Carroll Lutheran and the Liquidity Support Fund will be closed, and the Bank Letter of Credit or any replacement letter of credit facility or collateral facility may be terminated.

See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Liquidity Support Fund” in this Official Statement. See also Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS to this Official Statement.

CARROLL LUTHERAN IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

CARROLL LUTHERAN HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT AND HAS NO OBLIGATION TO ADVANCE FUNDS TO THE OBLIGOR EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

See Appendix A hereto for a description of the Obligor, Carroll Lutheran and the Project. See also “FINANCIAL FEASIBILITY STUDY” in Appendix B hereto. See “THE OBLIGOR AND THE PROJECT – Liquidity Support” herein.

Series 2014F Subordinated Obligation. The amounts advanced and the interest, fees (including, without limitation, letter of credit fees), costs and expenses payable by Carroll Lutheran in connection with the liquidity support provided by Carroll Lutheran to the Obligor will be payable pursuant to a subordinated promissory note (the “Series 2014F Subordinated Obligation”) in the maximum principal amount of \$10,000,000 (which is comprised of the maximum \$7,000,000 of liquidity support plus the interest, fees, costs and expenses that could be charged to Carroll Lutheran and passed through to the Obligor) issued at the issuance of the Series 2014 Bonds. The Series 2014F Subordinated Obligation will not accrue interest. No payment shall be made on the Series 2014F Subordinated Obligation unless the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than 200 days, based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture.

Development Services. Pursuant to a Development Services Agreement, the Obligor has agreed to pay Carroll Lutheran a development fee in the aggregate amount of \$3,880,000 (the “Development Fee”) in consideration of past and future support staff and services provided by Carroll Lutheran to the Obligor. Under the Development Services Agreement, Carroll Lutheran will continue to provide support staff and services to the Obligor until Miller’s Grant opens for residents. A portion of the Development Fee, in the amount of \$380,000, will be payable at a rate of \$20,000 per month, commencing August 1, 2014, and continuing on the first day of each month thereafter for a period of 19 months. The remaining amount of the Development Fee, in the amount of \$3,500,000 (the “Deferred Portion”), will be payable to Carroll Lutheran and evidenced by the Series 2014G Subordinated Obligation.

Series 2014G Subordinated Obligation. The Deferred Portion will be paid pursuant to a subordinated promissory note (the “Series 2014G Subordinated Obligation”) in the amount of \$3,500,000 issued at issuance of the Series 2014 Bonds. The Series 2014G Subordinated Obligation will accrue interest at 5.00% per annum on the outstanding principal balance of the Series 2014G Subordinated Obligation. Accrued and unpaid interest will not be added to the principal amount of the Series 2014G Subordinated Obligation. No payment of principal or interest shall be made on the Series 2014G Subordinated Obligation unless the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than 250 days, based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture. The Master Indenture requires that the Series 2014F Subordinated Obligation shall be paid in full prior to the payment of the Series 2014G Subordinated Obligation.

History of the Project

In 1942, Charles E. Miller purchased Grey Rock Farm (the “Farm”), a cornfield approximately 435 acres in size, located along Frederick Road in Ellicott City, Howard County, Maryland. Miller, a farmer and active member of the First Evangelical Lutheran Church, donated parts of the Farm over the years for the construction of the new First Lutheran Church of Ellicott City and for the construction of a county library, which is adjacent to the Project. During the span of his lifetime, he actively sought the means for establishing a healthcare facility with Lutheran heritage on the Farm. In 1977, Carroll Lutheran had been formed to own and operate Carroll Lutheran Village in Westminster, Maryland (as described below). Upon Charles E. Miller’s death in 1982, his son, Paul Miller, through his company, the Miller Land Company, developed a housing community on the Farm known as the Grey Rock Community and later transferred a separate part of the Farm’s land for the construction of a senior center. In early 2003, Paul Miller and the company formed by him, Grey Rock Community, Inc., a Maryland nonstock corporation (“Grey Rock”), commenced conversations with Carroll Lutheran to bring to fruition Charles Miller’s dream of establishing a healthcare facility with Lutheran heritage on the Farm. In May of 2006, the Howard County Department of Planning and Zoning approved the rezoning of a portion of the Farm for the construction of the Project. In May 2006, the Howard County Department of Planning and Zoning approved the rezoning of the land for the Project’s construction. In March 2007, after nearly 30 years of operations of Carroll Lutheran, Grey Rock donated approximately 50 acres of the Farm’s land to the Obligor for the purpose of constructing and operating the Project.

In June 2006, the Obligor began assembling its initial team for the Project, created a concept plan and submitted the initial plan for the approval of the Maryland Department of Aging (the “MD DOA”). Pursuant to this plan, construction of the Project’s first phase included 263 independent living units, 52 assisted living units and a wellness center. Construction of the Project’s second phase included an additional 23 independent living units, a swimming pool and a multipurpose room. The Obligor also planned to offer potential residents two types of residency agreements; the first entitled the Project’s initial 60% of residents to recoup 100% of their entrance fees, and the second entitled the following 40% of the Project’s residents to recoup 90% of their entrance fees. In March 2008, the MD DOA responded to the initial plan submitted by the Obligor by recommending that the Obligor amend the Project’s plan to include the construction of skilled nursing beds. In response to the MD DOA’s recommendation, the Obligor submitted a revised construction plan and feasibility study on July 24, 2008, which detailed the construction of 263 independent living units, 39 assisted living units, and 13 skilled nursing beds (the “Revised Project”). On March 29, 2009, the MD DOA issued a Preliminary Certificate of Registration for the Revised Project. This Preliminary Certificate of Registration approved the Obligor’s feasibility study and its proposed marketing materials and permitted the Obligor to enter into continuing care agreements with subscribers and collect 10% deposits. The Preliminary Certificate of Registration further required that the Obligor hold all residency deposits in escrow until an initial Certificate of Registration was issued by the MD DOA.

Following its receipt of the MD DOA’s Preliminary Certificate of Registration, the Obligor initiated a marketing campaign and opened its onsite welcome center. After its initial marketing efforts, the Obligor detected a general concern from prospective residents over the surrounding decline in economic conditions, creating a hesitancy to enter into the Revised Project’s residency agreements. To alleviate the concern expressed by potential residents, the Obligor considered both modifying the construction schedule of the Revised Project and adjusting its residency agreements to include reduced entrance and monthly fees. The Obligor also halted its marketing efforts in early 2010 on account of these potential modifications. In June 2010, the Obligor submitted to the MD DOA a revised feasibility study that identified lower price points for the Revised Project’s residencies. In November 2010, the MD DOA approved the Obligor’s revised feasibility study. The Obligor resumed its marketing efforts for the Revised Project in December 2010 and sought to contract with a consulting and management company to oversee the Revised Project’s construction.

In April 2011, the Obligor engaged Eventus Strategic Partners, LLC (“Eventus”), a project development and financial consulting firm specializing in continuing care retirement communities, to review the Revised Project’s expected development costs, financial projections, and the status of the Obligor’s marketing and sales efforts. The Obligor engaged Eventus again in September 2011 to provide an updated financial analysis of the Revised Project, so that the Obligor could determine whether any further modifications were necessary to yield a financially feasible project design. The modifications the Obligor sought to implement after its review of the updated financial analysis enabled Eventus to design a project management consulting proposal (the “PMC Proposal”) for the construction of the Revised Project. During the pendency of review of the PMC Proposal by the

Obligor's Board of Directors, the Obligor contracted with Eventus for a third time in June 2012, requesting that Eventus create several construction-related deliverables, including a Request for Qualifications template that the Obligor could use to select construction contractors. In August 2012, the Obligor entered into a Project Management Consulting Agreement with Eventus (the "PMC Agreement"), in which the Obligor agreed to pay Eventus \$1,925,000 for Eventus' provision of development consulting services related to the Project. Eventus' responsibilities under the PMC Agreement include its overall management of the Project's development and timeline; development planning; development team engagement and management; coordination of architectural, construction, and interior plans; and the coordination and oversight of the approved operating and construction budget, as well as the Project's financing activities.

Approvals continued in February 2013 with the Department of Planning and Zoning approving the Site Development Plan. The Obligor achieved the pre-construction sales goal of 75% (181 residences) in April 2014, thus surpassing the total number required in order to pursue financing for the Project. In May and June 2014, the Obligor secured guaranteed maximum price agreements from the primary contractors for the Project, Harkins Builders, Inc. and Williamsburg Group, LLC.

As a culmination of these activities, the Obligor held a ceremonial groundbreaking for the Project on July 10, 2014.

See "DEVELOPMENT OF THE PROJECT" in Appendix A hereto.

Marketing and Presales

The Obligor began collecting 10% deposits for reservation of the Independent Living Units (the "Entrance Fee Deposits") in August 2008. As of July 21, 2014, 187 of the 241 available Independent Living Units (approximately 77.6%) are reserved by prospective residents who have executed a reservation agreement (the "Reservation Agreement"), provided a self-disclosure of his or her health and finances and placed a deposit equal to 10 percent of the Entrance Fee (the "Reservation Deposit") on the selected Independent Living Unit. The remaining 90% of the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit. The Reservation Agreement reserves the right of the prospective resident to choose the selected Independent Living Unit and indicate his or her intent to execute a residence and care agreement (the "Residency Agreement").

In connection with the Financial Feasibility Study, the depositors as of the date of the Financial Feasibility Study reported a median net worth of approximately \$1,407,000 and median annual income of approximately \$76,000. The average age of all depositors is expected to be approximately 79 years of age during the Project's first full year occupancy in 2016. Prospective residents terminating the Residency Agreement prior to occupancy will receive a refund of their Entrance Fee Deposit in full, less any costs associated with optional amenities. See "DEPOSIT AGREEMENTS" in Appendix A hereto.

The Project Site and Planned Development

Miller's Grant will be situated on approximately 50 acres adjacent to the Charles E. Miller Library and a senior center in Ellicott City, Howard County, Maryland, at the intersection of Frederick Road and Arcadia Drive. The site is approximately two and one-half miles south of the intersection of Interstate 70 ("I-70") and U.S. Route 29 ("US-29"). US-29 runs north/south from Pensacola, Florida, to Ellicott City. I-70 runs east/west from Maryland to Utah and provides access to Interstate 695 ("I-695"). I-695 is approximately seven miles east of the site and serves as a 51-mile beltway for suburban access around Baltimore, Maryland. U.S. Route 40, known as Baltimore National Pike and approximately one-half mile from Miller's Grant, runs east/west through downtown Baltimore then northeast to Wilmington, Delaware. Baltimore Washington International Thurgood Marshall Airport, or BWI, is located approximately 17 miles from the site and provides service for approximately 13 airlines to more than 70 domestic and international locations.

Development of the Project is expected to progress in multiple phases. Phase I includes 205 apartments, 36 homes, 20 assisted living units, 12 skilled nursing units, parking, a community center, a maintenance building and administration areas. Phase I amenities include a fitness center, wellness center, activity rooms, walking paths and hiking trail, garden tracts, concierge services and multiple dining venues for the enjoyment of residents. While a

formal dining venue will be constructed in Phase I of the Project, waited dining services will be introduced after fill-up is substantially completed and will be phased in as demand for such services materializes.

In addition to assisted living and skilled nursing care, home health services and a clinic featuring access to health care services are planned as part of Phase I to meet residents' future needs.

The Obligor has contemplated the development of Phase II of the Project, which if pursued is planned to include an additional approximately 40 additional independent living units, approximately 19 additional assisted living units and approximately 12 additional skilled nursing beds. Any indebtedness incurred in connection with Phase II will need to satisfy the test for Additional Indebtedness as set forth in the Master Indenture. If the Obligor is unable to satisfy the Additional Indebtedness test at the time that Phase II would become necessary to meet residents' future healthcare needs, the Obligor could expand its then-existing healthcare offerings within the residential components then in existence at Miller's Grant. Alternately, the Obligor is planning to provide an expanded Home Health Program and has established and is expected to further establish relationships with existing similar continuing care retirement communities whereby the Obligor's residents would receive priority treatment for admission into the assisted living and skilled nursing units within such communities after the admission of such communities' existing residents to assist in meeting healthcare demands of the Miller's Grant population. Carroll Lutheran Village is one such community.

The Obligor has defined the Primary Market Area (the "PMA") for the Project to be a 14 zip code area surrounding the Project that lies primarily within Howard County and southeast Carroll County, spanning approximately 24 miles from the north to south at the longest points and 20 miles from east to west at the widest points. The total population within the PMA based on the 2010 census was 321,149 and is estimated to be approximately 338,006 for the year 2014. The total population within the PMA that is 65 or over is estimated to be 45,817 and that is 75 or over is estimated to be 18,992. For more information on the PMA, see "FINANCIAL FEASIBILITY STUDY" in Appendix B hereto.

The Development Consultant

The Obligor and Eventus Strategic Partners, LLC (the "Development Consultant") have entered into a Project Management Consulting Agreement in August 2012 (the "Development Consultant Agreement") pursuant to which the Development Consultant is providing development, consulting and other services related to the Project.

The Development Consultant is a privately-owned limited liability company that specializes in providing planning, development, marketing and strategic consulting services to continuing care retirement communities. The Development Consultant and its related company, Aegis Property Group, currently have a staff of approximately 24 persons, and senior management has more than 140 years of combined experience in senior housing development. The Development Consultant is currently responsible for the development and/or marketing of approximately nine (9) senior living community development and expansion projects. The Development Consultant has provided strategic consulting services to more than 30 senior living communities and providers since 2006.

As compensation for services rendered pursuant to the Development Consultant Agreement, the Development Consultant is to be paid a fee over five phases of the term of the Development Consultant Agreement. See "DEVELOPMENT OF THE PROJECT – The Development Consultant" in Appendix A hereto.

The Management Company

The Obligor has retained Carroll Lutheran pursuant to a Management Services Agreement dated as of August 1, 2014 (the "Management Agreement") pursuant to which Carroll Lutheran will serve as the manager of the Project, and in connection therewith, recommend and regularly evaluate policies and goals of the Obligor, implement the policies, budgets, directives and goals for the Project established by the Obligor, manage the day to day operations of the Project in accordance with the Obligor's policies, directives and goals, provide the Obligor with relevant information as to past operations, and make recommendations as to the future operation of the Project.

See "DEVELOPMENT OF THE PROJECT – Management Services" in Appendix A hereto.

Plan of Financing

Application of Series 2014 Bond Proceeds. The proceeds of the Series 2014 Bonds will be loaned by the Issuer to the Obligor and will be used, together with other available moneys described herein (including, without limitation, a portion of the proceeds of the Series 2014E Bond), (i) to pay or reimburse the Obligor for a portion of the costs of the Project; (ii) to refinance a portion of the outstanding amount of the Pre-Development Loan; (iii) to fund debt service reserve accounts for the benefit of the holders of the Series 2014 Bonds; (iv) to pay capitalized interest on the Series 2014 Bonds through approximately July 1, 2016;* (v) to fund an initial deposit to a working capital fund; and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Application of Series 2014E Bond Proceeds. The proceeds of the Series 2014E Bond will be loaned by the Issuer to the Obligor and will be used, together with other available moneys (including, without limitation, a portion of the proceeds of the Series 2014 Bonds), (i) to pay or reimburse the Obligor for a portion of the costs of the Project; (ii) to refinance the remaining outstanding amount of the Pre-Development Loan; (iii) to pay capitalized interest on the Series 2014E Bond through approximately November 2015; (iv) to fund an initial deposit to a working capital fund; and (v) to pay certain expenses incurred in connection with the issuance of the Series 2014E Bond. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Application of Initial Entrance Fees. The Master Trustee will establish and maintain a separate fund to be known as the Entrance Fee Fund. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Master Obligations (as defined in the Master Indenture) (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture.

(a) The Members of the Obligated Group agree that all Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof for deposit into the Entrance Fee Fund; provided that no Initial Entrance Fees will be subject to transfer by the Obligated Group so long as such Entrance Fees must be held in the Entrance Fee Escrow Account pursuant to the Continuing Care Act.

(b) Upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (c) below.

(c) The Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds. The Obligated Group Representative shall also provide a copy of such Officer’s Certificate to the Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST, to the Operating Reserve Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the Operating Reserve Fund equals the Operating Reserve Fund Requirement or to replenish the Working Capital Fund if any funds have been transferred to the Operating Reserve Fund from the Working Capital Fund in order that the amount on deposit in the Operating Reserve Fund equals the Operating Reserve Fund Requirement.

THIRD: If no pending disbursement under FIRST or SECOND, to the Working Capital Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the

* Preliminary, subject to change.

Working Capital Fund, including all prior transfers of Initial Entrance Fees, equals \$15,000,000. The Master Trustee will not replenish funds withdrawn from the Working Capital Fund or transfer moneys from the Entrance Fee Fund to the Working Capital Fund once a total amount of \$15,000,000 in Initial Entrance Fees has been deposited from the Entrance Fee Fund to the Working Capital Fund. However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

FOURTH: If no pending disbursement under FIRST, SECOND or THIRD, to the Series 2014E Bondholder to redeem the Series 2014E Bond pursuant to the Series 2014E Loan and Financing Agreement.

FIFTH: If no pending disbursement under FIRST, SECOND, THIRD or FOURTH, to the Entrance Fee Redemption Account established under the Series 2014 Bond Indenture. The monies in the Entrance Fee Redemption Account shall be used to redeem the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds, in that order.

(d) Once any amount on deposit in the Entrance Fee Escrow Account is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Entrance Fee Escrow Agent to transfer the amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Entrance Fee Escrow Agent with a copy to the Master Trustee) for application as provided in subsection (c) above.

(e) After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate and an Opinion of Counsel stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

Security for the Series 2014 Bonds

Loan Agreement. Pursuant to the Loan Agreement, the Obligor will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal or redemption price of and interest on the Series 2014 Bonds. The Obligor's payment obligations with respect to the Series 2014 Bonds under the Loan Agreement will be a general obligation of the Obligor. Pursuant to the Bond Indenture, the Issuer has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.

Series 2014 Notes and Deed of Trust. The obligations of the Obligor to repay the Loan are unconditional general obligations of the Obligor and will be evidenced by promissory notes, each in the principal amount equal to the principal amount of the respective series of the Series 2014 Bonds (collectively, the "Series 2014 Notes"). To secure its obligations under the Series 2014 Notes and with respect to the Series 2014E Bond and other obligations as contemplated therein, the Obligor will deliver to the Issuer a Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014, pursuant to which the Obligor will grant to certain trustees for the benefit of the Issuer and its successors and assigns a lien on the real property constituting the Land and the Facilities (described therein) and other personal property of the Obligor as described therein (the "Deed of Trust"). The Issuer will assign its interest in the Series 2014 Notes (excluding the Unassigned Rights) and the Deed of Trust (excluding its right to indemnification and to receive certain payments thereunder) to the Bond Trustee and the Series 2014E Bondholder, which will, in turn, assign their respective interests therein to the Master Trustee.

Master Indenture. Simultaneously with the issuance of the Series 2014 Bonds and the delivery of the Series 2014 Notes to the Issuer, (i) pursuant to the Bond Indenture, the Issuer will assign the Series 2014 Notes to the Bond Trustee (excluding the Unassigned Rights), (ii) the Bond Trustee will assign to the Master Trustee (as defined herein), at the request of the Obligor, in exchange for the Series 2014 Bond Indenture Master Obligations

(as defined herein) all right, title and interest in, to and under the Series 2014 Notes (excluding the Unassigned Rights), and (iii) in exchange for the Series 2014 Notes and pursuant to the Master Trust Indenture (the “Master Trust Indenture”), as supplemented by Supplemental Master Trust Indenture Number 1 (the “Supplemental Indenture”), each dated as of August 1, 2014 (the Master Trust Indenture and the Supplemental Indenture, collectively, the “Master Indenture”), and each between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”), the Obligor will issue Master Obligations (as defined in the Master Indenture), in the form of promissory notes, each in the principal amount of the respective series of the Series 2014 Bonds (collectively, the “Series 2014 Bond Indenture Master Obligations”), and will cause the Master Trustee to deliver the Series 2014 Bond Indenture Master Obligations to the Bond Trustee, to provide payment for, and secure the payment of, the Series 2014 Bonds. The Series 2014 Bond Indenture Master Obligations will constitute Master Obligations under the Master Indenture and will be secured equally and ratably with all other Master Obligations issued or to be issued under the Master Indenture (other than any Master Obligations issued as Subordinated Indebtedness), including the Series 2014E Master Obligation, by a security interest in all assets of the Obligor, including, without limitation, the Gross Revenues of the Obligated Group (including Entrance Fees and accounts receivable) and the funds established under the Master Indenture. The Series 2014 Bond Indenture Master Obligations and the Series 2014E Master Obligation are herein referred to as the “Series 2014 Master Obligations.” If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Master Obligations when due and continues for a period of five days, each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund created under the Master Indenture all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

The Obligor will initially be the only member of the Obligated Group under the Master Indenture, but additional Obligated Group Members may be admitted to the Obligated Group. The Series 2014 Bond Indenture Master Obligations will constitute joint and several general obligations of the Obligated Group Members to pay amounts sufficient to pay principal, premium, if any, and interest on the Series 2014 Bonds.

Simultaneously with the issuance of the Series 2014 Bonds, the Obligor expects to enter into (a) an Operating Support Agreement dated as of August 1, 2014 (the “Liquidity Support Agreement”) by and among the Obligor, Carroll Lutheran Village, Inc. (“Carroll Lutheran”) and the Master Trustee with respect to certain operating support provided by Carroll Lutheran to the Obligor and (b) a Development Services Agreement dated as of August 1, 2014 (the “Development Services Agreement”) by and between the Obligor and Carroll Lutheran with respect to certain development services provided by Carroll Lutheran to the Obligor. Carroll Lutheran will receive a Subordinated Obligation issued under the Master Indenture with respect to the obligations of the Obligor under the Liquidity Support Agreement (the “Series 2014F Subordinated Obligation”) and a Subordinated Obligation issued under the Master Indenture with respect to the obligations of the Obligor under the Development Services Agreement (the “Series 2014G Subordinated Obligation”; the Series 2014F Subordinated Obligation and the Series 2014G Subordinated Obligation, collectively, the “Series 2014 Subordinated Obligations”). The Series 2014 Subordinated Obligations are Subordinated Obligations under the Master Indenture.

The Series 2014 Subordinated Obligations are subject to payment on the first day of each January, April, July and October in each year but only at such time after the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than (A) 200 as to the Series 2014F Subordinated Obligation or (b) 250 as to the Series 2014G Subordinated Obligation based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture.

See “SECURITY FOR THE SERIES 2014 BONDS” herein. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

Security Interest in All Assets and Gross Revenues. Pursuant to the Master Indenture, each member of the Obligated Group (initially, the Obligor is the only member of the Obligated Group) has granted a security interest in all of its personal property, including without limitation, its Gross Revenues as security for the payment of the Series 2014 Master Obligations and all other Master Obligations issued under the Master Indenture. See “SECURITY FOR THE SERIES 2014 BONDS” and “CERTAIN BONDHOLDERS’ RISKS – Certain Matters Relating to the Enforceability of the Master Indenture” herein.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use as payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow under the Continuing Care Act (as defined herein), and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

Limited Obligations of the Issuer. THE SERIES 2014 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS PROVIDED PURSUANT TO THE BOND INDENTURE, THE LOAN AGREEMENT AND THE SERIES 2014 NOTES (AS DEFINED HEREIN), INCLUDING FUNDS MADE AVAILABLE PURSUANT TO THE MASTER INDENTURE. THE SERIES 2014 BONDS ARE ALSO SECURED BY A SECURITY INTEREST GRANTED BY THE ISSUER IN THE MONEY AND SECURITIES HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND INDENTURE AND BY A SECURITY INTEREST GRANTED BY THE OBLIGOR IN THE PERSONAL AND REAL PROPERTY COLLATERAL PLEDGED BY THE OBLIGOR PURSUANT TO THE TERMS OF THE DEED OF TRUST AND THE OTHER BOND DOCUMENTS. THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER’S FAITH AND CREDIT IS PLEDGED.

Working Capital Fund

The Master Trustee will establish a Working Capital Fund under the Master Indenture, which is expected to be funded (i) initially in the amount of \$2,100,000 from proceeds of the Series 2014 Bonds and the Series 2014E Bond and (ii) in the amount of \$15,000,000 with Initial Entrance Fees deposited in the Entrance Fee Fund transferred to the Working Capital Fund as described below under “PLAN OF FINANCING – Application of Initial Entrance Fees.” However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

Money in the Working Capital Fund will be available to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreement pursuant to which such Entrance Fees were received or (g) amounts due on any indebtedness of the Obligated Group, but not to reimburse amounts disbursed from the Liquidity Support Fund or advanced under the Liquidity Support Agreement. After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds, and the Series 2014E Bond have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed.

Pursuant to the Management Agreement and the Development Services Agreement, if the number of “presold units” in the Project falls below 168 Independent Living Units while the Series 2014E Bond is outstanding, Carroll Lutheran is required to return fees paid to it by the Obligated Group Representative, and the Obligated Group Representative shall deposit any such returned fees to the Working Capital Fund. Further, pursuant to the Management Agreement and the Development Services Agreement, the aggregate amount of fees paid while the Series 2014E Bond is outstanding may not exceed \$500,000, and any fees due and owing to Carroll Lutheran in excess of that amount shall be suspended and shall not accrue interest thereon until the Series 2014E Bond is redeemed or paid in full. Any such returned fees and any such suspended fees during the period when the number of “presold units” is less than 168 Independent Living Units may be paid to Carroll Lutheran from the Working Capital Fund on the date on which the number of “presold units” increases to 168 Independent Living Units so long as the aggregate amount of fees paid to Carroll Lutheran while the Series 2014E Bond is outstanding does not exceed \$500,000. Any fees owed by the Obligated Group Representative to Carroll Lutheran that are suspended during the period while the Series 2014E Bond is outstanding due to the \$500,000 cap may be paid to Carroll Lutheran on the date the Series 2014E Bond is redeemed or paid in full.

Liquidity Support Fund

The Master Trustee will establish a Liquidity Support Fund under the Master Indenture, which will be funded with the Obligor Liquidity Support (as described above). Monies from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (a) such monies are needed to pay (i) the costs of completing the Project, (ii) operating expenses of the Project, including, without limitation, any development and marketing fees, (iii) the costs of needed repairs to the Project, (iv) the costs of capital improvements to the Project, (v) judgments against the Obligated Group, (vi) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (vii) amounts due on any Indebtedness of the Obligated Group, including without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran and (b) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted. See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Liquidity Support” in the Official Statement. See also Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS to this Official Statement.

Upon satisfaction of certain conditions, the obligations of Carroll Lutheran under the Liquidity Support Agreement will reduce and ultimately terminate. See “THE OBLIGOR AND THE PROJECT – Carroll Lutheran – Financial Support to the Project” herein.

All amounts advanced from the Liquidity Support Fund and under the Liquidity Support Agreement, including without limitation all letter of credit fees, interest and other expenses incurred by Carroll Lutheran in connection therewith, will constitute additional advances under the Series 2014F Subordinated Obligation.

CARROLL LUTHERAN IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT. CARROLL LUTHERAN HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT AND HAS NO OBLIGATION TO ADVANCE FUNDS TO THE OBLIGOR EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

Debt Service Reserve Fund

A Debt Service Reserve Fund will be established under the Bond Indenture (the “Debt Service Reserve Fund”) and funded with the proceeds of the Series 2014 Bonds. There will be created four accounts within the Debt Service Reserve Fund: (i) a Series 2014A Account, (ii) a Series 2014B Account, (iii) a Series 2014C Account and (iv) a Series 2014D Account. Each account within the Debt Service Reserve Fund will be funded on the date of issuance of the Series 2014 Bonds (1) in the case of the Series 2014A Bonds, in the amount equal to the least of (a) the Maximum Annual Debt Service on the Series 2014A Bonds outstanding (which is defined to exclude the final year preceding maturity of the Series 2014A Bonds), (b) 125% of the average annual debt service on the Series 2014A Bonds, and (c) 10% of the aggregate principal amount of the Series 2014A Bonds, calculated on the basis of each Bond Year and (2) in the case of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, in an amount equal to one year’s maximum interest on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, respectively. The Debt Service Reserve Fund is available to pay the principal of and interest on the Series 2014 Bonds if payments by the Obligor are insufficient therefor. The monies in the Series 2014A Account are only available to pay debt service on the Series 2014A Bonds, the monies in the Series 2014B Account are only available to pay debt service on the Series 2014B Bonds, the monies in the Series 2014C Account are only available to pay debt service on the Series 2014C Bonds, and the monies in the Series 2014D Account are only available to pay debt service on the Series 2014D Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture - Debt Service Reserve Fund” herein.

No debt service reserve fund will be funded for the benefit of the holder of the Series 2014E Bond. The Debt Service Reserve Fund for the Series 2014 Bonds does not secure the Series 2014E Bond.

Operating Reserve Fund

An Operating Reserve Fund will be established under the Master Indenture (the “Operating Reserve Fund”) and funded with Initial Entrance Fees. All moneys held in the Operating Reserve Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture. The Operating Reserve Fund will be funded initially in the amount of \$200,000 from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Operating Reserve Fund pursuant to the Master Indenture and thereafter shall be funded in the amount of the Operating Reserve Fund Requirement. The Continuing Care Act requires each operator of a continuing care retirement community to set aside an operating reserve based upon the prior year’s operating expenses. The Continuing Care Act provides that each operator must set aside at least ten percent (10%) of the reserves required at the end of each fiscal year, commencing with the first fiscal year after the date the initial certificate of registration is issued. The Operating Reserve Requirement will be calculated annually in accordance with the Continuing Care Act. The initial reserve requirement under the Continuing Care Act is calculated to be \$1,262,000, of which the Obligor will fund \$200,000 from Initial Entrance Fees. The Obligor will determine the Operating Reserve Fund Requirement annually as the amount required by the Continuing Care Act and is required to deliver to the Master Trustee an Officer’s Certificate setting forth the Operating Reserve Fund Requirement within 60 days after the end of each Fiscal Year; if the Obligated Group Representative fails to timely advise the Master Trustee of the Operating Reserve Fund Requirement, the Operating Reserve Fund Requirement will be \$1,262,000 until the Obligated Group Representative delivers the Officer’s Certificate to the Master Trustee.

Moneys in the Operating Reserve Fund will be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven (7) days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (i) such moneys will be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by an Affiliate, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted, together with

an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Operating Reserve Fund will be remitted to the Obligated Group Representative and the Operating Reserve Fund will be closed.

Renewal and Replacement Fund

A Renewal and Replacement Fund will be established under the Master Indenture (the “Renewal and Replacement Fund”). All moneys held in the Renewal and Replacement Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture.

Commencing with the first full month following the first full Fiscal Year in which (a) the aggregate annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and are no longer Outstanding (“Stable Occupancy”), the Obligated Group is required to pay to the Master Trustee for deposit to the Renewal and Replacement Fund initially \$15,000 on the first Business Day of each month.

Commencing on the fifth anniversary of the date of the issuance of the Series 2014 Bonds and every five (5) years thereafter, the Obligated Group is required to order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Fund is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Renewal and Replacement Fund. The costs of the needs assessment analysis may be paid from moneys on deposit in the Renewal and Replacement Fund.

The obligation to make deposits into the Renewal and Replacement Fund will cease at any time the balance of the Renewal and Replacement Fund is greater than \$2,000,000 or such higher amount as set forth in the most recently completed needs assessment analysis. Moneys in the Renewal and Replacement Fund may be used upon delivery of an Obligated Group Representative Request to the Master Trustee to pay (i) the maintenance and repair costs related to the Project for which the Obligated Group is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) expenses and (iii) the principal of, premium, if any, and interest on any Master Obligations. Moneys in the Renewal and Replacement Fund shall be used to pay maintenance and repair costs related to the Project and expenses after any amounts on deposit in the Working Capital Fund are used for such purposes, but prior to any amounts on deposit in the Operating Reserve Fund being used for such purposes. Moneys in the Renewal and Replacement Fund shall be used to pay debt service on any Indebtedness of any Obligated Group Member prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose. Upon withdrawal from any amount in the Renewal and Replacement Fund, the Obligor will be required to replenish the amount on deposit in the fund by making monthly deposits equal to \$15,000 per month until the balance of the Renewal and Replacement Fund equals the then-applicable required balance for the Renewal and Replacement Fund.

Application of Initial Entrance Fees

For a visual presentation of the application of the Initial Entrance Fees, please see the diagram on the following page.

Receipt of Initial Entrance Fees

The Obligor receives Initial Entrance Fees (“IEF”) and transfers them (1) within three (3) Business Days of receipt to the Entrance Fee Escrow Account established in connection with the Continuing Care Act until the conditions for release of such account are met and (2) thereafter, within five (5) Business Days of receipt to the Master Trustee for deposit in the Entrance Fee Fund. Total IEFs equal approximately \$97,700,000 at 100% occupancy and approximately \$90,800,000 at 93% occupancy.

Prior to release of Entrance Fee Escrow Account

IEFs are deposited into an escrow account with Branch Banking and Trust Company

Refunds paid as needed.

Conditions for Release of IEFs from Entrance Fee Escrow Account

1. Issuance of a certificate of occupancy or the equivalent by Howard County;
2. Issuance of appropriate licenses or certificates by the Department of Health and Mental Hygiene; and
3. Maryland Department of Aging (the “Department”) has issued written approval permitting withdrawal of Deposits from escrow.

Upon release from the Entrance Fee Escrow Account, the IEFs will be transferred to the Master Trustee for application in accordance with the Master Indenture.

After release of Entrance Fee Escrow Account, IEFs are deposited in the Entrance Fee Fund and applied as follows:

FIRST: to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit.

SECOND: to the Operating Reserve Fund until the amount on deposit equals the Operating Reserve Fund Requirement, which is \$200,000 in the initial year and which increases thereafter up to \$1,262,000 or as otherwise determined to be required under the Continuing Care Act, or to replenish the Working Capital Fund, if funds were transferred therefrom to the Operating Reserve Fund to meet the Operating Reserve Fund Requirement.

THIRD: to the Working Capital Fund until the amount transferred thereto, including prior transfers, equals \$15,000,000. If there are additional working capital needs, an additional \$2,500,000 may be transferred thereto.

FOURTH: to redeem the Series 2014E Bond until such Bond is paid in full, which is expected to occur at approximately 41% occupancy.

FIFTH: to redeem the Series 2014D Bonds, which is expected to occur at approximately 55% occupancy, Series 2014C Bonds, which is expected to occur at approximately 75% occupancy, and Series 2014B Bonds, which is expected to occur at approximately 81% occupancy, in that order, until such Bonds are paid in full. At such time, the Obligor will no longer be required to deposit IEFs into the Entrance Fee Fund and the Fund will be closed.

Priority of Draws from Various Funds

The following diagram shows the funds that are expected to be drawn on to fund working capital deficits, debt service, and costs of the Project. The funds are illustrated in the order in which they may be drawn, but in each case only for purposes for which the amounts in each such fund are permitted to be used.

Working Capital Fund

Initial deposit of \$2,100,000 from proceeds of Series 2014 Bonds and Series 2014E Bond. Expected additional deposit of \$15,000,000 with Initial Entrance Fees. Drawn down until depleted. If additional working capital needs exist, up to \$2,500,000 may be replenished from Initial Entrance Fees. After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds, and the Series 2014E Bond have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed. If presales fall below 168 Independent Living Units, Carroll Lutheran is required to deposit additional amounts herein. See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and the Bond Indenture – Working Capital Fund” herein.

May be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, but not limited to, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts disbursed from the Liquidity Support Fund.

After the number of presold units increases to 168 Independent Living Units, any amounts deposited by Carroll Lutheran herein may be returned to Carroll Lutheran. See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and the Bond Indenture – Working Capital Fund” herein.

Liquidity Support Fund

Initial deposit of \$2,000,000 from Carroll Lutheran plus an additional \$1,000,000 that will be reserved on the balance sheet of Carroll Lutheran and may be advanced under the terms of the Master Indenture plus a letter of credit in the initial stated amount of \$4,000,000 for the benefit of the Master Trustee, which declines initially to \$3,000,000 and further to \$2,000,000 as set forth herein. Upon depletion of the initial deposit and full utilization of the \$1,000,000 set aside on the balance sheet of Carroll Lutheran, the letter of credit or any substitute facility (including cash collateral deposited with the Master Trustee) may be drawn upon. Under certain circumstances, the amounts remaining in the Liquidity Support Fund can be disbursed and the Liquidity Support Fund closed. See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and the Bond Indenture – Liquidity Support Fund” herein.

May be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, but not limited to, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts disbursed from the Liquidity Support Fund.

Operating Reserve Fund

Funded from Initial Entrance Fees after the Escrow Fee Escrow Account is terminated. Initially funded in the amount of \$200,000 and which increases thereafter up to \$1,262,000 or as otherwise determined to be required under the Continuing Care Act.

May be used for the same items as the Liquidity Support Fund.

Debt Service Reserve Fund

Series 2014A Account	\$5,235,106*
Series 2014B Account	\$431,588*
Series 2014C Account	\$1,275,000*
Series 2014D Account	\$825,000*

To be drawn on only if money in the Funded Interest Account of the Construction Fund, the Bond Fund, the Working Capital Fund, the Liquidity Support Fund and the Operating Reserve Fund is insufficient.

* Preliminary, subject to change.

May only be utilized to pay debt service on the applicable series of Series 2014 Bonds.

Certain Financial and Operating Covenants of the Obligor

Cumulative Cash Operating Loss Covenant. The Obligated Group covenants (the “Cumulative Cash Operating Loss Covenant”) that during the period (a) commencing with (i) the first fiscal quarter ending after the earliest date a resident has taken physical possession of one of the Independent Living Units included in the Project (the “Initial Occupancy Date”) if such date is more than 30 days prior to the end of such fiscal quarter or (ii) the first full fiscal quarter ending after the Initial Occupancy Date if such Initial Occupancy Date is less than 30 days prior to the end of a fiscal quarter, and (b) ending with the fiscal quarter immediately preceding Stable Occupancy (from that point forward, the Debt Service Coverage Ratio will be calculated and Cumulative Cash Operating Loss is not required to be calculated), it will calculate its Cumulative Cash Operating Loss as of the end of each fiscal quarter. Each Member is required to conduct its business so that as of the end of each such testing quarter the Obligated Group will have a Cumulative Cash Operating Loss not more than the amount set forth in the Master Indenture. See “SECURITY FOR THE SERIES 2014 BONDS – Financial Covenants – Cumulative Cash Operating Loss Covenant” herein for a further description.

Debt Service Coverage Ratio Covenant. The Master Indenture requires the Obligated Group to calculate the Debt Service Coverage Ratio (i) for each fiscal quarter, commencing with the earlier of (1) the first fiscal quarter following Stable Occupancy or (2) the fiscal quarter ending June 30, 2021, based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, commencing with the earlier of (A) the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, or (B) the Fiscal Year ending June 30, 2021, based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive fiscal quarters ending with such fiscal quarter. The required Debt Service Coverage Ratio is 1.20. If the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 for any Fiscal Year, such failure shall constitute an Event of Default under the Master Indenture. See “SECURITY FOR THE SERIES 2014 BONDS - Financial Covenants - Debt Service Coverage Ratio Covenant” herein for a further description, including a description of the computation of the Debt Service Coverage Ratio and the actions required to be taken if such covenant is not met.

Liquidity Covenant. The Master Indenture requires that the Obligated Group calculate the Days’ Cash on Hand of the Obligated Group as of June 30 and December 31 of each Fiscal Year, commencing with the earlier of June 30, 2021 and the first such date after Stable Occupancy (each such date being a “Testing Date”).

“Days’ Cash on Hand” means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Operating Expenses (excluding provisions for bad debt, amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending June 30 and December 31, as derived from unaudited quarterly financial statements delivered pursuant to the Master Indenture (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year), by 365.

“Cash and Investments” is defined as the sum of cash, cash equivalents and marketable securities of the Obligated Group Members, including, without limitation, board-designated assets, and any amounts, if any, on deposit in the Working Capital Fund, the Operating Reserve Fund, the Renewal and Replacement Fund and the Liquidity Support Fund, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Master Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 180 Days’ Cash on Hand (the “Liquidity Requirement”). Notwithstanding any other provision of the Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under the Master Indenture if the

Obligated Group takes all action necessary to comply with the procedures set forth above for retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law. See "SECURITY FOR THE SERIES 2014 BONDS – Financial Covenants - Liquidity Covenant" herein for a further description, including a description of the actions required to be taken if such covenant is not met on a Testing Date.

Marketing and Occupancy Requirements. Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2014 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy, the Master Indenture requires the Obligated Group to use its best efforts to maintain the percentage of Independent Living Units that are part of the Project that are reserved with 10% deposits, or for which all related Entrance Fees have been paid, so as to meet certain Marketing Requirements. Commencing with the first fiscal quarter that ends not less than 60 days following the issuance of the first certificate of occupancy for the first building that is part of the Project containing Independent Living Units, and ending with the first full fiscal quarter following Stable Occupancy (each an "Occupancy Quarter"), the Obligated Group is required to use its best efforts to have occupied (i.e. all related Entrance Fees have been paid) the percentage of the total number of all Independent Living Units, so as to be in compliance with certain Occupancy Requirements. See "SECURITY FOR THE SERIES 2014 BONDS – Financial Covenants - Marketing Covenant" and "– Occupancy Covenant" herein for a further description, including actions required to be taken if such covenants are not met.

Management Company and Marketing Consultant. The Obligated Group is required to engage a Manager and a Marketing Consultant (which may be the same firm) at certain times as set forth in the Master Indenture. Carroll Lutheran is the original Manager and Marketing Consultant for the Community. Subject to satisfaction of certain conditions in the Master Indenture, the Manager and the Marketing Consultant may be related to the Members of the Obligated Group or an Affiliate of the Members of the Obligated Group. Under certain circumstances, the Members of the Obligated Group are required to retain a new Manager or Marketing Consultant or both. See "SECURITY FOR THE SERIES 2014 BONDS – Financial Covenants - Management Company and Marketing Consultant" herein.

Rating Solicitation Covenant. Under the Master Indenture, the Obligor has covenanted that it will seek a rating of the Series 2014A Bonds from any Rating Agency each year after a determination is made by the Obligor in consultation with the Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligor receives a preliminary indication from any Rating Agency that the Series 2014A Bonds will not be assigned an investment grade rating, the Obligor is required to withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014A Bonds.

Consultant's Report. Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee and beneficial owners of the Series 2014 Bonds will be given access to the Consultant. Within 21 days after a Consultant is required to be retained, the Obligor will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Obligor, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Obligor. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Obligor shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Incurrence of Indebtedness. Pursuant to the Master Indenture, the Obligated Group agrees to restrictions on the incurrence of additional indebtedness, as more fully described under the captions "SECURITY FOR THE SERIES 2014 BONDS – Incurrence of Additional Indebtedness" herein and Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto. To the extent that the conditions provided in the Master Indenture are met, such indebtedness may be secured on a parity basis with the Series 2014 Master Obligations.

Financial Feasibility Study

Dixon Hughes Goodman LLP, independent certified public accountants, has prepared the Financial Feasibility Study dated July 24, 2014 (the “Financial Feasibility Study”), included as Appendix B hereto. The Financial Feasibility Study includes management’s financial forecast for the six years ending June 30, 2020. As stated in the Financial Feasibility Study, forecasted results usually differ from actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Financial Feasibility Study should be read in its entirety, including management’s notes and assumptions set forth therein. See Appendix B hereto. The table on the following page shows the forecasted Debt Service Coverage Ratio for the fiscal year ending June 30, 2020 and the forecasted Days’ Cash on Hand as of the end of such period. The information on the table below has been extracted from the Financial Feasibility Study included in Appendix B hereto.

Forecasted Financial Ratios For the Year Ending June 30 (In Thousands, Except for Ratios)

	Stabilized Year
Debt Service Coverage Ratio	2020
Net income (loss)	\$ (2,016)
Less:	
Amortization of Entrance Fees	(1,658)
Add:	
Depreciation	3,188
Amortization	673
Interest expense - Series 2014 Bonds	4,377
Interest expense - Deferred Sponsor Note	175
Interest expense - Deferred Sponsor Fees	83
Entrance fees received - Non-Refundable	1,517
Entrance fees received - Refundable	5,157
Entrance fee refunds - Refundable	(4,209)
Income Available for Debt Service	\$ 7,287
Maximum Annual Debt Service Requirement (a)	\$ 5,235
Long-Term Debt Service Coverage Ratio	1.39 x

(a) Estimated Maximum Annual Debt Service Requirements for the Series 2014 Bonds.

Income Available for Debt Service - Revenue Only (b)	\$ 4,822
Maximum Annual Debt Service Requirement (a)	\$ 5,235
Long-Term Debt Service Coverage Ratio - Revenue Only	0.92 x

(a) Estimated Maximum Annual Debt Service Requirements for the Series 2014 Bonds.

(b) Income Available for Debt Service excludes entrance fees received and refunded.

Days' Cash on Hand	2020
Cash and investments	\$ 9,784
Statutory Operating Reserve Fund	1,262
Renewal and Replacement Fund	360
Unrestricted Cash and Investments available	\$ 11,406
Total operating expenses	\$ 20,513
Deduct:	
Depreciation	(3,188)
Amortization	(673)
Expenses, net	\$ 16,652
Daily operating expenses (c)	\$ 46
Days' Cash on Hand	250

(c) Daily operating expenses are equal to annual operating expenses less depreciation and amortization divided by 365 days.

The table on the preceding page should be considered in conjunction with the entire Financial Feasibility Study, included herein as Appendix B, to understand the Obligor's financial requirements and the assumptions upon which the Financial Feasibility Study is based. The realization of any financial forecast depends on future events the occurrence of which cannot be assured. Therefore, the actual results realized may vary from the Financial Feasibility Study. Such variation could be material. See Appendix B hereto.

Certain Bondholders' Risks

AN INVESTMENT IN THE SERIES 2014 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2014 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE SERIES 2014 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2014 BONDS. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, because the Series 2014 Bonds are payable solely from the revenues and assets of the Obligor and other money pledged to such payment, careful evaluation should be made of the assumptions and the rationale of the management of the Obligor described in the Financial Feasibility Study and certain factors (including, but not limited to, the ability of the Obligor to attract residents and enter into Residency Agreements and manage the Project in a manner that maintains high occupancy levels) that may adversely affect the ability of the Obligor to generate sufficient revenues to pay its expenses of operation, including the principal, premium, if any, and interest on the Series 2014 Bonds.

Continuing Disclosure

Upon the issuance of the Series 2014 Bonds, the Obligor will execute and deliver a Continuing Disclosure Certificate for the benefit of the Holders of the Series 2014 Bonds. Pursuant to the Continuing Disclosure Certificate, the Obligor will agree to provide certain operating and financial information annually or more frequently as reasonably requested by a Majority of the Bondholders and to provide notice of certain listed events. See "FINANCIAL REPORTING AND CONTINUING DISCLOSURE" herein and "FORM OF CONTINUING DISCLOSURE CERTIFICATE" in Appendix E hereto.

Miscellaneous

No dealer, broker, salesman or other person has been authorized by the Issuer, the Obligor, or the Underwriter to give any information or to make any representations with respect to this offering, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2014 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinions contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Obligor since the date hereof.

This Official Statement contains a general description of the Series 2014 Bonds, the Issuer, the Obligor, the Project and the plan of financing and sets forth certain provisions of the Bond Indenture, the Loan Agreement, the Master Indenture and the Deed of Trust. The description and summaries herein do not purport to be complete. The Issuer has furnished only the information included herein under the section entitled "SHORT STATEMENT – The Issuer" and "INTRODUCTION – The Issuer," "THE ISSUER," and "LITIGATION – The Issuer" herein. The Issuer assumes no responsibility for the accuracy or completeness of any other information in this Official Statement. Persons interested in purchasing the Series 2014 Bonds should review carefully the Appendices attached hereto as well as copies of such documents, which prior to the issuance of the Series 2014 Bonds may be obtained from the Underwriter and, following the issuance of the Series 2014 Bonds, will be held by the Bond Trustee at its designated corporate trust office.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT

relating to:

\$104,280,000*

WESTMINSTER, MARYLAND

(The Mayor and Common Council of Westminster)

Revenue Bonds

(The Lutheran Village at Miller's Grant, Inc.)

Series 2014

Consisting of:

\$61,260,000* Project Revenue Bonds Series 2014A	\$6,770,000* Entrance Fee Principal Redemption BondsSM Series 2014B	\$21,250,000* Entrance Fee Principal Redemption BondsSM Series 2014C	\$15,000,000* Entrance Fee Principal Redemption BondsSM Series 2014D
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INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by The Mayor and Common Council of Westminster (the "Issuer") of its \$61,260,000* Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A (the "Series 2014A Bonds"), \$6,770,000* Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B (the "Series 2014B Bonds"), \$21,250,000* Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C (the "Series 2014C Bonds"), and \$15,000,000* Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014D (the "Series 2014D Bonds"; and, together with the Series 2014A Bonds, the Series 2014B Bonds, and the Series 2014C Bonds, the "Series 2014 Bonds"). The Series 2014 Bonds are being issued pursuant to the provisions of the Maryland Economic Development Revenue Bond Act, as set forth in Sections 12-101 et seq. of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"), in conformity with the provisions, restrictions and limitations thereof and pursuant to a Bond Trust Indenture dated as of August 1, 2014 (the "Bond Indenture"), between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the "Bond Trustee"). Certain capitalized terms used herein are defined in Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the hereinafter defined Master Indenture, Loan Agreement, Bond Indenture and Deed of Trust. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to each document.

The Issuer

The Issuer is a municipal corporation of the State of Maryland and operates under a charter adopted in accordance with the Constitution and the laws of the State of Maryland. See "THE ISSUER" herein.

* Preliminary, subject to change

The Obligor

The Lutheran Village at MILLER'S GRANT, Inc., a Maryland nonstock corporation (the "Obligor" or the "Obligated Group Representative") proposes to construct a continuing care retirement community to be known as "The Lutheran Village at Miller's Grant" or "Miller's Grant" to be located on approximately 50 acres of land in Ellicott City, Maryland (the "Project"). The Project is planned to initially consist of 241 independent living units (the "Independent Living Units"), 20 assisted living units (the "Assisted Living Units") and 12 skilled nursing beds (the "Skilled Nursing Beds," and together with the Assisted Living Units, the "Healthcare Center") and common areas. The Obligor has been determined by the Internal Revenue Service (the "IRS") to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Obligor received a determination letter from the IRS dated May 22, 2007 stating that the Obligor is a charitable organization as described in the Code.

Purpose of the Series 2014 Bonds

The proceeds of the Series 2014 Bonds will be loaned to the Obligor pursuant to a Loan Agreement dated as of August 1, 2014 (the "Loan Agreement"), between the Issuer and the Obligor and will be used, together with other available moneys described herein (including, without limitation, a portion of the proceeds of the Series 2014E Bond (as defined below)), (i) to pay or reimburse the Obligor for the payment of the costs of acquiring, constructing and equipping a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units, and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Ellicott City, Maryland to be known as "The Lutheran Village at Miller's Grant" or "Miller's Grant" (the "Community"), necessary or useful furnishings, equipment and machinery, and such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation improvements (all of the foregoing, the "Project"); (ii) to refinance the outstanding amount of the \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania (the "Pre-Development Loan") the proceeds of which were used to finance pre-development expenses of the Project; (iii) to fund separate debt service reserve accounts for the Series 2014 Bonds; (iv) to pay capitalized interest on the Series 2014 Bonds through approximately July 1, 2016;^{*} (v) to fund an initial deposit to a working capital fund; and (vi) to pay certain expenses incurred in connection with the issuance of the Series 2014 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Risk Factors. An investment in the Series 2014 Bonds involves a significant degree of risk. Certain risks are inherent in the successful operation of facilities such as the Community on a basis such that sufficient cash will be available to pay interest on and to retire indebtedness. See "CERTAIN BONDHOLDERS' RISKS" below for a discussion of certain of these risks. A prospective bondholder is advised to read the entire Official Statement, including the appendices hereto, before making an investment decision to purchase the Series 2014 Bonds. Special reference is made to "SECURITY FOR THE SERIES 2014 BONDS" and "CERTAIN BONDHOLDERS' RISKS" herein for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2014 Bonds.

Security for the Series 2014 Bonds

Bond Indenture. The Series 2014 Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, pursuant to which the Issuer will assign and pledge to the Bond Trustee (1) the hereinafter described Series 2014 Notes relating to the Series 2014 Bonds (excluding the Unassigned Rights, as defined in the Loan Agreement), (2) certain rights of the Issuer under the Loan Agreement (excluding the Unassigned Rights), (3) the funds and accounts (excluding the Rebate Fund), including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture, (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for such Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or the Series 2014 Notes, and (5) the right, title and interest of the Issuer in the Deed of Trust (excluding its right to indemnification and to receive certain payments thereunder).

^{*} Preliminary, subject to change.

Loan Agreement. Pursuant to the Loan Agreement, the Obligor will agree to make loan payments sufficient, among other things, to pay in full when due all principal of, premium, if any, and interest on the Series 2014 Bonds and the administrative fees of the Bond Trustee, and to make payments as required to restore any deficiencies in the Debt Service Reserve accounts (as defined herein) and the Renewal and Replacement Fund. See “SECURITY FOR THE SERIES 2014 BONDS - The Loan Agreement” herein and Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

The obligations of the Obligor to repay the Loan are unconditional general obligations of the Obligor and will be evidenced by promissory notes, each in the principal amount equal to the principal amount of the respective series of the Series 2014 Bonds (collectively, the “Series 2014 Notes”). To secure its obligations under the Series 2014 Notes and with respect to the Series 2014E Bond and other obligations as contemplated therein, the Obligor will deliver to the Issuer a Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014, pursuant to which the Obligor will grant to certain trustees for the benefit of the Issuer and its successors and assigns a lien on the real property constituting the Land and the Facilities (described therein) and other personal property of the Obligor as described therein (the “Deed of Trust”). The Issuer will assign its interest in the Series 2014 Notes (excluding the Unassigned Rights) and the Deed of Trust (excluding its right to indemnification and to receive certain payments thereunder) to the Bond Trustee and the Series 2014E Bondholder, which will, in turn, assign their respective interests therein to the Master Trustee.

Master Indenture. Simultaneously with the issuance of the Series 2014 Bonds and the delivery of the Series 2014 Notes to the Issuer, (i) pursuant to the Bond Indenture, the Issuer will assign the Series 2014 Notes to the Bond Trustee (excluding the Unassigned Rights), (ii) the Bond Trustee will assign to the Master Trustee (as defined herein), at the request of the Obligor, in exchange for the Series 2014 Bond Indenture Master Obligations (as defined herein) all right, title and interest in, to and under the Series 2014 Notes (excluding the Unassigned Rights), and (iii) in exchange for the Series 2014 Notes and pursuant to the Master Trust Indenture (the “Master Trust Indenture”), as supplemented by Supplemental Master Trust Indenture Number 1 (the “Supplemental Indenture”), each dated as of August 1, 2014 (the Master Trust Indenture and the Supplemental Indenture, collectively, the “Master Indenture”), and each between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”), the Obligor will issue Master Obligations (as defined in the Master Indenture), in the form of promissory notes, each in the principal amount of the respective series of the Series 2014 Bonds (collectively, the “Series 2014 Bond Indenture Master Obligations”), and will cause the Master Trustee to deliver the Series 2014 Bond Indenture Master Obligations to the Bond Trustee, to provide payment for, and secure the payment of, the Series 2014 Bonds. The Series 2014 Bond Indenture Master Obligations will constitute Master Obligations under the Master Indenture and will be secured equally and ratably with all other Master Obligations issued or to be issued under the Master Indenture (other than any Master Obligations issued as Subordinated Indebtedness), including the Series 2014E Master Obligation, by a security interest in all assets of each member of the Obligated Group, including, without limitation, the Gross Revenues of the Obligated Group (including Entrance Fees and accounts receivable) and the funds established under the Master Indenture. The Series 2014 Bond Indenture Master Obligations and the Series 2014E Master Obligation are herein referred to as the “Series 2014 Master Obligations.” If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Master Obligations when due and continues for a period of five days, each Obligated Group Member is required to deposit with the Master Trustee for deposit into the Revenue Fund created under the Master Indenture all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

The Obligor initially will be the only member of the Obligated Group under the Master Indenture, but additional Obligated Group Members may be admitted to the Obligated Group. The Series 2014 Bond Indenture Master Obligations will constitute joint and several general obligations of the Obligated Group Members to pay amounts sufficient to pay principal, premium, if any, and interest on the Series 2014 Bonds.

Simultaneously with the issuance of the Series 2014 Bonds, the Obligor expects to enter into (a) an Operating Support Agreement dated as of August 1, 2014 (the “Liquidity Support Agreement”) by and among the Obligor, Carroll Lutheran Village, Inc. (“Carroll Lutheran”) and the Master Trustee with respect to certain obligations of Carroll Lutheran to provide operating support to the Obligor and the obligation of the Obligor to repay Carroll Lutheran for operating support provided by Carroll Lutheran to the Obligor and (b) a Development Services Agreement dated as of August 1, 2014 (the “Development Services Agreement”) by and among the

Obligor, Carroll Lutheran and the Master Trustee with respect to obligations of the Obligor to be paid to Carroll Lutheran in exchange for certain development services provided by Carroll Lutheran to the Obligor. Carroll Lutheran will receive a Master Obligation issued under the Master Indenture with respect to the Liquidity Support Agreement (the “Series 2014F Subordinated Obligation”) and a Master Obligation issued under the Master Indenture with respect to the Development Services Agreement (the “Series 2014G Subordinated Obligation”; the Series 2014F Subordinated Obligation and the Series 2014G Subordinated Obligation, collectively, the “Series 2014 Subordinated Obligations”). The Series 2014 Subordinated Obligations are Subordinated Obligations under the Master Indenture.

The Series 2014 Subordinated Obligations are subject to payment on the first day of each January, April, July and October in each year but only at such time after the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than (a) 200 as to the Series 2014F Subordinated Obligation or (b) 250 as to the Series 2014G Subordinated Obligation based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture. The Master Indenture requires that the Series 2014F Subordinated Obligation shall be paid in full prior to the payment of the Series 2014G Subordinated Obligation.

Pledge of All Assets and Gross Revenues. In order to secure the payment of the principal of, premium, if any, and interest on the Series 2014 Bond Indenture Master Obligations and the other Master Obligations issued under the Master Indenture, the Obligated Group Members will pledge, assign, confirm and grant a security interest unto the Master Trustee in all personal property of the Obligor, including, without limitation, the Gross Revenues of the Obligated Group Members as well as all moneys and securities from time to time held by the Master Trustee under the terms of the Master Indenture. See “SECURITY FOR THE SERIES 2014 BONDS - Revenue Fund” herein.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including (without limitation) revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use as payments required under the Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow until construction of the Facilities is completed, a certificate of occupancy has been issued and appropriate licenses, if required, have been issued, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

The lien and security interests created by the Master Indenture and the Deed of Trust may become subject to additional Permitted Encumbrances, as defined in the Master Indenture. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

Working Capital Fund. The Master Trustee will establish a Working Capital Fund under the Master Indenture, which is expected to be funded (i) initially in the amount of \$2,100,000 from proceeds of the Series 2014 Bonds and the Series 2014E Bond and (ii) in the amount of \$15,000,000 with Initial Entrance Fees deposited in the Entrance Fee Fund transferred to the Working Capital Fund as described below under “PLAN OF FINANCING – Application of Initial Entrance Fees.” However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

Money in the Working Capital Fund will be available to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreement pursuant to which such Entrance Fees were received or (g) amounts due on any indebtedness of the Obligated Group, but not to reimburse amounts disbursed from the Liquidity Support Fund or advanced under the Liquidity Support Agreement. After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds, and the Series 2014E Bond have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed.

Pursuant to the Management Agreement and the Development Services Agreement, if the number of “presold units” in the Project falls below 168 Independent Living Units while the Series 2014E Bond is outstanding, Carroll Lutheran is required to return fees paid to it by the Obligated Group Representative, and the Obligated Group Representative shall deposit any such returned fees to the Working Capital Fund. Further, pursuant to the Management Agreement and the Development Services Agreement, the aggregate amount of fees paid while the Series 2014E Bond is outstanding may not exceed \$500,000, and any fees due and owing to Carroll Lutheran in excess of that amount shall be suspended and shall not accrue interest thereon until the Series 2014E Bond is redeemed or paid in full. Any such returned fees and any such suspended fees during the period when the number of “presold units” is less than 168 Independent Living Units may be paid to Carroll Lutheran from the Working Capital Fund on the date on which the number of “presold units” increases to 168 Independent Living Units so long as the aggregate amount of fees paid to Carroll Lutheran while the Series 2014E Bond is outstanding does not exceed \$500,000. Any fees owed by the Obligated Group Representative to Carroll Lutheran that are suspended during the period while the Series 2014E Bond is outstanding due to the \$500,000 cap may be paid to Carroll Lutheran on the date the Series 2014E Bond is redeemed or paid in full.

Liquidity Support Fund. The Master Trustee will establish a Liquidity Support Fund under the Master Indenture, which will be funded with the Obligor Liquidity Support (as described below under THE OBLIGOR AND THE PROJECT – Carroll Lutheran – Financial Support to the Project). Monies from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (a) such monies are needed to pay (i) the costs of completing the Project, (ii) operating expenses of the Project, including, without limitation, any development and marketing fees, (iii) the costs of needed repairs to the Project, (iv) the costs of capital improvements to the Project, (v) judgments against the Obligated Group, (vi) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (vii) amounts due on any Indebtedness of the Obligated Group, including without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran and (b) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted. See “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Liquidity Support” in this Official Statement. See also Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS to this Official Statement.

Upon satisfaction of certain conditions, the obligations of Carroll Lutheran under the Liquidity Support Agreement will reduce and ultimately terminate. See “THE OBLIGOR AND THE PROJECT – Carroll Lutheran – Financial Support to the Project” herein.

All amounts advanced from the Liquidity Support Fund and under the Liquidity Support Agreement, including without limitation all letter of credit fees, interest and other expenses incurred by Carroll Lutheran in connection therewith, will constitute additional advances under the Series 2014F Subordinated Obligation.

CARROLL LUTHERAN IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT. CARROLL LUTHERAN HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT AND HAS NO OBLIGATION TO ADVANCE FUNDS TO THE OBLIGOR EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

Debt Service Reserve Fund. A Debt Service Reserve Fund will be established under the Bond Indenture (the “Debt Service Reserve Fund”) and funded with the proceeds of the Series 2014 Bonds. There will be created four accounts within the Debt Service Reserve Fund: (i) a Series 2014A Account, (ii) a Series 2014B Account, (iii) a Series 2014C Account and (iv) a Series 2014D Account. Each account within the Debt Service Reserve Fund will be funded on the date of issuance of the Series 2014 Bonds (1) in the case of the Series 2014A Bonds, in the amount equal to the least of (a) the Maximum Annual Debt Service on the Series 2014A Bonds outstanding (which is defined to exclude the final year preceding maturity of the Series 2014A Bonds), (b) 125% of the average annual debt service on the Series 2014A Bonds, and (c) 10% of the aggregate principal amount of the Series 2014A Bonds, calculated on the basis of each Bond Year and (2) in the case of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, in an amount equal to one year’s maximum interest on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, respectively. The Debt Service Reserve Fund is available to pay the principal of and interest on the Series 2014 Bonds if payments by the Obligor are insufficient therefor. The monies in the Series 2014A Account are only available to pay debt service on the Series 2014A Bonds, the monies in the Series 2014B Account are only available to pay debt service on the Series 2014B Bonds, the monies in the Series 2014C Account are only available to pay debt service on the Series 2014C Bonds, and the monies in the Series 2014D Account are only available to pay debt service on the Series 2014D Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture - Debt Service Reserve Fund” herein.

No debt service reserve fund will be funded for the benefit of the holder of the Series 2014E Bond. The Debt Service Reserve Fund for the Series 2014 Bonds does not secure the Series 2014E Bond.

Operating Reserve Fund. An Operating Reserve Fund will be established under the Master Indenture (the “Operating Reserve Fund”) and funded with Initial Entrance Fees. All moneys held in the Operating Reserve Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture. The Operating Reserve Fund will be funded initially in the amount of \$200,000 from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Operating Reserve Fund pursuant to the Master Indenture and thereafter shall be funded in the amount of the Operating Reserve Fund Requirement. The Continuing Care Act requires each operator of a continuing care retirement community to set aside an operating reserve based upon the prior year’s operating expenses. The Continuing Care Act provides that each operator must set aside at least ten percent (10%) of the reserves required at the end of each fiscal year, commencing with the first fiscal year after the date the initial certificate of registration is issued. The Operating Reserve Requirement will be calculated annually in accordance with the Continuing Care Act. The initial reserve requirement under the Continuing Care Act is calculated to be \$1,262,000, of which the Obligor will fund \$200,000 from Initial Entrance Fees. The Obligor will determine the Operating Reserve Fund Requirement annually as the amount required by the Continuing Care Act and is required to deliver to the Master Trustee an Officer’s Certificate setting forth the Operating Reserve Fund Requirement within 60 days after the end of each Fiscal Year; if the Obligated Group Representative fails to timely advise the Master Trustee of the Operating Reserve Fund Requirement, the Operating Reserve Fund Requirement will be \$1,262,000 until the Obligated Group Representative delivers the Officer’s Certificate to the Master Trustee.

Moneys in the Operating Reserve Fund will be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven (7) days of receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative to the effect that (i) such moneys will be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by an Affiliate, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer's Certificate is submitted, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Operating Reserve Fund will be remitted to the Obligated Group Representative and the Operating Reserve Fund will be closed.

Renewal and Replacement Fund. A Renewal and Replacement Fund will be established under the Master Indenture (the "Renewal and Replacement Fund"). All moneys held in the Renewal and Replacement Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture.

Commencing with the first full month following the first full Fiscal Year in which (a) the aggregate annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and are no longer Outstanding ("Stable Occupancy"), the Obligated Group is required to pay to the Master Trustee for deposit to the Renewal and Replacement Fund initially \$15,000 on the first Business Day of each month.

Commencing on the fifth anniversary of the date of the issuance of the Series 2014 Bonds and every five (5) years thereafter, the Obligated Group is required to order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Fund is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Renewal and Replacement Fund. The costs of the needs assessment analysis may be paid from moneys on deposit in the Renewal and Replacement Fund.

The obligation to make deposits into the Renewal and Replacement Fund will cease at any time the balance of the Renewal and Replacement Fund is greater than \$2,000,000 or such higher amount as set forth in the most recently completed needs assessment analysis. Moneys in the Renewal and Replacement Fund may be used upon delivery of an Obligated Group Representative Request to the Master Trustee to pay (i) the maintenance and repair costs related to the Project for which the Obligated Group is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) expenses and (iii) the principal of, premium, if any, and interest on any Master Obligations. Moneys in the Renewal and Replacement Fund shall be used to pay maintenance and repair costs related to the Project and expenses after any amounts on deposit in the Working Capital Fund are used for such purposes, but prior to any amounts on deposit in the Operating Reserve Fund being used for such purposes. Moneys in the Renewal and Replacement Fund shall be used to pay debt service on any Indebtedness of any Obligated Group Member prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

Certain Bondholders' Risks

AN INVESTMENT IN THE SERIES 2014 BONDS INVOLVES A SIGNIFICANT DEGREE OF RISK. A PROSPECTIVE BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE SERIES 2014 BONDS. SPECIAL REFERENCE IS MADE TO THE SECTIONS "SECURITY FOR THE SERIES 2014 BONDS" AND "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2014 BONDS.

THE ISSUER

The Mayor and Common Council of Westminster (the "Issuer") is a municipal corporation of the State of Maryland (the "State") and operates under a charter adopted in accordance with the Constitution and the laws of the State. The Issuer is governed by an elected Mayor and an elected five member Common Council.

The Act authorizes a public body (as defined therein) to issue revenue bonds for the purposes of financing or refinancing the costs of acquisition and improvement of a facility or facilities (within the meaning of the Act), refunding outstanding bonds, funding reserves, paying interest on the bonds in the amount and for the period the public body considers reasonable, and paying costs associated with issuance of the bonds, and to loan the proceeds thereof to a facility user (within the meaning of the Act). The term "facility" (as defined in the Act) means any land or an interest in land, structure, working capital, equipment, or other property, or any combination of them, the acquisition and improvement of which the legislative body of a public body, in its sole discretion, determines by resolution will accomplish one or more of the legislative purposes set forth in the Act. The Issuer approved the issuance of the Series 2014 Bonds by Resolution No. 14-07 adopted by the Common Council on June 23, 2014 and approved by the Mayor on June 23, 2014.

THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REPAYMENTS AND OTHER FUNDS PROVIDED PURSUANT TO THE BOND INDENTURE AND THE LOAN AGREEMENT AND SECURED BY THE COLLATERAL, REAL AND PERSONAL, PLEDGED BY THE OBLIGOR AS SECURITY THEREFOR. THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

The Issuer has not participated in the preparation of this Official Statement and makes no representation with respect to the accuracy or completeness of any of the material contained in this Official Statement other than in this section and the sections entitled "SHORT STATEMENT – The Issuer" and "LITIGATION – Issuer." The Issuer is not responsible for providing any purchaser of the Series 2014 Bonds with any information relating to the Series 2014 Bonds or any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of any such information obtained by any purchaser.

The Issuer has previously issued bonds for the purpose of financing other projects for other entities which are payable from revenues received from such projects and other entities. The source of payment for other bonds previously issued by the Issuer for other entities is separate and distinct from the source of payment for the Series 2014 Bonds, and accordingly, any default by it or any such other entity with respect to any of such other bonds is not considered a material fact with respect to the payment of the Series 2014 Bonds.

THE OBLIGOR AND THE PROJECT

The Obligor and the Project

The Obligor is a Maryland nonstock corporation. The Obligor has been determined by the Internal Revenue Service (the "IRS") to be exempt from federal income taxation as an organization described in Section

501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Obligor received a determination letter from the IRS dated May 22, 2007 stating that the Obligor is a charitable organization as described in the Code.

The Obligor proposes to construct a continuing care retirement community to be known as “The Lutheran Village at Miller’s Grant” or “Miller’s Grant” to be located on approximately 50 acres of land in Ellicott City, Maryland (the “Project”). The Project is planned to initially consist of 241 independent living units (the “Independent Living Units”), 20 assisted living units (the “Assisted Living Units”) and 12 skilled nursing beds (the “Skilled Nursing Beds,” and together with the Assisted Living Units, the “Healthcare Center”) and common areas. As of July 21, 2014, 187 of the 241 available Independent Living Units (approximately 77.6%) are reserved by prospective residents. See “Marketing and Presales” below and “THE OBLIGOR AND THE PROJECT – Marketing and Presales” herein.

See Appendix A hereto for a description of the Obligor and the Project. See also “FINANCIAL FEASIBILITY STUDY” in Appendix B hereto.

Carroll Lutheran - Background

In 2005, Carroll Lutheran Village, Inc. (“Carroll Lutheran”) established the Obligor to develop and operate the Project. Carroll Lutheran was incorporated in 1977 as a Maryland nonstock, membership corporation and a not-for-profit charitable organization described in Section 501(c)(3) of the Code. Carroll Lutheran owns and operates a fee-for-service continuing care retirement community known as Carroll Lutheran Village, located on approximately 90 acres in Westminster, Carroll County, Maryland, approximately 30 miles northwest of Baltimore, Maryland and approximately 56 miles north of Washington, D.C. Carroll Lutheran Village consists of 398 residential independent living units, including 298 apartments and 100 homes, plus 50 assisted living units and 103 skilled nursing beds, 20 of which are dedicated to the care of persons with dementia or Alzheimer’s. Carroll Lutheran Village was accredited by the Continuing Care Accreditation Commission (now known as the Commission on Accreditation of Rehabilitation Facilities or CARF/CCAC) in 1991 and has retained accredited status since then. In 2011, Carroll Lutheran Village was reaccredited for a five-year period.

Carroll Lutheran is the sole member of the Obligor and was formed by the Lutheran congregations which are members of the Westminster Conference (the “Conference”) of the Delaware-Maryland Synod, Evangelical Lutheran Church of America (“ELCA”) which recognized a need for quality retirement facilities in central Maryland. Neither Carroll Lutheran nor the Obligor is responsible for any financial or contractual obligations of the Conference, the Synod or ELCA, and the Conference, the Synod and ELCA are not responsible for any financial or contractual obligations of Carroll Lutheran or the Obligor. Carroll Lutheran is solely liable for its obligations relating to the issuance of its own indebtedness. Carroll Lutheran is not obligated with respect to the Series 2014 Bonds, and the Obligor is not obligated with respect to any indebtedness of Carroll Lutheran. The Obligor is currently the only member of the Obligated Group. Carroll Lutheran is a member of the LeadingAge national organization and LeadingAge Maryland. Carroll Lutheran operates Carroll Lutheran Village on a nonsectarian basis.

Carroll Lutheran – Financial Support to the Project

Liquidity Support. Carroll Lutheran, the Obligor and the Master Trustee will enter into a liquidity support agreement (the “Liquidity Support Agreement”), at the issuance of the Series 2014 Bonds to provide liquidity support to the Obligor. Pursuant to the Liquidity Support Agreement, Carroll Lutheran has agreed (1) to make an advance to or for the benefit of the Obligor in the amount of \$2,000,000, which will be deposited in the Liquidity Support Fund established by the Master Indenture, (2) to reserve an additional \$1,000,000 on its balance sheet for future advances to the Obligor, if such additional funds are needed for working capital or liquidity and (3) to cause Citizens Bank of Pennsylvania to issue a standby irrevocable letter of credit in the original stated amount of \$4,000,000 (which is subject to reduction and replacement as described herein) (the “Bank Letter of Credit”) the beneficiary of which will be the Master Trustee (all of the foregoing (1), (2) and (3), the “Obligor Liquidity Support”).

After the Obligor has fully utilized the first \$2,000,000 on deposit in the Liquidity Support Fund, Carroll Lutheran will make additional advances of up to \$1,000,000 from the funds set aside on its balance sheet for the

purposes set forth below, which will be deposited in the Liquidity Support Fund and used in accordance with the Master Indenture.

The Master Trustee will be able to draw upon the Bank Letter of Credit only after the full amount of working capital reserve funds have been depleted under the terms of the documents executed in connection with the Project and the Obligor has fully utilized the first \$3,000,000 of Obligor Liquidity Support made available by Carroll Lutheran. Furthermore, the Master Trustee's ability to draw under the Bank Letter of Credit will reduce over time as follows:

- The ability to draw on the Bank Letter of Credit is reduced to \$3,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014E Bond or (b) March 31, 2017;
- The ability to draw on the Bank Letter of Credit is reduced to \$2,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond or (b) September 30, 2018.

Under the terms of the Master Indenture and the Liquidity Support Agreement, the Obligor may replace the Bank Letter of Credit with another letter of credit or collateral facility having substantially the same terms and conditions for draws as the Bank Letter of Credit or with cash deposited into the Liquidity Support Fund.

Uses of Liquidity Support. The moneys available under the Liquidity Support Agreement may be drawn upon by the Master Trustee for the benefit of the Obligor to pay for costs of completing the Project, operating expenses of the Project, costs of needed repairs to the Project, costs of capital improvements to the Project, judgments against the Obligor, refunds of Entrance Fees as required by the Residency Agreements or amounts due on any indebtedness of the Obligor but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran, if no other funds of the Obligor are available in any Master Trustee-held fund (other than the Operating Reserve Fund or the Debt Service Reserve Fund) for such purposes. Interest earned on amounts on deposit in the Liquidity Support Fund are to be remitted to Carroll Lutheran by the Master Trustee on at least a quarterly basis.

Termination of Liquidity Support Agreement and Closing of Liquidity Support Fund. The Liquidity Support Agreement will also provide that, upon meeting the following conditions, the obligations of Carroll Lutheran to make the Obligor Liquidity Support available to the Obligor shall terminate: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Obligor and any other Obligated Group Member have achieved a Debt Service Coverage Ratio of not less than 1.30 for four consecutive fiscal quarters; (c) the Obligor and any other Obligated Group Member have had not less than 200 Days' Cash on Hand for four consecutive quarters; (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (e) the independent living units that are part of the Project have had not less than 88% occupancy for the most recent four fiscal quarters; (f) the Obligated Group is then in compliance with the Continuing Care Act, and the release of funds from the Liquidity Support Fund will not cause the Obligor or any other Obligated Group Member to not be in compliance with the Continuing Care Act; and (g) there is no Event of Default under any documents evidencing, securing or otherwise related to the Bonds. Upon the satisfaction of the foregoing, any moneys remaining in the Liquidity Support Fund will be disbursed to Carroll Lutheran and the Liquidity Support Fund will be closed, and the Bank Letter of Credit or any replacement letter of credit facility or collateral facility may be terminated.

See "SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Liquidity Support Fund" in this Official Statement. See also Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS to this Official Statement.

CARROLL LUTHERAN IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT. CARROLL LUTHERAN HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT AND HAS NO OBLIGATION TO ADVANCE FUNDS TO THE OBLIGOR EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

See Appendix A hereto for a description of the Obligor, Carroll Lutheran and the Project. See also "FINANCIAL FEASIBILITY STUDY" in Appendix B hereto.

Series 2014F Subordinated Obligation. The amounts advanced and the interest, fees (including, without limitation, letter of credit fees), costs and expenses payable by Carroll Lutheran in connection with the liquidity support provided by Carroll Lutheran to the Obligor will be payable pursuant to a subordinated promissory note (the “Series 2014F Subordinated Obligation”) in the maximum principal amount of \$10,000,000 (which is comprised of the maximum \$7,000,000 of liquidity support plus the interest, fees, costs and expenses that could be charged to Carroll Lutheran and passed through to the Obligor) issued at the issuance of the Series 2014 Bonds. The Series 2014F Subordinated Obligation will not accrue interest. No payment shall be made on the Series 2014F Subordinated Obligation unless the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than 200 days, based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture.

Development Services. Pursuant to a Development Services Agreement, the Obligor has agreed to pay Carroll Lutheran a development fee in the aggregate amount of \$3,880,000 (the “Development Fee”) in consideration of past and future support staff and services provided by Carroll Lutheran to the Obligor. Under the Development Services Agreement, Carroll Lutheran will continue to provide support staff and services to the Obligor until Miller’s Grant opens for residents. A portion of the Development Fee, in the amount of \$380,000, will be payable at a rate of \$20,000 per month, commencing August 1, 2014, and continuing on the first day of each month thereafter for a period of 19 months. The remaining amount of the Development Fee, in the amount of \$3,500,000 (the “Deferred Portion”), will be payable to Carroll Lutheran and evidenced by the Series 2014G Subordinated Obligation.

Series 2014G Subordinated Obligation. The Deferred Portion will be paid pursuant to a subordinated promissory note (the “Series 2014G Subordinated Obligation”) in the principal amount of \$3,500,000 issued at issuance of the Series 2014 Bonds. The Series 2014G Subordinated Obligation will accrue interest at 3.5% per annum on the outstanding principal balance of the Series 2014G Subordinated Obligation. Accrued and unpaid interest will not be added to the principal amount of the Series 2014G Subordinated Obligation. No payment of principal or interest shall be made on the Series 2014G Subordinated Obligation unless the following conditions have been satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment, the Days’ Cash on Hand will not be less than 250, based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under the Master Indenture. The Master Indenture requires that the Series 2014F Subordinated Obligation shall be paid in full prior to the payment of the Series 2014G Subordinated Obligation.

History of the Project

In 1942, Charles E. Miller purchased Grey Rock Farm (the “Farm”), a cornfield approximately 435 acres in size, located along Frederick Road in Ellicott City, Howard County, Maryland. Miller, a farmer and active member of the First Evangelical Lutheran Church, donated parts of the Farm over the years for the construction of the new First Lutheran Church of Ellicott City and for the construction of a county library, which is adjacent to the Project. During the span of his lifetime, he actively sought the means for establishing a healthcare facility with Lutheran

heritage on the Farm. In 1977, Carroll Lutheran had been formed to own and operate Carroll Lutheran Village in Westminster, Maryland (as described below). Upon Charles E. Miller's death in 1982, his son, Paul Miller, through his company, the Miller Land Company, developed a housing community on the Farm known as the Grey Rock Community and later transferred a separate part of the Farm's land for the construction of a senior center. In early 2003, Paul Miller and the company formed by him, Grey Rock Community, Inc., a Maryland nonstock corporation ("Grey Rock"), commenced conversations with Carroll Lutheran to bring to fruition Charles Miller's dream of establishing a healthcare facility with Lutheran heritage on the Farm. In May of 2006, the Howard County Department of Planning and Zoning approved the rezoning of a portion of the Farm for the construction of the Project. In May 2006, the Howard County Department of Planning and Zoning approved the rezoning of the land for the Project's construction. In March 2007, after nearly 30 years of operations of Carroll Lutheran, Grey Rock donated approximately 50 acres of the Farm's land to the Obligor for the purpose of constructing and operating the Project.

In June 2006, the Obligor began assembling its initial team for the Project, created a concept plan and submitted the initial plan for the approval of the Maryland Department of Aging (the "MD DOA"). Pursuant to this plan, construction of the Project's first phase included 263 independent living units, 52 assisted living units and a wellness center. Construction of the Project's second phase included an additional 23 independent living units, a swimming pool and a multipurpose room. The Obligor also planned to offer potential residents two types of residency agreements; the first entitled the Project's initial 60% of residents to recoup 100% of their entrance fees, and the second entitled the following 40% of the Project's residents to recoup 90% of their entrance fees. In March 2008, the MD DOA responded to the initial plan submitted by the Obligor by recommending that the Obligor amend the Project's plan to include the construction of skilled nursing beds. In response to the MD DOA's recommendation, the Obligor submitted a revised construction plan and feasibility study on July 24, 2008, which detailed the construction of 263 independent living units, 39 assisted living units, and 13 skilled nursing beds (the "Revised Project"). On March 29, 2009, the MD DOA issued a Preliminary Certificate of Registration for the Revised Project. This Preliminary Certificate of Registration approved the Obligor's feasibility study and its proposed marketing materials and permitted the Obligor to enter into continuing care agreements with subscribers and collect 10% deposits. The Preliminary Certificate of Registration further required that the Obligor hold all residency deposits in escrow until an initial Certificate of Registration was issued by the MD DOA.

In April 2011, the Obligor engaged Eventus Strategic Partners, LLC ("Eventus"), a project development and financial consulting firm specializing in continuing care retirement communities, to review the Revised Project's expected development costs, financial projections, and the status of the Obligor's marketing and sales efforts. The Obligor engaged Eventus again in September 2011 to provide an updated financial analysis of the Revised Project, so that the Obligor could determine whether any further modifications were necessary to yield a financially feasible project design. The modifications the Obligor sought to implement after its review of the updated financial analysis enabled Eventus to design a project management consulting proposal (the "PMC Proposal") for the construction of the Revised Project. During the pendency of review of the PMC Proposal by the Obligor's Board of Directors, the Obligor contracted with Eventus for a third time in June 2012, requesting that Eventus create several construction-related deliverables, including a Request for Qualifications template that the Obligor could use to select construction contractors. In August 2012, the Obligor entered into a Project Management Consulting Agreement with Eventus (the "PMC Agreement"), in which the Obligor agreed to pay Eventus \$1,925,000 for Eventus' provision of development consulting services related to the Project. Eventus' responsibilities under the PMC Agreement include its overall management of the Project's development and timeline; development planning; development team engagement and management; coordination of architectural, construction, and interior plans; and the coordination and oversight of the approved operating and construction budget, as well as the Project's financing activities.

Following its receipt of the MD DOA's Preliminary Certificate of Registration, the Obligor initiated a marketing campaign and opened its onsite welcome center. After its initial marketing efforts, the Obligor detected a general concern from prospective residents over the surrounding decline in economic conditions, creating a hesitancy to enter into the Revised Project's residency agreements. To alleviate the concern expressed by potential residents, the Obligor considered both modifying the construction schedule of the Revised Project and adjusting its residency agreements to include reduced entrance and monthly fees. The Obligor also halted its marketing efforts in early 2010 on account of these potential modifications. In June 2010, the Obligor submitted to the MD DOA a revised feasibility study that identified lower price points for the Revised Project's residencies. In November 2010, the MD DOA approved the Obligor's revised feasibility study. The Obligor resumed its marketing efforts for the

Revised Project in December 2010 and sought to contract with a consulting and management company to oversee the Revised Project's construction.

Approvals continued in February 2013 with the Department of Planning and Zoning approving the Site Development Plan. The Obligor achieved the pre-construction sales goal of 75% (181 residences) in April 2014, thus surpassing the total number required in order to pursue financing for the Project. In May and June 2014, the Obligor secured guaranteed maximum price agreements from the primary contractors for the Project, Harkins Builders, Inc. and Williamsburg Group, LLC.

As a culmination of these activities, the Obligor held a ceremonial groundbreaking for the Project on July 10, 2014.

See "DEVELOPMENT OF THE PROJECT" in Appendix A hereto.

Marketing and Presales

The Obligor began collecting 10% deposits for reservation of the Independent Living Units (the "Entrance Fee Deposits") in August 2008. As of July 21, 2014, 187 of the 241 available Independent Living Units (approximately 77.6%) are reserved by prospective residents who have executed a reservation agreement (the "Reservation Agreement"), provided a self-disclosure of his or her health and finances and placed a deposit equal to 10 percent of the Entrance Fee (the "Reservation Deposit") on the selected Independent Living Unit. The remaining 90% of the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit. The Reservation Agreement reserves the right of the prospective resident to choose the selected Independent Living Unit and indicate his or her intent to execute a residence and care agreement (the "Residency Agreement").

In connection with the Financial Feasibility Study, the depositors as of the date of the Financial Feasibility Study reported a median net worth of approximately \$1,407,000 and median annual income of approximately \$76,000. The average age of all depositors is expected to be approximately 79 years of age during the Project's first full year occupancy in 2016. Prospective residents terminating the Residency Agreement prior to occupancy will receive a refund of their Entrance Fee Deposit in full, less any costs associated with optional amenities. See "DEPOSIT AGREEMENTS" in Appendix A hereto.

The Project Site and Planned Development

Miller's Grant will be situated on approximately 50 acres adjacent to the Charles E. Miller Library and a senior center in Ellicott City, Howard County, Maryland, at the intersection of Frederick Road and Arcadia Drive. The site is approximately two and one-half miles south of the intersection of Interstate 70 ("I-70") and U.S. Route 29 ("US-29"). US-29 runs north/south from Pensacola, Florida, to Ellicott City. I-70 runs east/west from Maryland to Utah and provides access to Interstate 695 ("I-695"). I-695 is approximately seven miles east of the site and serves as a 51-mile beltway for suburban access around Baltimore, Maryland. U.S. Route 40, known as Baltimore National Pike and approximately one-half mile from Miller's Grant, runs east/west through downtown Baltimore then northeast to Wilmington, Delaware. Baltimore Washington International Thurgood Marshall Airport, or BWI, is located approximately 17 miles from the site and provides service for approximately 13 airlines to more than 70 domestic and international locations.

Development of the Project is expected to progress in multiple phases. Phase I includes 205 apartments, 36 homes, 20 assisted living units, 12 skilled nursing units, parking, a community center, a maintenance building and administration areas. Phase I amenities include a fitness center, wellness center, activity rooms, walking paths and hiking trail, garden tracts, concierge services and multiple dining venues for the enjoyment of residents. While a formal dining venue will be constructed in Phase I of the Project, waited dining services will be introduced after fill-up is substantially completed and will be phased in as demand for such services materializes.

In addition to assisted living and skilled nursing care, home health services and a clinic featuring access to health care services are planned as part of Phase I to meet residents' future needs.

The Obligor has contemplated the development of Phase II of the Project, which if pursued, is planned to include approximately 40 additional independent living units, approximately 19 additional assisted living units and

approximately 12 additional skilled nursing beds. Any indebtedness incurred in connection with Phase II will need to satisfy the test for Additional Indebtedness as set forth in the Master Indenture. If the Obligor is unable to satisfy the Additional Indebtedness test at the time that Phase II would become necessary to meet residents' future healthcare needs, the Obligor could expand its then-existing healthcare offerings within the residential components then in existence at Miller's Grant. Alternately, the Obligor has established and is expected to further establish relationships with existing similar continuing care retirement communities whereby the Obligor's residents would receive priority treatment for admission into the assisted living and skilled nursing units within such communities after the admission of such communities' existing residents to assist in meeting healthcare demands of the Miller's Grant population. Carroll Lutheran Village is one such community.

The Obligor has defined the Primary Market Area (the "PMA") for the Project to be a 14 zip code area surrounding the Project that lies primarily within Howard County and southeast Carroll County, spanning approximately 24 miles from the north to south at the longest points and 20 miles from east to west at the widest points. The total population within the PMA based on the 2010 census was 321,149 and is estimated to be approximately 338,006 for the year 2014. The total population within the PMA that is 65 or over is estimated to be 45,817 and that is 75 or over is estimated to be 18,992. For more information on the PMA, see "FINANCIAL FEASIBILITY STUDY" in Appendix B hereto.

The Development Consultant

The Obligor and Eventus Strategic Partners, LLC (the "Development Consultant") have entered into a Project Management Consulting Agreement in August 2012 (the "Development Consultant Agreement") pursuant to which the Development Consultant is providing development, consulting and other services related to the Project.

The Development Consultant is a privately-owned limited liability company that specializes in providing planning, development, marketing and strategic consulting services to continuing care retirement communities. The Development Consultant and its related company, Aegis Property Group, currently have a staff of approximately 24 persons, and senior management has more than 140 years of combined experience in senior housing development. The Development Consultant is currently responsible for the development and/or marketing of approximately nine (9) senior living community development and expansion projects. The Development Consultant has provided strategic consulting services to more than 30 senior living communities and providers since 2006.

As compensation for services rendered pursuant to the Development Consultant Agreement, the Development Consultant is to be paid a fee over five phases of the term of the Development Consultant Agreement. See "DEVELOPMENT OF THE PROJECT – The Development Consultant" in Appendix A hereto.

The Management Company

The Obligor has retained Carroll Lutheran pursuant to a Management Services Agreement dated as of August 1, 2014 (the "Management Agreement") pursuant to which Carroll Lutheran will serve as the manager of the Project, and in connection therewith, recommend and regularly evaluate policies and goals of the Obligor, implement the policies, budgets, directives and goals for the Project established by the Obligor, manage the day to day operations of the Project in accordance with the Obligor's policies, directives and goals, provide the Obligor with relevant information as to past operations, and make recommendations as to the future operation of the Project.

See "DEVELOPMENT OF THE PROJECT – Management Services" in Appendix A hereto.

PLAN OF FINANCING

Application of Series 2014 Bond Proceeds. The proceeds of the Series 2014 Bonds will be loaned by the Issuer to the Obligor and will be used, together with other available moneys described herein (including, without limitation, a portion of the proceeds of the Series 2014E Bond), (i) to pay or reimburse the Obligor for the costs of the Project; (ii) to refinance a portion of the outstanding amount of the Pre-Development Loan; (iii) to fund separate debt service reserve accounts for the Series 2014 Bonds; (iv) to pay capitalized interest on the Series 2014 Bonds through approximately July 1, 2016; * (v) to fund an initial deposit to a working capital fund; and (vi) to pay certain

* Preliminary, subject to change

expenses incurred in connection with the issuance of the Series 2014 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Application of Series 2014E Bond Proceeds. The proceeds of the Series 2014E Bond will be loaned by the Issuer to the Obligor and will be used, together with other available moneys (including, without limitation, a portion of the proceeds of the Series 2014 Bonds), (i) to pay or reimburse the Obligor for a portion of the costs of the Project; (ii) to refinance the remaining outstanding amount of the Pre-Development Loan; (iii) to pay capitalized interest on the Series 2014E Bond through approximately November 2015; (iv) to fund an initial deposit to a working capital fund, and (v) to pay certain expenses incurred in connection with the issuance of the Series 2014E Bond. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Issuer has delivered its not to exceed \$25,000,000 Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E (the “Series 2014E Bond”). The Series 2014E Bond was delivered pursuant to the Act, the Resolution and that certain Loan and Financing Agreement dated as of July 1, 2014 (the “Series 2014E Loan and Financing Agreement”) among the Issuer, Branch Banking and Trust Company (the “Series 2014E Bondholder”) and the Obligor. Under the terms of the Series 2014E Loan and Financing Agreement, the Issuer delivered the Series 2014E Bond and agreed to lend the proceeds thereof to the Obligor, the Obligor agreed to make loan payments at times sufficient to pay principal, premium (if any) and interest on the Series 2014E Bond, and the Series 2014E Bondholder has purchased the Series 2014E Bond on the terms and conditions set forth therein and in (a) that certain Continuing Covenants Agreement dated as of August 1, 2014 by and between the Series 2014E Bondholder and the Obligor (the “Continuing Covenants Agreement”) and (b) that certain Construction Disbursement and Monitoring Agreement (the “Disbursement Agreement”; the Disbursement Agreement, the Continuing Covenants Agreement and the Series 2014E Loan and Financing Agreement, collectively, the “Series 2014E Bond Documents”) dated as of August 1, 2014 by and among the Obligor, zumBrunnen, Inc. (the “Construction Monitor”), the Bond Trustee and the Series 2014E Bondholder. The Series 2014E Bond is secured by a promissory note (the “Series 2014E Master Obligation”) issued pursuant to the Master Indenture on a parity with all of the other Series 2014 Master Obligations. The sale of the Series 2014 Bonds is contingent upon the satisfaction of any conditions precedent to the initial advance of proceeds under the Series 2014E Bond (other than the condition precedent of the issuance of the Series 2014 Bonds). **The Series 2014E Bond is not being offered pursuant to this Official Statement.**

The Series 2014E Bond is being issued on a draw-down basis, and the Series 2014E Bondholder will hold the Series 2014E Bond. The purchase price of the Series 2014E Bond will be paid through periodic advances of the proceeds of the Series 2014E Bond (“Series 2014E Bond Proceeds Advances”) in accordance with the Series 2014E Bond Documents. Except as otherwise provided in the Series 2014E Loan and Financing Agreement, the principal amount of the Series 2014E Bond outstanding and due shall only be the aggregate amount as has been drawn down and interest shall only accrue on such principal amount of the Series 2014E Bond as has actually been drawn. See “CERTAIN BONDHOLDERS’ RISKS – The Series 2014E Bond is a Draw-Down Bond.”

Under the terms of the Series 2014E Loan and Financing Agreement, the Obligor may make requests for Series 2014E Bond Proceeds Advances on a monthly basis or more frequently as acceptable to the Series 2014E Bondholder and shall be made in accordance with the Disbursement Agreement.

The Series 2014E Bond is payable from the release of Initial Entrance Fees in accordance with the operation of the Entrance Fee Fund prior to the use of such Entrance Fees to the redemption of payment of the Series 2014 Bonds. See “Plan of Financing – Application of Initial Entrance Fees” herein.

No debt service reserve fund will be funded for the benefit of the holder of the Series 2014E Bond. The Debt Service Reserve Fund for the Series 2014 Bonds does not secure the Series 2014E Bond.

Application of Initial Entrance Fees. The Master Trustee will establish and maintain a separate fund to be known as the Entrance Fee Fund. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Master Obligations (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture.

(a) The Members of the Obligated Group agree that all Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof for deposit into the Entrance Fee Fund; provided that no Initial Entrance Fees will be subject to transfer by the Obligated Group so long as such Entrance Fees must be held in the Entrance Fee Escrow Account pursuant to the Continuing Care Act.

(b) Upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (c) below.

(c) The Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds. The Obligated Group Representative shall also provide a copy of such Officer's Certificate to the Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST, to the Operating Reserve Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the Operating Reserve Fund equals the Operating Reserve Fund Requirement or to replenish the Working Capital Fund if any funds have been transferred to the Operating Reserve Fund from the Working Capital Fund in order that the amount on deposit in the Operating Reserve Fund equals the Operating Reserve Fund Requirement.

THIRD: If no pending disbursement under FIRST or SECOND, to the Working Capital Fund established by the Master Indenture until the total amount of Initial Entrance Fees transferred from the Entrance Fee Fund to the Working Capital Fund, including all prior transfers, equals \$15,000,000. The Master Trustee will not replenish funds withdrawn from the Working Capital Fund or transfer moneys from the Entrance Fee Fund to the Working Capital Fund once a total amount of \$15,000,000 in Initial Entrance Fees has been deposited from the Entrance Fee Fund to the Working Capital Fund. However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 of Initial Entrance Fees from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

FOURTH: If no pending disbursement under FIRST, SECOND or THIRD, to the Series 2014E Bondholder to redeem the Series 2014E Bond pursuant to the Series 2014E Loan and Financing Agreement.

FIFTH: If no pending disbursement under FIRST, SECOND, THIRD or FOURTH, to the Entrance Fee Redemption Account established under the Series 2014 Bond Indenture. The monies in the Entrance Fee Redemption Account shall be used to redeem the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds, in that order.

(d) Once any amount on deposit in the Entrance Fee Escrow Account is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Entrance Fee Escrow Agent to transfer the amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Entrance Fee Escrow Agent with a copy to the Master Trustee) for application as provided in subsection (c) above.

(e) After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate and an Opinion of Counsel stating the satisfaction of

such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

ESTIMATED SOURCES AND USES OF FUNDS

The following is the estimated sources and uses of funds in connection with the issuance of the Series 2014 Bonds.*

Sources of Funds

Series 2014A Bonds	\$ 61,260,000
Series 2014B Bonds	6,770,000
Series 2014C Bonds	21,250,000
Series 2014D Bonds	15,000,000
Series 2014E Bond ¹	25,000,000
Initial Entrance Fees	15,000,000
Land Contribution and Capital Contribution from Grey Rock	12,475,000
Liquidity Support Fund	2,000,000
Expected Interest Earned on Trustee Held Funds	440,000
Series 2014G Master Obligation	3,500,000

Total Sources of Funds	\$ 162,695,000
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Uses of Funds

Direct construction costs	\$ 73,814,000
Design and engineering costs	6,324,000
Contingency	4,217,000
Indirect construction costs	6,394,000
Pre-Development Costs	950,500
Development costs	6,411,000
Professional fees	650,000
Marketing costs	6,975,000
Land	11,600,000
Interest on Pre-Development Loan	1,400,000
Liquidity Support Fund	2,000,000
Working Capital Fund	17,100,000
Capitalized Interest on Series 2014 Bonds ²	13,859,000
Debt Service Reserve Funds for the Series 2014 Bonds	7,767,000
Costs of Issuance ³	3,233,500

Total Uses of Funds	\$ 162,695,000
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¹ The Series 2014E Bond is being issued on a draw-down basis. Interest will only accrue on the drawn portion of the Series 2014E Bond.

² Interest on the Series 2014 Bonds through approximately April 1, 2016 and for the Series 2014E Bond through approximately November 2015.

³ Includes Underwriter's discount, the Issuer, trustee, legal, accounting and other professional fees, printing and other miscellaneous expenses relating to the issuance and sale of the Series 2014 Bonds and the Series 2014E Bond and other costs.

* Preliminary, subject to change.

THE SERIES 2014 BONDS

General

The Series 2014 Bonds will be issued only in fully registered form without coupons in the denominations of \$5,000 or any integral multiple thereof. The Series 2014 Bonds will be dated the date of their issuance and delivery, and will accrue interest from their date, except as otherwise provided in the Bond Indenture. The Series 2014 Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the rate set forth on the inside cover page hereof, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2015 (each, an “Interest Payment Date”) until maturity or prior redemption, and mature on the dates set forth on the inside cover page hereof.

The Series 2014 Bonds provide that no recourse under any obligation, covenant or agreement contained in the Bond Indenture, or in any Series 2014 Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, will be had against any past, present or future member, incorporator, officer, agent, employee or representative of the Issuer. None of the directors, incorporators, officers, agents, employees or representatives of the Issuer, past, present or future, will be personally liable under the Series 2014 Bonds or the Bond Indenture, or be subject to any personal liability by reason of the issuance of the Series 2014 Bonds or the Bond Indenture, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of the Series 2014 Bonds.

So long as DTC acts as securities depository for the Series 2014 Bonds, as described under “BOOK-ENTRY ONLY SYSTEM” herein, all references herein to “Owner,” “owner,” “Holder” or “holder” of any Series 2014 Bonds or to any Series 2014 “Bondowner,” “Bondholder,” “bondowner” or “bondholder” are deemed to refer to Cede & Co., as nominee for DTC, and not to Participants, Indirect Participants or Beneficial Owners (as defined herein).

Payment of Principal and Interest

While the Series 2014 Bonds are in the book-entry only system, the method and place of payment will be as provided in the book-entry only system hereinafter described under “BOOK-ENTRY ONLY SYSTEM.” If the book-entry only system for the Series 2014 Bonds is discontinued, the method and place of payment will be as follows:

The principal or redemption price of and interest on the Series 2014 Bonds is payable in lawful money of the United States of America at the Payment Office of the Bond Trustee, or at the designated corporate trust office of its successor, upon presentation and surrender of the Series 2014 Bonds. Payment of interest on each Series 2014 Bond will be made to the person in whose name such Series 2014 Bond is registered on the Bond Register at the close of business on the applicable Record Date and is required to be paid (i) by check or draft mailed to such registered owner on the applicable Interest Payment Date at such owner’s address as it appears on the Bond Register or (ii) as to any registered owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds who so elects, by wire transfer of funds. In the event of default in the payment of interest due on such Interest Payment Date, defaulted interest will be payable to the person in whose name such Series 2014 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest established by notice mailed by the Bond Trustee to the registered owners of Series 2014 Bonds not less than ten days preceding such Special Record Date.

Transfers and Exchanges; Persons Treated as Owners

The Series 2014 Bonds are exchangeable for an equal aggregate principal amount of fully registered Series 2014 Bonds of the same maturity and series and are in authorized denominations at the designated office of the

Bond Trustee but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

The Series 2014 Bonds are fully transferable by the registered owner in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of the Series 2014 Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2014 Bond of authorized denomination or denominations for the same aggregate principal amount, maturity and series will be issued to the transferee in exchange therefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2014 Bond after the mailing of notice calling such Series 2014 Bond or any portion thereof for redemption as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

As to any Series 2014 Bond, the person in whose name such Series 2014 Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Series 2014 Bond will be made only to or upon the written order of the registered owner thereof or his legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2014 Bond to the extent of the sum or sums paid.

Redemption Prior to Maturity

Optional Redemption of Series 2014A Bonds. The Series 2014A Bonds maturing on or after July 1, 20__ are subject to optional redemption prior to maturity by the Issuer at the written direction of the Obligor in whole or in part on July 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of such Series 2014A Bonds to be redeemed, together with accrued interest to the redemption date. The Series 2014A Bonds are not to be optionally redeemed until all Series 2014B Bonds, Series 2014C Bonds, Series 2014D Bonds and the Series 2014E Bond have been paid in full.

Optional Redemption of Series 2014B Bonds. The Series 2014B Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date, at a redemption price equal to the principal amount of such Series 2014B Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees. The Series 2014B Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, but shall not be redeemed until all Series 2014C Bonds, Series 2014D Bonds and Series 2014E Bond have been paid in full.

Optional Redemption of Series 2014C Bonds. The Series 2014C Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date, at a redemption price equal to the principal amount of such Series 2014C Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees. The Series 2014C Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds or any Series 2014B Bonds, but shall not be redeemed until all Series 2014D Bonds and the Series 2014E Bond have been paid in full.

Optional Redemption of Series 2014D Bonds. The Series 2014D Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date, at a redemption price equal to the principal amount of such Series 2014D Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees. The Series 2014D Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, any Series 2014B Bonds or any Series 2014C Bonds but shall not be redeemed until the Series 2014E Bond has been paid in full.

Entrance Fee Redemption of Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds. Initial Entrance Fees from the Project, after payment of any refunds have been made, the required deposits to the Working Capital Fund and the Operating Reserve Fund have been made, and the Series 2014E Bond has been paid in full, all as described under “PLAN OF FINANCING – Application of Initial Entrance Fees”, are to be transferred from the

Entrance Fee Fund to the Entrance Fee Redemption Account of the Bond Indenture on each March 15, June 15, September 15 and December 15 (each, an “Entrance Fee Transfer Date”). The Series 2014B Bonds, the Series 2014C Bonds, and the Series 2014D Bonds are subject to redemption on each January 1, April 1, July 1, and October 1 (each, an “Entrance Fee Redemption Date”) from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds being redeemed plus the interest accrued thereon through the date of redemption.

The Master Indenture requires that the Series 2014E Bond will be redeemed prior to the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds.

The Bond Indenture requires that, after payment of the Series 2014E Bond in full, funds on deposit in the Entrance Fee Redemption Account be applied first to redeem the Series 2014D Bonds, second to redeem the Series 2014C Bonds and finally to redeem the Series 2014B Bonds. Redemption of the Series 2014B Bonds from funds on deposit in the Entrance Fee Redemption Account will not begin until the Series 2014C Bonds have been paid in full; redemption of the Series 2014C Bonds from funds on deposit in the Entrance Fee Redemption Account will not begin until the Series 2014D Bonds have been paid in full.

The principal amount of Series 2014B Bonds, Series 2014C Bonds or Series 2014D Bonds to be redeemed on an Entrance Fee Redemption Date will be equal to the largest Authorized Denomination of the Series 2014B Bonds, Series 2014C Bonds, or Series 2014D Bonds for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the day following the immediately preceding Entrance Fee Transfer Date.

Mandatory Sinking Fund Redemption of Series 2014A Bonds. The Series 2014A Bonds maturing on July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption from amounts deposited to the Principal Account of the Bond Fund established pursuant to the Bond Indenture by the Obligor, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, on July 1 in each of the years and amounts as follows:

The \$_____ Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

Year	Amount	Year	Amount
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‡ Maturity

The \$_____ Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

Year	Amount	Year	Amount
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‡ Maturity

The \$_____ Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

Year	Amount	Year	Amount
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‡ Maturity

On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine) from all Series 2014A Bonds Outstanding maturing on July 1, 20__, 20__, or 20__, as the case may be, a principal amount of such Series 2014A Bonds equal to the Aggregate Principal Amount of such Series 2014A Bonds redeemable with the required sinking fund payment and shall call such Series 2014A Bonds or portions thereof (\$5,000 or any integral multiple thereof) for redemption from the sinking fund on the next July 1 and give notice of such call. At the option of the Obligor to be exercised by delivery of a written certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2014A Bonds or portions thereof maturing on July 1, 20__, 20__ or 20__, as the case may be, in an Aggregate Principal Amount desired by the Obligor or (ii) specify a principal amount of Series 2014A Bonds or portions thereof maturing on July 1, 20__, 20__ or 20__, as the case may be, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Issuer and not theretofore applied as a credit against any sinking fund redemption obligation. Any such Series 2014A Bonds are required to be credited against the next succeeding or any other sinking fund redemption date designated in writing by the Obligor.

Extraordinary Optional Redemption. The Series 2014 Bonds will be subject to optional redemption by the Obligor prior to their scheduled maturities, in whole or in part (proportionately among each series) at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any Property (as defined in the Deed of Trust) of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount, and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such Property; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive, or administrative action (whether state or federal) or of any final decree, judgment, or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Loan Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement.

Mandatory Redemption from Surplus Construction Fund Money. The Series 2014 Bonds are subject to mandatory redemption, on a pro rata basis among each series then outstanding, in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following the Completion Date at a redemption price equal to the aggregate principal amount of the Series 2014 Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Loan Agreement) are transferred to the Principal Account of the Bond Fund established pursuant to the Bond Indenture.

Mandatory Redemption upon Determination of Taxability. The Series 2014 Bonds are subject to mandatory redemption in whole at a redemption price equal to 105% of the principal amount of the Series 2014 Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day

within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if, in the Opinion of Bond Counsel, a mandatory redemption on account of a Determination of Taxability of less than all of the Series 2014 Bonds would result in the interest on the Series 2014 Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Series 2014 Bonds, then the Series 2014 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such Opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” means: (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service (the “IRS”) which in effect holds that an Event of Taxability has occurred; (b) the issuance of a proposed written adverse determination by the IRS to the Obligor or the Issuer, which in effect holds that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Obligor or the Issuer has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (i) abandonment of the appeals process by the Obligor, (ii) the date on which such appeals process has been concluded adversely to the Obligor or the Issuer and no further appeal is permitted or (iii) twelve (12) months after the receipt by the Obligor or the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in aggregate principal amount of the Series 2014 Bonds then Outstanding; (c) the deposit by the Obligor with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the date of taxability (i.e. the date on which the interest on the Series 2014 Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability; (d) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred; or (e) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014 Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014 Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

Partial Redemption. In the event that less than all of the Series 2014 Bonds or portions thereof are to be redeemed, the Series 2014 Bonds to be redeemed shall be selected: first, from the Series 2014D Bonds; second, from the Series 2014C Bonds; third, from the Series 2014B Bonds; and fourth, from the Series 2014A Bonds. In the event that less than all of the Series 2014A Bonds or portions thereof of a particular series are to be redeemed, the Obligor may select particular maturities of such series to be redeemed. If less than all Series 2014 Bonds or portions thereof of a single maturity are to be redeemed, they shall be selected by the Securities Depository in accordance with the Applicable Procedures (as defined in the Master Indenture) or if the Series 2014 Bonds or portions thereof to be redeemed are not held by the Securities Depository in a book-entry system by lot or in such other manner as the Bond Trustee may determine. If a Series 2014 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2014 Bond may be redeemed, but Series 2014 Bonds will be redeemed only in the principal amount of an Authorized Denomination and no Series 2014 Bond may be redeemed in part if the principal amount to be outstanding following such partial redemption is not an Authorized Denomination.

Notice of Redemption. In case of every redemption, the Bond Trustee will cause notice of such redemption to be given by mailing by first-class mail, postage prepaid, or sending electronically pursuant to the Applicable Procedures, a copy of the redemption notice to the owners of the Series 2014 Bonds designated for redemption, in whole or in part, at their addresses as the same last appear upon the registration books (other than Entrance Fee Redemption of Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds) in each case not more than 60 nor less than 30 days (and in the case of Entrance Fee Redemption of Series 2014B Bonds, Series 2014C Bonds and Series 2014 D Bonds, 10 days) prior to the redemption date. In addition, notice of redemption will be sent by first class or registered mail, return receipt requested, or by overnight delivery service (1) contemporaneously with such mailing: (a) to any owner of \$1,000,000 or more in principal amount of the Series 2014 Bonds, and (b) to the Municipal Securities Rulemaking Board’s Electronic Municipal Marketplace Access website; and (2) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of the Series 2014 Bonds to be redeemed so that such notice is received at least two days prior to such mailing date. An additional notice of redemption will be given by certified mail, postage prepaid, mailed not less than 60 nor more than 90 days after the redemption date to any owner of the Series 2014 Bonds selected for

redemption that has not surrendered the Series 2014 Bonds called for redemption, at the address as the same will last appear upon the registration books. Any notice of redemption is required to contain the information specified in the Bond Indenture. The failure to give any such notice, or any defect therein, will not affect the validity of any proceedings for the redemption of such Series 2014 Bonds. Upon the written direction of the Obligor, a notice of optional redemption shall contain a statement to the effect that the optional redemption of the Series 2014 Bonds is conditioned upon the receipt by the Bond Trustee, prior to the date fixed for such redemption, of amounts equal to the redemption price of the Series 2014 Bonds to be optionally redeemed. If such condition will not be satisfied the Obligor is to provide notice to the Bond Trustee not less than two Business Days prior to the redemption date that such condition will not be satisfied, and the notice of redemption shall be rescinded and the redemption subject to the satisfaction of such condition shall not occur.

Purchase in Lieu of Redemption. In lieu of redeeming the Series 2014 Bonds, the Bond Trustee may, at the request of the Obligor, use such funds otherwise available under the Bond Indenture for redemption of Series 2014 Bonds to purchase Series 2014 Bonds in the open market at a price not exceeding the redemption price then applicable.

Intercreditor Provisions. The Series 2014 Bonds and the Series 2014E Bond are both secured by Master Obligations issued under the Master Indenture, which Master Obligations are intended to be secured on a parity basis under the Master Indenture. In consideration of the parity security of the Master Obligations securing all of the Series 2014 Bonds and the Series 2014E Bond, in the Bond Indenture, the Holders of the Series 2014 Bonds, by their acceptance of the Series 2014 Bonds, and the Bond Trustee further acknowledge and agree as follows:

(a) On any scheduled principal or interest payment date on the Series 2014 Bonds, if the Bond Trustee does not receive funds sufficient to make a scheduled principal or interest payment for the Series 2014 Bonds, the Bond Trustee shall notify the Series 2014E Bondholder in writing of such deficiency.

(b) On the Business Day prior to any scheduled principal or interest payment date on the Series 2014 Bonds, if the Bond Trustee shall receive timely written notice from the Series 2014E Bondholder that it did not receive funds sufficient to make a scheduled principal or interest payment for the Series 2014E Bond, the Bond Trustee is required to cooperate with the Series 2014E Bondholder regarding any transfers of funds to the Series 2014E Bondholder so that any corresponding principal and interest payments to be applied under the Bond Indenture and the Series 2014E Loan and Financing Agreement, as applicable, shall be applied pro rata based on the principal amount of the Series 2014 Bonds and the Series 2014E Bond then currently outstanding.

(c) In connection with any optional or extraordinary mandatory redemption under the Bond Indenture, the Bond Trustee, upon being provided with the Officer's Certificate with respect to such redemption, shall promptly deliver a copy of such Officer's Certificate to the Series 2014E Bondholder with respect to such redemption and shall cooperate with the Series 2014E Bondholder to avoid any disparate treatment of the Series 2014E Bond and the related Master Obligation under the Master Indenture.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Series 2014 Bonds is to be transferred and how the principal of and interest on the Series 2014 Bonds are to be paid to and credited by DTC while the Series 2014 Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Obligor and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Obligor cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2014 Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2014 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2014 Bonds. The Series 2014 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of each series of the Series 2014 Bonds, in the aggregate principal amount of each maturity of each series, and will be deposited with DTC.

General

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2014 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Series 2014 Bonds representing their ownership interests in Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds; DTC's records show only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2014 Bonds may wish to

ascertain that the nominee holding the Series 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Obligor as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2014 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption and interest payments on the Series 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Obligor or the Bond Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee, or the Obligor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Obligor or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the Obligor or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered to DTC Participants or the Beneficial Owners, as the case may be.

Limitation

For so long as the Series 2014 Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer, the Obligor and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Series 2014 Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Series 2014 Bonds, references herein to the Holders or registered owners of the Series 2014 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2014 Bonds.

Because DTC is treated as the owner of the Series 2014 Bonds for substantially all purposes under the Bond Indenture, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Issuer, the Obligor, the Bond Trustee or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2014 Bonds that may be transmitted by or through DTC.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee shall satisfy the Issuer's obligations under the Bond Indenture and the Obligor's obligations under the Loan Agreement to the extent of the payments so made.

None of the Issuer, the Obligor or the Bond Trustee shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2014 Bonds;

(ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any notice with respect to any Series 2014 Bond including, without limitation, any notice of redemption with respect to any Series 2014 Bond;

(iii) the payment to any Direct Participant or Indirect Participant or any other Person, other than a Holder, as shown on the registration books maintained by the Bond Trustee, of any amount with respect to the principal or redemption price of, or interest on, any Series 2014 Bond; or

(iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system hereinabove described, the Issuer, the Obligor and the Bond Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute Holder of the Series 2014 Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal or redemption price of and interest on the Series 2014 Bonds;

(ii) giving notices of redemption and other matters with respect to the Series 2014 Bonds;

(iii) registering transfers with respect to the Series 2014 Bonds; and

(iv) the selection of Series 2014 Bonds for redemption.

The Issuer and the Bond Trustee cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Series 2014 Bonds, paid to DTC or its nominee, as the registered owner of the Series 2014 Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the Series 2014 Bonds, as nominee of DTC, references in this Official Statement to the Holders of the Series 2014 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of Series 2014 Bonds for all purposes under the Bond Indenture.

The Issuer may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository relating to the book-entry system to be maintained with respect to the Series 2014 Bonds without the consent of Beneficial Owners or Bondholders.

Removal From the Book-Entry System

DTC may discontinue providing its services as securities depository with respect to the Series 2014 Bonds at any time by giving written notice to the Issuer, the Bond Trustee and the Obligor. The Issuer or the Obligor, with the consent of the other, may terminate the services of DTC (or a successor securities depository). Upon the discontinuance or termination of the services of DTC, unless a substitute securities depository is appointed, Bond certificates will be printed and delivered to the Beneficial Owners of the Series 2014 Bonds.

In the event the Series 2014 Bonds are removed from the Book-Entry System, the principal of and the interest on the Series 2014 Bonds shall be payable to the persons in whose names the Series 2014 Bonds are registered on the Bond Register on the applicable Record Date. Payments of interest on the Series 2014 Bonds shall be made to the registered owner of the Series 2014 Bonds (as determined at the close of business on the Record Date

next preceding the applicable Interest Payment Date) by check mailed on the Interest Payment Date and the principal amount of any Series 2014 Bond and premium, if any, together with interest payable other than on a regularly scheduled Interest Payment Date, shall be made by check only upon presentation and surrender of the Series 2014 Bond on or after its maturity date or date fixed for redemption or other payment at the office of the Bond Trustee; provided, however, that payment of principal of, premium, if applicable, and interest on any Series 2014 Bond may be made by wire transfer as described above under the heading “THE SERIES 2014 BONDS - Payment of Principal and Interest.”

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2014 Bonds, including the principal of the Series 2014 Bonds to be redeemed by mandatory sinking fund redemption. For purposes of the principal and interest payments on the Series 2014E Bond, this table assumes that the Series 2014E Bond is fully drawn in accordance with the Obligor’s expected draw schedule.

Bond Year Ending July 1	<u>Series 2014A Bonds</u>		<u>Series 2014B Bonds</u>		<u>Series 2014C Bonds</u>		<u>Series 2014D Bonds</u>		<u>Series 2014E Bond</u>		Total
	Principal or Sinking Fund Requirements	Interest	Expected Principal Payments ¹	Expected Interest ¹	Expected Principal Payments ¹	Expected Interest ¹	Expected Principal Payments ¹	Expected Interest ¹	Expected Principal Payments ¹	Expected Interest ¹	
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2038											
2039											
2040											
2041											
2042											
2043											
2044											

¹The amounts shown are estimates of Entrance Fee Redemptions. See “THE SERIES 2014 BONDS – Redemption Prior to Maturity - Entrance Fee Redemption of Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds” herein.

The Series 2014 Bonds are subject to optional, mandatory, and extraordinary optional redemption. See “THE SERIES 2014 BONDS – Redemption Prior to Maturity” herein.

SECURITY FOR THE SERIES 2014 BONDS

General

The Series 2014 Bonds will be issued under and will be equally and ratably secured under the Bond Indenture, pursuant to which the Issuer will assign to the Bond Trustee (1) the Series 2014 Notes, (2) certain rights of the Issuer under the Loan Agreement, (3) the funds and accounts established under the Bond Indenture, but excluding the Rebate Fund, and (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for such Series 2014 Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or the Series 2014 Bond Indenture Master Obligations (collectively, the “Trust Estate”). **The Trust Estate for the Series 2014 Bonds does not secure the Series 2014E Bond, however, the Series 2014E Bond is secured by a Master Obligation issued under the Master Indenture.**

The proceeds of the Series 2014 Bonds will be loaned to the Obligor pursuant to the Loan Agreement. Under the Loan Agreement, the Obligor is required duly and punctually to pay the principal of, premium, if any, and interest on the Series 2014 Notes, and to make payments to the Bond Trustee to maintain the Debt Service Reserve Fund at the required amount, to pay certain administrative expenses and to make certain other payments. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

The obligation of the Obligor to repay that loan will be evidenced by the Series 2014 Bond Indenture Master Obligations of the Obligor issued pursuant to, and entitled to the benefit and security of, the Master Indenture. The Series 2014 Bond Indenture Master Obligations will be secured, on a parity basis with any other Master Obligations, including the Series 2014E Master Obligation, hereafter issued under the Master Indenture, except Subordinated Obligations, by the Master Indenture and the Deed of Trust.

Limited Obligations

The Series 2014 Bonds will be limited obligations of the Issuer and, except to the extent that payment thereof may be made from the proceeds of the sale of the Series 2014 Bonds or any investment income therefrom, will be payable solely out of certain payments under the Loan Agreement, the Series 2014 Notes, and the Series 2014 Bond Indenture Master Obligations, by recourse to the collateral pledged pursuant to the Master Indenture and the Deed of Trust and from moneys pledged under the Bond Indenture as described herein.

THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER’S FAITH AND CREDIT IS PLEDGED.

Loan Agreement

Pursuant to the Loan Agreement, the Obligor will agree to make loan payments to the Bond Trustee in such amounts as will pay, when due, the principal of, premium, if any, and interest on the Series 2014 Bonds. The Obligor’s payment obligations with respect to the Series 2014 Bonds under the Loan Agreement will be a general obligation of the Obligor. Pursuant to the Bond Indenture, the Issuer has assigned to the Bond Trustee all of its right, title and interest in and to, and remedies under, the Loan Agreement, except for certain reserved rights, including rights to reimbursement of expenses and indemnification.

Bond Indenture

The Series 2014 Bonds are to be issued pursuant to the Bond Indenture and, together with any Additional Bonds which may be issued from time to time under the Bond Indenture, will be equally and ratably secured thereby. Pursuant to the Bond Indenture, the Issuer assigns to the Bond Trustee, for the equal and ratable benefit and security of all Bondholders, all of its right, title and interest in the payments to be made by the Obligor on the

hereinafter defined Series 2014 Notes and under the Loan Agreement, except for the Issuer's rights of reimbursement for expenses and indemnification, and grants to the Bond Trustee a security interest in the funds and accounts created by the Bond Indenture.

The Master Indenture and the Deed of Trust

The Master Indenture is intended to provide assurance for the repayment of Master Obligations entitled to its benefits by imposing financial and operating covenants which restrict the Obligor and any other future Obligated Group Members and by the appointment of the Master Trustee to enforce such covenants for the benefit of the holders of such Master Obligations. The Series 2014 Master Obligations are the only senior master obligations presently entitled to the benefits of the Master Indenture. The holders of all Master Obligations entitled to the benefit of the Master Indenture, with the exception of the Subordinated Obligations, will be on parity with respect to the benefits of the Master Indenture. Pursuant to the Master Indenture, the Obligor and any future Obligated Group Members have pledged and granted to the Master Trustee (a) a security interest in all of the Gross Revenues of the Obligated Group, with certain limited exceptions, (b) a security interest in all personal property owned or hereafter acquired by the Obligated Group, (c) a security interest in the amounts on deposit in the Funds established under the Master Indenture, and (d) a security interest in any other property from time to time subjected to the lien of the Master Indenture. The lien and security interests created by the Master Indenture may become subject to additional Permitted Encumbrances, as defined in Appendix C hereto. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

The Deed of Trust serves as security for (a) the prompt payment of the principal of, premium, if any and the interest on the Series 2014 Notes, the Series 2014E Note, the Series 2014 Master Obligations and any future Master Obligations outstanding from time to time and (b) the performance by each Obligated Group Member of its other obligations under the Master Indenture, the Loan Agreement and the Deed of Trust. The Deed of Trust will create a lien on the Project Site. The Series 2014 Master Obligations and any future Master Obligations, except Subordinated Obligations, will be secured by the Deed of Trust on a parity basis. The lien and security interests created by the Deed of Trust may become subject to additional Permitted Encumbrances, as defined in Appendix C hereto. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

The Series 2014 Master Obligations will constitute joint and several obligations of each Obligated Group Member. Currently, only the Obligor and the Master Trustee are parties to the Master Indenture and the Obligor is the only Obligated Group Member. The Obligor and each Obligated Group Member admitted in the future will be jointly and severally liable for the payment for all Master Obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS for a description of the limitations on admission and release of Obligated Group Members.

In addition to the covenants described below, the Master Indenture contains additional covenants relating to, among others, the maintenance of the Obligated Group's property, corporate existence, the maintenance of certain levels of insurance coverage, the incurrence of additional indebtedness, the sale or lease of certain property, and permitted liens. For a full description of these and other covenants, see Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

Assignment of Contract Documents

The Obligor is executing the Assignment of Contract Documents dated as of August 1, 2014 (the "Assignment of Contract Documents") for the benefit of the Master Trustee, as secured party. Under the Assignment of Contract Documents, the Obligor has collaterally assigned to the Master Trustee its rights under certain development, construction and management contracts for the Project. Each of the other parties to such agreements have consented to the assignment and agreed that upon an Event of Default under the Master Indenture, such agreements may be enforced by the Master Trustee.

Incurrence of Additional Indebtedness

The Master Indenture permits the Obligated Group to incur Additional Indebtedness evidenced by Master Obligations that will be secured on a parity basis with the Series 2014 Master Obligations and therefore the Series 2014 Bonds. The Continuing Covenants Agreement executed in connection with the Series 2014E Bond prohibits the incurrence of additional indebtedness for borrowed money except for the Series 2014 Master Obligations, the Series 2014 Subordinated Obligations, any additional indebtedness to the Series 2014E Bondholder or its affiliates (which at the time of this Offering Statement does not exist and is not currently contemplated by the Obligor) and other indebtedness in an aggregate amount of up to \$500,000.

The circumstances under which such debt may be incurred under the terms of the Master Indenture are set forth in Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto. Reference is made to the Continuing Covenants Agreement and the Series 2014E Loan and Financing Agreement, copies of which are available upon request from the Master Trustee and, during the period of marketing of the Series 2014 Bonds, the Underwriter.

Certain Amendments to Bond Indenture and Master Indenture After an Event of Default

If an Event of Default under the Bond Indenture occurs, an amendment may be made to the Bond Indenture that (a) affects the payment provisions of the Series 2014 Bonds, including but not limited to the extension of the maturity of the Series 2014 Bonds, a reduction in the principal amount of the Series 2014 Bonds, or a reduction in the rate of interest borne by the Series 2014 Bonds, (b) deprives the holders of the Series 2014 Bonds of the lien of the Bond Indenture and the Master Indenture, (c) provides for a privilege or priority of one Series 2014 Bond over another Series 2014 Bond or (d) reduces the aggregate principal amount of the Series 2014 Bonds required for consent to any supplemental indenture. The Bond Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a) and (c) above may be made with the consent of at least eighty percent (80%) in aggregate principal amount of Outstanding Senior Secured Bonds (which means, collectively, any Bonds issued under the Bond Indenture and any bonds issued under the Series 2014E Loan and Financing Agreement which are secured by Master Obligations issued on a parity basis under the Master Indenture); provided however, any such amendment shall not result in a change in preference or priority of Senior Secured Bonds over any other Senior Secured Bonds and no such amendment described in (a) and (c) above shall result in a disproportionate change, reduction or modification with respect to any Senior Secured Bonds.

If an Event of Default under the Master Indenture occurs, an amendment may be made to the Master Indenture that (a) changes the stated maturity of the principal of, or any installment of interest on, any Master Obligations or any date for mandatory redemption thereof, or reduces the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or changes any place of payment where, or the coin or currency in which, any Master Obligations or the interest thereon is payable, or impairs the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date), or (b) reduces the percentage in principal amount of the Outstanding Master Obligations, the consent of whose holders is required for any such Supplement, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the Master Indenture or certain defaults thereunder and their consequences) provided for in the Master Indenture, or (c) modifies any other provisions of the Master Indenture, except to increase any percentage or to provide that certain other provisions cannot be modified or waived without the consent of the Holder of each Master Obligation affected thereby. The Master Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with the consent of the Holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Related Bonds related to such Master Obligation; provided however, any such amendment shall not result in a preference or priority of any Master Obligation or Related Bonds over any other Master Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in clauses (a), (b) or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds. See "CERTAIN BONDHOLDERS' RISKS – Certain Amendments to Bond Indenture and Master Indenture."

Funds and Accounts Held Under the Master Indenture and Bond Indenture

The Series 2014 Bonds are secured by funds and accounts held under the Master Indenture and the Bond Indenture, including the following:

Entrance Fee Fund. The Master Trustee will establish and maintain a separate fund to be known as the Entrance Fee Fund. All moneys received by the Master Trustee and held in the Entrance Fee Fund will be trust funds under the terms of the Master Indenture for the benefit of all of the Outstanding Master Obligations (except as otherwise provided). Such moneys will be held in trust and applied in accordance with the provisions of the Master Indenture.

(a) The Members of the Obligated Group agree that all Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof for deposit into the Entrance Fee Fund; provided that no Initial Entrance Fees will be subject to transfer by the Obligated Group so long as such Entrance Fees must be held in the Entrance Fee Escrow Account pursuant to the Continuing Care Act.

(b) Upon the release described in subsection (d) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (c) below.

(c) The Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds. The Obligated Group Representative shall also provide a copy of such Officer's Certificate to the Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST, to the Operating Reserve Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the Operating Reserve Fund equals the Operating Reserve Fund Requirement or to replenish the Working Capital Fund if any funds have been transferred to the Operating Reserve Fund from the Working Capital Fund in order that the amount on deposit in the Operating Reserve Fund equals the Operating Reserve Fund Requirement.

THIRD: If no pending disbursement under FIRST or SECOND, to the Working Capital Fund established by the Master Indenture until the total amount of Initial Entrance Fees transferred to the Working Capital Fund, including all prior transfers, equals \$15,000,000. The Master Trustee will not replenish funds withdrawn from the Working Capital Fund or transfer moneys from the Entrance Fee Fund to the Working Capital Fund once a total amount of \$15,000,000 in Initial Entrance Fees has been deposited from the Entrance Fee Fund to the Working Capital Fund. However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 of Initial Entrance Fees from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

FOURTH: If no pending disbursement under FIRST, SECOND or THIRD, to the Series 2014E Bondholder to redeem the Series 2014E Bond pursuant to the Series 2014E Loan and Financing Agreement.

FIFTH: If no pending disbursement under FIRST, SECOND, THIRD or FOURTH, to the Entrance Fee Redemption Account established under the Series 2014 Bond Indenture. The monies in the

Entrance Fee Redemption Account shall be used to redeem the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds, in that order.

(d) Once any amount on deposit in the Entrance Fee Escrow Account is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Entrance Fee Escrow Agent to transfer the amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Entrance Fee Escrow Agent with a copy to the Master Trustee) for application as provided in subsection (c) above.

(e) After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate and an Opinion of Counsel stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

Working Capital Fund. The Master Trustee will establish a Working Capital Fund under the Master Indenture, which is expected to be funded (i) initially in the amount of \$2,100,000 from proceeds of the Series 2014 Bonds and the Series 2014E Bond and (ii) in the amount of \$15,000,000 with Initial Entrance Fees deposited in the Entrance Fee Fund transferred to the Working Capital Fund as described above under "Plan of Financing – Application of Initial Entrance Fees." However, if the Obligated Group has additional working capital needs, the Master Trustee will, upon receipt of an Obligated Group Representative Request, transfer an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

Money in the Working Capital Fund will be available to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreement pursuant to which such Entrance Fees were received or (g) amounts due on any indebtedness of the Obligated Group, but not to reimburse amounts disbursed from the Liquidity Support Fund or advanced under the Liquidity Support Agreement. After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds, and the Series 2014E Bond have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed.

Pursuant to the Management Agreement and the Development Services Agreement, if the number of "presold units" in the Project falls below 168 Independent Living Units while the Series 2014E Bond is outstanding, Carroll Lutheran is required to return fees paid to it by the Obligated Group Representative, and the Obligated Group Representative shall deposit any such returned fees to the Working Capital Fund. Further, pursuant to the Management Agreement and the Development Services Agreement, the aggregate amount of fees paid while the Series 2014E Bond is outstanding may not exceed \$500,000, and any fees due and owing to Carroll Lutheran in excess of that amount shall be suspended and shall not accrue interest thereon until the Series 2014E Bond is redeemed or paid in full. Any such returned fees and any such suspended fees during the period when the number of "presold units" is less than 168 Independent Living Units may be paid to Carroll Lutheran from the Working Capital Fund on the date on which the number of "presold units" increases to 168 Independent Living Units so long as the aggregate amount of fees paid to Carroll Lutheran while the Series 2014E Bond is outstanding does not exceed \$500,000. Any fees owed by the Obligated Group Representative to Carroll Lutheran that are suspended during the period while the Series 2014E Bond is outstanding due to the \$500,000 cap may be paid to Carroll Lutheran on the date the Series 2014E Bond is redeemed or paid in full.

Liquidity Support Fund. The Master Trustee will establish a Liquidity Support Fund under the Master Indenture, which will be funded with the Obligor Liquidity Support (as described above). Monies from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven days of receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative to the effect that (a) such monies are needed to pay (i) the costs of completing the Project, (ii)

operating expenses of the Project, including, without limitation, any development and marketing fees, (iii) the costs of needed repairs to the Project, (iv) the costs of capital improvements to the Project, (v) judgments against the Obligated Group, (vi) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (vii) amounts due on any Indebtedness of the Obligated Group, including without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran and (b) such moneys are anticipated to be expended in the calendar month following the month in which such Officer's Certificate is submitted. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS to this Official Statement.

Upon satisfaction of certain conditions, the obligations of Carroll Lutheran under the Liquidity Support Agreement will reduce and ultimately terminate. See "THE OBLIGOR AND THE PROJECT – Carroll Lutheran – Financial Support to the Project" herein.

All amounts advanced from the Liquidity Support Fund and under the Liquidity Support Agreement, including without limitation all letter of credit fees, interest and other expenses incurred by Carroll Lutheran in connection therewith, will constitute additional advances under the Series 2014F Subordinated Obligation.

CARROLL LUTHERAN IS NOT LIABLE FOR PAYMENT OF PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT. CARROLL LUTHERAN HAS NO LEGAL OR MORAL OBLIGATION WITH RESPECT TO PAYMENT OF COSTS OF THE PROJECT AND HAS NO OBLIGATION TO ADVANCE FUNDS TO THE OBLIGOR EXCEPT AS PROVIDED IN THE LIQUIDITY SUPPORT AGREEMENT.

Operating Reserve Fund. An Operating Reserve Fund will be established under the Master Indenture (the "Operating Reserve Fund") and funded with Initial Entrance Fees. All moneys held in the Operating Reserve Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture. The Operating Reserve Fund will be funded initially in the amount of \$200,000 from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Operating Reserve Fund pursuant to the Master Indenture and thereafter shall be funded in the amount of the Operating Reserve Fund Requirement. The Continuing Care Act requires each operator of a continuing care retirement community to set aside an operating reserve based upon the prior year's operating expenses. The Continuing Care Act provides that each operator must set aside at least ten percent (10%) of the reserves required at the end of each fiscal year, commencing with the first fiscal year after the date the initial certificate of registration is issued. The Operating Reserve Requirement will be calculated annually in accordance with the Continuing Care Act. The initial reserve requirement under the Continuing Care Act is calculated to be \$1,262,000, of which the Obligor will fund \$200,000 from Initial Entrance Fees. The Obligor will determine the Operating Reserve Fund Requirement annually as the amount required by the Continuing Care Act and is required to deliver to the Master Trustee an Officer's Certificate setting forth the Operating Reserve Fund Requirement within 60 days after the end of each Fiscal Year; if the Obligated Group Representative fails to timely advise the Master Trustee of the Operating Reserve Fund Requirement, the Operating Reserve Fund Requirement will be \$1,262,000 until the Obligated Group Representative delivers the Officer's Certificate to the Master Trustee.

Moneys in the Operating Reserve Fund will be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven (7) days of receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative to the effect that (i) such moneys will be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by an Affiliate, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer's Certificate is submitted, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B

Bonds have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Operating Reserve Fund will be remitted to the Obligated Group Representative and the Operating Reserve Fund will be closed.

Renewal and Replacement Fund. A Renewal and Replacement Fund will be established under the Master Indenture (the “Renewal and Replacement Fund”). All moneys held in the Renewal and Replacement Fund shall be trust funds under the terms of the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys are held in trust and applied in accordance with the provisions of the Master Indenture.

Commencing with the first full month following the first full Fiscal Year in which (a) the aggregate annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and are no longer Outstanding (“Stable Occupancy”), the Obligated Group is required to pay to the Master Trustee for deposit to the Renewal and Replacement Fund initially \$15,000 on the first Business Day of each month.

Commencing on the fifth anniversary of the date of the issuance of the Series 2014 Bonds and every five (5) years thereafter, the Obligated Group is required to order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Fund is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Renewal and Replacement Fund. The costs of the needs assessment analysis may be paid from moneys on deposit in the Renewal and Replacement Fund.

The obligation to make deposits into the Renewal and Replacement Fund will cease at any time the balance of the Renewal and Replacement Fund is greater than \$2,000,000 or such higher amount as set forth in the most recently completed needs assessment analysis. Moneys in the Renewal and Replacement Fund may be used upon delivery of an Obligated Group Representative Request to the Master Trustee to pay (i) the maintenance and repair costs related to the Project for which the Obligated Group is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) expenses and (iii) the principal of, premium, if any, and interest on any Master Obligations. Moneys in the Renewal and Replacement Fund shall be used to pay maintenance and repair costs related to the Project and expenses after any amounts on deposit in the Working Capital Fund are used for such purposes, but prior to any amounts on deposit in the Operating Reserve Fund being used for such purposes. Moneys in the Renewal and Replacement Fund shall be used to pay debt service on any Indebtedness of any Obligated Group Member prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

Debt Service Reserve Fund. A Debt Service Reserve Fund will be established under the Bond Indenture (the “Debt Service Reserve Fund”) and funded with the proceeds of the Series 2014 Bonds. There will be created four accounts within the Debt Service Reserve Fund: (i) a Series 2014A Account, (ii) a Series 2014B Account, (iii) a Series 2014C Account and (iv) a Series 2014D Account. Each account within the Debt Service Reserve Fund will be funded on the date of issuance of the Series 2014 Bonds (1) in the case of the Series 2014A Bonds, in the amount equal to the least of (a) the Maximum Annual Debt Service on the Series 2014A Bonds outstanding (which is defined to exclude the final year preceding maturity of the Series 2014A Bonds), (b) 125% of the average annual debt service on the Series 2014A Bonds, and (c) 10% of the aggregate principal amount of the Series 2014A Bonds, calculated on the basis of each Bond Year and (2) in the case of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, in an amount equal to one year’s maximum interest on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, respectively. The Debt Service Reserve Fund is available to pay the principal of and interest on the Series 2014 Bonds if payments by the Obligor are insufficient therefor. The monies in the Series 2014A Account are only available to pay debt service on the Series 2014A Bonds, the monies

in the Series 2014B Account are only available to pay debt service on the Series 2014B Bonds, the monies in the Series 2014C Account are only available to pay debt service on the Series 2014C Bonds, and the monies in the Series 2014D Account are only available to pay debt service on the Series 2014D Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY FOR THE SERIES 2014 BONDS – Funds and Accounts Held Under the Master Indenture and Bond Indenture – Debt Service Reserve Fund” herein.

No debt service reserve fund will be funded for the benefit of the holder of the Series 2014E Bond. The Debt Service Reserve Fund for the Series 2014 Bonds does not secure the Series 2014E Bond.

Use of Money in the Debt Service Reserve Fund. Except as provided in the Bond Indenture, money in the Debt Service Reserve Fund will be used solely for the payment of the principal of and interest on the Series 2014 Bonds, in the event money in the Funded Interest Account of the Construction Fund, the Bond Fund, the Working Capital Fund, the Liquidity Support Fund and the Operating Reserve Fund is insufficient to make such payments when due, whether on an interest payment date, redemption date, maturity date, acceleration date or otherwise. The monies in the Series 2014A Account are only available to pay debt service on the Series 2014A Bonds, the monies in the Series 2014B Account are only available to pay debt service on the Series 2014B Bonds, the monies in the Series 2014C Account are only available to pay debt service on the Series 2014C Bonds, and the monies in the Series 2014D Account are only available to pay debt service on the Series 2014D Bonds.

On January 1 and July 1 in each year, any earnings on the cash and Permitted Investments on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement will be transferred during the construction period for the Project into the Funded Interest Account of the Construction Fund created in connection with the issuance of the Series 2014 Bonds for the Project or, if after the completion of such construction period, into the Interest Account of the Bond Fund for the Series 2014 Bonds.

Replenishment of the Debt Service Reserve Fund. The Loan Agreement provides that in the event any moneys in the Debt Service Reserve Fund are transferred to the Bond Trustee for deposit to the Bond Fund, except if such moneys are transferred due to the redemption of Series 2014 Bonds, the Obligor agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than 12 equal consecutive monthly installments, the first installment to be made within seven months following such transfer or receipt of written notice from the Bond Trustee of a deficiency. In the event the value of the Debt Service Reserve Fund Obligations (as determined pursuant to the statement of the Bond Trustee furnished in accordance with the Bond Indenture) on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Obligor agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than three equal consecutive monthly installments, the first installment to be made within 30 days of such receipt of written notice from the Bond Trustee of a deficiency.

Effect of Event of Default. Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice under the Bond Indenture and the election by the Bond Trustee of the remedy specified in the Bond Indenture, any cash and Permitted Investments in the Debt Service Reserve Fund will, subject to the provisions of the Bond Indenture, be transferred by the Bond Trustee to the Principal Account and applied in accordance with the provisions of the Bond Indenture. In the event of the redemption of any series of Bonds, any cash and Permitted Investments on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement on the Series 2014 Bonds to be Outstanding immediately after such redemption will, subject to the provisions of the Bond Indenture, be transferred to the Principal Account and applied to the payment of the principal of the series of Series 2014 Bonds to be redeemed.

Remaining Funds. On the final maturity date of any series of Series 2014 Bonds, any cash and Permitted Investments in the Debt Service Reserve Fund relating to such series of Series 2014 Bonds is required to be used to pay the principal of and interest on such series of Series 2014 Bonds on the final maturity date or redemption date of that series.

Revenue Fund. If an Event of Default under the Master Indenture occurs due to failure to pay any debt service on any Master Obligations when due and continues for a period of five days, the Master Trustee shall open a fund called the “Revenue Fund – Lutheran Village at Miller’s Grant” and each Obligated Group Member is required

to deposit with the Master Trustee for deposit into the Revenue Fund all Gross Revenues of such Obligated Group Member (except to the extent otherwise provided by or inconsistent with any instrument creating any Permitted Encumbrance) during each succeeding month, beginning on the first day thereof and on each day thereafter, until no payment default under the Master Indenture then exists.

On the fifth Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund, the Master Trustee will withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST: To the payment of all amounts due the Master Trustee under the Master Indenture;

SECOND: To an operating account designated by the Obligated Group Representative (which shall not be subject to the lien of the Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month following the month in which such transfer is made, all as set forth in the then-current Annual Budget; provided that if the principal of all the Master Obligations has been declared to be due and payable immediately, and if, as an alternative to payment under the preceding clause, in its sole discretion, the Master Trustee determines payment under this proviso is in the best interest of the Holders of the Outstanding Master Obligations or is directed by the Holders of not less than 25% of the Outstanding Master Obligations then Outstanding to proceed under this proviso, to pay the amounts required by paragraph THIRD below;

THIRD: To the payment of the amounts then due and unpaid upon the Master Obligations other than Subordinated Obligations for principal, premium, if any, and interest in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Master Obligations for principal, premium, if any, and interest, respectively;

FOURTH: To restore any deficiency in the Working Capital Fund and the Operating Reserve Fund in that order;

FIFTH: To restore any deficiency in a Debt Service Reserve Fund established under a Related Bond Indenture;

SIXTH: To restore any deficiency in the Renewal and Replacement Fund;

SEVENTH: If the amounts then due and unpaid upon all Master Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal, premium, if any, and interest, without preference or priority of any kind except as provided in the Supplement pursuant to which such Subordinated Obligations were issued; and

EIGHTH: any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

The moneys held in the Surplus Account (i) may be used to pay any of items FIRST through EIGHTH above and (ii) may be released to the Obligated Group so long as (A) there are no deficiencies in the Debt Service Reserve Fund and all required deposits have been made into the Working Capital Fund, the Operating Reserve Fund and the Renewal and Replacement Fund, (B) the Obligated Group met the Debt Service Coverage Ratio Covenant, the Liquidity Covenant, the Marketing Requirements, the Occupancy Requirements, and the Cumulative Cash Operating Loss Covenant for the most recent Fiscal Year and is in compliance with all State regulations regarding the Obligated Group's liquidity position, and (C) no Event of Default has then occurred and is continuing.

If the Revenue Fund is in effect and there are not sufficient funds to pay items FIRST through FIFTH, or if the Revenue Fund is not in effect and the Obligated Group does not have sufficient Revenues in its operating account to pay items FIRST through FIFTH, money will be withdrawn from the following funds in the following

order of priority: prior to the admission of residents to the Project, moneys shall be withdrawn first from the Working Capital Fund, second from the Liquidity Support Fund, and third from the Debt Service Reserve Fund; following the admission of residents to the Project, moneys shall be withdrawn first from the Working Capital Fund, second from the Liquidity Support Fund, third from the Operating Reserve Fund, and fourth from the Debt Service Reserve Fund.

Financial Covenants

Pursuant to the Master Indenture, the Obligor, for itself and any additional Members of the Obligated Group, has agreed to financial covenants, including the following:

Cumulative Cash Operating Loss Covenant. The Obligated Group covenants (the “Cumulative Cash Operating Loss Covenant”) that during the period (a) commencing with (i) the first fiscal quarter ending after the earliest date a resident has taken physical possession of one of the Independent Living Units included in the Project (the “Initial Occupancy Date”) if such date is more than 30 days prior to the end of such fiscal quarter or (ii) the first full fiscal quarter ending after the Initial Occupancy Date if such Initial Occupancy Date is less than 30 days prior to the end of a fiscal quarter, and (b) ending with the fiscal quarter immediately preceding Stable Occupancy (from that point forward, the Debt Service Coverage Ratio will be calculated and Cumulative Cash Operating Loss is not required to be calculated), it will calculate its Cumulative Cash Operating Loss as of the end of each fiscal quarter. Each Member is required to conduct its business so that as of the end of each such testing quarter the Obligated Group will have a Cumulative Cash Operating Loss not more than the amount set forth below:

<u>Quarter</u>	<u>Cumulative Cash Operating Loss</u>	<u>Forecasted Cumulative Cash Operating Loss⁽¹⁾</u>
1	\$ 3,300,000	\$ 2,059,572
2	5,800,000	3,676,264
3	10,100,000	6,879,479
4	12,600,000	9,054,215
5	14,100,000	10,653,430
6	15,200,000	11,995,492
7	16,100,000	13,062,623
8	16,800,000	13,783,050
9	17,400,000	14,271,878
10	17,900,000	14,687,100
11	18,200,000	15,072,994
12 and thereafter	18,500,000	15,131,798

(1) Forecast prepared by management of the Obligor. Forecasted operating losses do not include any subsequent Entrance Fee receipts that could be offset to pay operating losses.

If, as of any testing date, the Cumulative Cash Operating Loss of the Obligated Group is greater than the amounts required above, the Obligated Group Representative shall, within 30 days after receipt of the Officer’s Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group’s methods of operation and other factors affecting its financial condition in order to decrease Cumulative Cash Operating Loss to the required level for future periods. A copy of the Consultant’s report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date the Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law. The Obligated Group shall not be required to obtain a Consultant’s report more than one time in any six month period.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required Cumulative Cash Operating Loss level will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the required procedures for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law.

Debt Service Coverage Ratio Covenant. The Master Indenture requires the Obligated Group to calculate the Debt Service Coverage Ratio (i) for each fiscal quarter, commencing with the earlier of (1) the first fiscal quarter following Stable Occupancy or (2) the fiscal quarter ending June 30, 2021, based on unaudited financial statements for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, commencing with the earlier of (A) the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, or (B) the Fiscal Year ending June 30, 2021, based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive fiscal quarters ending with such fiscal quarter, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under “FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting” herein.

The Debt Service Coverage Ratio means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) the Maximum Annual Debt Service Requirement on the date of calculation on Long-Term Indebtedness, other than Subordinated Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period during which the interest on any Long-Term Indebtedness is being funded from the proceeds thereof, the Maximum Annual Debt Service Requirement for such Indebtedness shall be disregarded for such period, and the Income Available for Debt Service shall not include interest on any funds (except the Debt Service Reserve Fund) established with the proceeds of such Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period which includes the last date to which interest on such Long Term Indebtedness is being capitalized under GAAP or is being paid from the proceeds thereof (the “Capitalized Interest End Date”), the numerator and the denominator of the Debt Service Coverage Ratio shall be calculated as the aggregate of the amounts determined in accordance with the provisions of the Master Indenture for the respective periods before and after the Capitalized Interest End Date. Income Available for Debt Service for any period is defined as the excess of Revenues over Expenses.

“Maximum Annual Debt Service Requirement” means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year; provided that, for purposes of determining the Maximum Annual Debt Service Requirement, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt, provided, further, that for purposes of determining the Debt Service Requirements for variable rate debt for which a Credit Facility is provided, if the reimbursement agreement for such Credit Facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt. For the purpose of determining the interest rate on any Long-Term Indebtedness which bears interest at a variable rate, such interest rate shall be assumed in accordance with the Master Indenture, plus Credit Facility and remarketing fees; or for the purpose of any historical Maximum Annual Debt Service Requirement, the actual interest paid for the period of determination.

If the Debt Service Coverage Ratio of the Obligated Group for any calculation date is less than 1.20, the Obligated Group Representative, at the Obligated Group’s expense, is required to retain a Consultant in the manner described below under the subheading “Consultant’s Reports” to make recommendations as described under “Consultant’s Reports.” Each Member of the Obligated Group is required to follow such recommendations of the Consultant.

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of 1.20 for a Fiscal Year but did achieve a Debt Service Coverage Ratio of at least 1.00 in the immediately preceding Fiscal Year or such calculation was not required, such failure shall not constitute an Event of Default under the Master Indenture if the Obligated Group (i) takes all action necessary to comply with the procedures described under “Consultant’s Reports” for retaining a Consultant and (ii) follows the recommendations of the Consultant as described under “Consultant’s Reports.” Failure by the Obligated Group to comply with (i) or (ii) of the preceding sentence may become an Event of Default under the Master Indenture, with the giving of notice in the manner specified in the Master Indenture.

If the Obligated Group fails to achieve a Debt Service Coverage Ratio of at least 1.00 at the end of any Fiscal Year, such failure shall constitute an Event of Default under the Master Indenture.

Liquidity Covenant. The Master Indenture requires that the Obligated Group calculate the Days' Cash on Hand of the Obligated Group as June 30 and December 31 of each Fiscal Year, commencing with the earlier of June 30, 2021 and the first such date after Stable Occupancy (each such date being a "Testing Date").

"Days' Cash on Hand" means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Expenses (including interest on Indebtedness but excluding provisions for bad debt amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending June 30 or December 31, as derived from the quarterly financial statements required to be delivered pursuant to the Master Indenture, by 365.

"Cash and Investments" is defined as the sum of cash, cash equivalents, marketable securities of the Obligated Group Members, including without limitation board-designated assets, and any amounts, if any, on deposit in the Working Capital Fund, the Operating Reserve Fund, the Renewal and Replacement Fund and the Liquidity Support Fund, but excluding (a) trustee-held funds other than those described above, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Master Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations under the Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 180 Days' Cash on Hand (the "Liquidity Requirement"). Notwithstanding any other provision of the Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth below for retaining a Consultant and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

If the amount of Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to increase such Days' Cash on Hand to the Liquidity Requirement in the future.

If the Obligated Group has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the Officer's Certificate, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law. The Obligated Group shall not be required to cause the Consultant's report referred to in this paragraph to be prepared if (unless a majority in principal amount of the Outstanding Master Obligations request a new Consultant's report, which request may not be made more frequently than each Testing Date) a Consultant's report referred to above was prepared two Testing Dates prior to the current Testing Date and the Obligated Group provides to the Master Trustee and each Related Bond Trustee an Opinion of Counsel to the effect that the applicable laws and regulations underlying the last Consultant's report have not changed in any material way.

Marketing Covenant. Beginning with the first full quarter following the fiscal quarter in which the Series 2014 Bonds are issued and ending with the first full fiscal quarter following Stable Occupancy, the Obligated Group will use its best efforts to maintain the percentage of Independent Living Units in the Project that are Reserved (the "Percentage of Reserved Independent Living Units") at or above the applicable levels set forth on the following

table, which determinations will be measured as of the last day of the applicable quarter (the “Marketing Requirements”).

Quarter Ending	Percentage of Reserved Independent Living Units (%)	
	# Units	Percent
September 30, 2014	170	70.5%
December 31, 2014	172	71.4
March 31, 2015	174	72.2
June 30, 2015	176	73.0
September 30, 2015	178	73.9
December 31, 2015	180	74.7
March 31, 2016	182	75.5
June 30, 2016	184	76.3
September 30, 2016	186	77.2
December 31, 2016	188	78.0
March 31, 2017	190	78.8
June 30, 2017	192	79.7
September 30, 2017	195	80.9
December 31, 2017	198	82.2
March 31, 2018	201	83.4
June 30, 2018	204	84.6
September 30, 2018	207	85.9
December 31, 2018	210	87.1
March 31, 2019	213	88.4
June 30, 2019	217	90.0

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report (a “Management Marketing Report”) that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of reservations of Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Reserved Independent Living Units is less than the Marketing Requirement for two successive fiscal quarters, the Obligor is required to retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Notwithstanding anything in the Master Indenture to the contrary, Carroll Lutheran may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Obligor is required to cause a copy of the Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Consultant’s report and adopting a plan and follows each recommendation contained in such Consultant’s report to

the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Occupancy Covenant. The Obligated Group covenants that for each fiscal quarter (a) commencing with the first fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing Independent Living Units that are part of the Project, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all Independent Living Units that are part of the Project (the “Percentage of Units Occupied”) at or above the requirements set forth below, which levels are required to be measured as of the last day of the applicable Occupancy Quarter (the “Occupancy Requirements”):

<u>Occupancy Quarter</u>	<u>Occupancy Requirements</u>	
	<u># Units</u>	<u>Percent</u>
1	15	6.2%
2	40	16.6
3	75	31.1
4	105	43.6
5	130	53.9
6	146	60.6
7	158	65.6
8	168	69.7
9	176	73.0
10	182	75.5
11	188	78.0
12	194	80.5
13	200	83.0
14	206	85.5
15	212	88.0
16	217	90.0

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a “Management Occupancy Report”) that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of Independent Living Units that are part of the Project during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of Independent Living Units that are part of the Project expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Obligor is required to retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Notwithstanding anything in the Master Indenture to the contrary, Carroll Lutheran may provide the recommendations provided for in the previous sentence upon the first covenant breach described herein. Within 60 days of retaining any such Consultant, the Obligor is required to cause a copy of the Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Approval of Consultant. If at any time the Obligated Group Representative is required to engage a Consultant, such Consultant shall be engaged in the manner set forth below:

(i) Upon selecting a Consultant as required under the provisions of the Master Indenture, the Obligated Group Representative will provide written notice to the Master Trustee of such selection. The Master Trustee is required to, as soon as practicable but in no case longer than five (5) Business Days after receipt of notice, send a copy of such notice to the Holders of all Master Obligations Outstanding under the Master Indenture. Such notice will (i) include the name of the Consultant and a brief description of the Consultant, (ii) state the reason that the Consultant is being engaged, including a description of the covenant(s) of the Master Indenture that require the Consultant to be engaged, and that the engagement of the Consultant is authorized by the Master Indenture, and (iii) state that the Holder of the Master Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Holder submits an objection to the selected Consultant in writing (in a manner acceptable to the Master Trustee) to the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Master Trustee will notify the Obligated Group Representative of the number of any objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Master Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative is required to select another Consultant that may be engaged upon compliance with the procedures of this paragraph.

(ii) When the Master Trustee notifies the Holders of Master Obligations of such selection, the Master Trustee will also request any Related Bond Trustee to send a notice containing the information required above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the owner of a Master Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Consultant selected, the Obligated Group Representative is required to select another Consultant that may be engaged upon compliance with the procedures of this Section.

(iii) The 15-day notice period described above may be extended by the Master Trustee in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee.

Consultant's Reports. Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee and beneficial owners of the Series 2014 Bonds will be given access to the Consultant. Within 21 days after a Consultant is required to be retained, the Obligor will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Obligor, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Obligor. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Obligor shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Management Company and Marketing Consultant. Except as provided below, the Members of the Obligated Group shall be required to engage a new Manager or Marketing Consultant or both if:

- (i) the Obligated Group fails to make any payment on the Master Obligations when due;
- (ii) the Obligated Group fails to maintain a Debt Service Coverage Ratio of at least 1.00 as shown on any two successive quarterly unaudited financial statements;
- (iii) the Obligated Group fails to meet the required Debt Service Coverage Ratio by the end of the second fiscal quarter following the date a Consultant's report is required;
- (iv) the Obligated Group fails to meet the Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required;
- (v) the Obligated Group fails to meet the required Marketing Requirements by the end of the second fiscal quarter following the date the report and plan are required;
- (vi) the Obligated Group fails to meet the Cumulative Cash Operating Loss Covenant by the end of the second fiscal quarter following the date the report and plan are required; or
- (vii) the Obligated Group fails to meet the Liquidity Covenant by the end of the second fiscal quarter following the date the report and plan are required.

Whenever the Obligated Group is required to retain a new Manager or Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Master Trustee and Majority Bondholders a list of two or more Persons experienced in the management, or marketing, as the case may be, of continuing care retirement communities of a type and size similar to the Project. If the Obligated Group is required to retain a new Manager or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and approved in writing by Majority Bondholders. In the event that a new Manager or Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to the Master Indenture, the provisions of the Master Indenture shall not be applied to require the further appointment of another Manager or Marketing Consultant until the new Manager or Marketing Consultant has been employed for at least twelve months unless the Majority Bondholders provide direction to the Obligor to appoint another Manager or Marketing Consultant.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager or Marketing Consultant:

- (i) written consent of Majority Bondholders to the continued retention of the existing Manager;
- (ii) a written report (prepared by a Consultant, but not by the Manager or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio Covenant, the Occupancy Covenant, the Liquidity Covenant, the Marketing Requirements and/or the Cumulative Cash Operating Loss Covenant is primarily due to factors outside the control of the present Manager or Marketing Consultant, or (b) that retaining a new Manager or Marketing Consultant is not likely to materially improve the Obligated Group's ability to comply with such requirements; and
- (iii) a certified copy of a resolution of the Governing Body of each Member of the Obligated Group stating that the performance by the Manager or Marketing Consultant of its duties

is satisfactory and setting forth the reasons supporting retention of the present Manager or Marketing Consultant.

Rating Solicitation Covenant. Under the Master Indenture, the Obligor has covenanted that it will seek a rating of the Series 2014A Bonds from any Rating Agency each year after a determination is made by the Obligor in consultation with the Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligor receives a preliminary indication from any Rating Agency that the Series 2014A Bonds will not be assigned an investment grade rating, the Obligor is required to withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014A Bonds.

CERTAIN BONDHOLDERS' RISKS

General Risk Factors

The Series 2014 Bonds are limited obligations of the Issuer, payable solely from and secured exclusively by the funds pledged thereto, including the payments to be made by the Obligor under the Loan Agreement.

A BONDHOLDER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND SPECIAL REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE SERIES 2014 BONDS" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2014 BONDS.

Certain risks are inherent in the successful development and operation of facilities such as the Project. Such risks should be considered in evaluating the Project's ability to generate sufficient revenues to pay principal of, premium, if any, and interest on the Series 2014 Bonds when due. This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the construction and operation of the Project or the payment of the Series 2014 Bonds.

Limited Obligations

The Series 2014 Bonds will be limited obligations of the Issuer and, except to the extent that payment thereof may be made from the proceeds of the sale of the Series 2014 Bonds or any investment income therefrom, will be payable solely out of certain payments under the Loan Agreement, the Series 2014 Notes, and the Series 2014 Bond Indenture Master Obligations, by recourse to the collateral pledged pursuant to the Master Indenture and the Deed of Trust and from moneys pledged under the Bond Indenture as described herein.

THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REPAYMENTS AND OTHER FUNDS PROVIDED PURSUANT TO THE BOND INDENTURE AND THE LOAN AGREEMENT AND SECURED BY THE COLLATERAL, REAL AND PERSONAL, PLEDGED BY THE OBLIGOR AS SECURITY THEREFOR. THE SERIES 2014 BONDS AND THE INTEREST THEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THE SERIES 2014 BONDS ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

The Series 2014 Bonds are limited obligations of the Issuer and have four sources of payment, as follows:

(1) **Initial Entrance Fees.** The Obligor is required to deposit Initial Entrance Fees received by it with the Master Trustee for application in accordance with the terms of the Master Indenture. The ability of the Obligor to receive Initial Entrance Fees is subject to its ability to successfully market the Community, and no assurance can be made that the Initial Entrance Fees received by the Obligor will be sufficient to fully fund the initial deposits to

the Operating Reserve Fund and the Working Capital Fund and to fully repay the Series 2014E Bond, the Series 2014D Bonds, the Series 2014C Bonds, and the Series 2014B Bonds.

(2) ***Loan payments received by the Bond Trustee from the Obligor pursuant to the terms of the Loan Agreement and the Series 2014 Notes.*** The Issuer has no obligation to pay the Series 2014 Bonds except from loan payments derived from the Obligor pursuant to the Loan Agreement and the Series 2014 Notes. The Series 2014 Bonds and the interest thereon are limited obligations of the Issuer as described above under “Limited Obligations.” Under the Loan Agreement and the Series 2014 Notes, which the Issuer will assign to the Bond Trustee (excluding the Unassigned Rights), the Obligor will be required to make loan payments directly to the Bond Trustee in amounts sufficient to enable the Bond Trustee to pay the principal of, premium, if any, and interest on the Series 2014 Bonds. Such loan payments are, however, anticipated to be derived solely from operation of the Community and investment earnings. Profitable operation of the Community depends in large part on achieving and maintaining certain occupancy levels throughout the term of the Series 2014 Bonds. However, no assurance can be made that the revenues derived from the operation of the Community will be realized by the Obligor in the amounts necessary, after payment of operating expenses of the Community, to pay maturing principal of, premium, if any, and interest on the Series 2014 Bonds. The Bond Trustee will exchange the Series 2014 Notes for the corresponding Series 2014 Bond Indenture Master Obligations.

(3) ***Revenues received from operation of the Community by a receiver upon a default under the Master Indenture.*** Attempts to have a receiver appointed to take charge of properties pledged to secure loans are frequently met with defensive measures such as the initiation of protracted litigation and/or the initiation of bankruptcy proceedings, and such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. Furthermore, the ability to appoint a receiver for the Community may be limited by requirements of the Maryland Department of the Aging which has the right, under Maryland law, to apply to court for an order that directs the Secretary of the Maryland Department of Aging to conserve or rehabilitate a provider under circumstances where there has been a determination of significant risk of financial failure. Prospects for uninterrupted payment of principal and interest on the Series 2014 Bonds in accordance with their terms are largely dependent upon the source described in (2) above, which is wholly dependent upon the success of the Obligor in operating the Community in a profitable manner.

(4) ***Proceeds realized from the sale or lease of the Community to a third party by the Master Trustee.*** Attempts to sell or foreclose on commercial property or otherwise realize upon security for obligations may be met with defensive measures such as protracted litigation and/or bankruptcy proceedings, and such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. A sale or transfer of more than 10% of a continuing care provider’s total assets in any 12 month period must be approved by the Maryland Department of Aging. Furthermore, a continuing care provider is prohibited from selling or otherwise disposing of assets equal to or less than 10% of its total assets if the sale or disposition is likely to have an unreasonably adverse effect on the financial stability of the provider or the capacity of the provider to perform its obligations under its continuing care agreements. In addition, the Master Trustee could experience difficulty in selling or leasing the Community upon foreclosure or sale due to the special-purpose nature of a continuing care retirement facility and the proceeds of such sale may not be sufficient to fully pay the owners of the Series 2014 Bonds.

The best prospects for uninterrupted payment of principal and interest on the Series 2014 Bonds in accordance with their terms is the source described in (2) above, which is wholly dependent upon the success of the Obligor in operating the Community in a profitable manner. Even if the Community is operating profitably, other factors could affect the Obligor’s ability to make loan payments under the Loan Agreement and the Series 2014 Notes and the Master Obligations.

The Deed of Trust

The Obligor will execute the Deed of Trust on the Mortgaged Property to secure its obligations pursuant to the Master Indenture. Similar deeds of trust may be executed and delivered under certain circumstances involving Additional Indebtedness or admission of any new Obligated Group Members. In the event that there is a default under the Master Indenture, the Master Trustee has the right to foreclose on or sell the Mortgaged Property under certain circumstances.

All amounts collected upon sale of the Mortgaged Property pursuant to the Deed of Trust will be used to pay certain costs and expenses incurred by, or otherwise related to, the sale of the Mortgaged Property and the performance of the Master Trustee under the Deed of Trust, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

In the event that the power of sale under any Deed of Trust is actually exercised, then, in addition to the customary costs and expenses of operating and maintaining the Community, the party or parties succeeding to the interest of the Obligor in the Mortgaged Property (including the Master Trustee, if such party was to acquire the interest of the Obligor in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the Community, such as the Americans with Disabilities Act; and costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

In case of any sale under the Deed of Trust, by virtue of judicial proceedings or otherwise, the Property may be sold as an entirety or in parcels, by one sale or by several sales, as may be deemed by the Individual Trustees to be appropriate and without regard to any right of the Obligor or any other person to the marshalling of assets (provided that all rights of residents under their respective residence and care or other occupancy agreements continue in full force and effect and that the beneficiary under the Deed of Trust and any purchaser accept and perform all of the Obligor's obligations under such residence and care or other occupancy agreements).

The Community is not comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. Additionally, parts of the Community require a license from the State to operate. The Community is intended to be used as an independent living facility for seniors and other types of senior living, such as assisted living, skilled nursing care and health care services. Consequently, it would be difficult to find a buyer or lessee for the Community, and, upon any default, the Master Trustee may not realize the amount of the outstanding Series 2014 Bonds from the sale or lease of the Community in the event of foreclosure.

Any valuation of the Community is based on future projections of income, expenses, capitalization rates, and the availability of a partial or total property tax exemption. Additionally, the value of the Community will at all times be dependent upon many factors beyond the control of the Obligor, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of the Community. Any weakened market condition may also depress the value of the Community. Any reduction in the market value of the Community could adversely affect the security available to the owners of the Series 2014 Bonds. There is no assurance that the amount available upon foreclosure or sale of the Community after the payment of costs will be sufficient to pay the amounts owing by the Obligor on the Series 2014 Bonds.

In the event of sale, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by the Obligor since such purchaser may not enjoy the favorable financing rates associated with the Series 2014 Bonds and other benefits. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Mortgaged Property than nonprofit buyers, then the resale of the Mortgaged Property after foreclosure or sale may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Mortgaged Property. In addition, there can be no assurance that the Mortgaged Property could be sold at one hundred percent (100%) of its fair market value in the event of foreclosure or sale. Although the Master Trustee will have available the remedy of public sale under the Deed of Trust in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such sale, such as may be applicable in the event of the Obligor's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Obligor's obligations.

Additional Indebtedness

The Master Indenture permits the Obligor to incur Additional Indebtedness which may be equally and ratably secured with the Series 2014 Master Obligations. The Series 2014 Subordinated Obligations are subordinate to the Series 2014 Master Obligations. Any additional parity indebtedness would be entitled to share ratably with the holders of the Series 2014 Master Obligations in any moneys realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of additional parity indebtedness could reduce the Historical Debt Service Coverage Ratio and could impair the ability of the Obligor to maintain its compliance with certain covenants described in Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto. Despite compliance with the conditions upon which Additional Indebtedness may be incurred at the time such debt is created, the ability of the Obligor to make the necessary payments to repay the Series 2014 Master Obligations may be materially adversely affected because of the incurrence of Additional Indebtedness.

The Continuing Covenant Agreement provides that so long as the Series 2014E Master Obligation is Outstanding, the Obligated Group may not incur or assume any Additional Indebtedness without the prior written consent of the Holder of the Series 2014E Master Obligation, provided that no such consent shall be required in connection with (i) the issuance of any of the Series 2014 Master Obligations or (ii) Indebtedness incurred to refund any Indebtedness Outstanding on the date of issuance of the Series 2014 Bond Indenture Master Obligations, including, without limitation, any Indebtedness incurred to refund the Series 2014E Master Obligation.

Impact of Market Turmoil

The economic turmoil of the past few years had severe negative repercussions upon the United States and global economies. This impact was particularly severe in the financial sector, prompting a number of banks and other financial institutions to seek additional capital, to merge, and, in some cases, to cease operating. The effects of this turmoil can still be seen in the scarcity of credit, lack of confidence in the financial sector, volatility in the financial markets, fluctuations in interest rates, reduced economic activity, increased business failures, high unemployment and increased consumer and business bankruptcies. The recent turmoil and any similar future market turmoil could affect the market and demand for the Series 2014 Bonds in addition to adversely affecting the value of any investments of the Obligor or any future Member of the Obligated Group.

Limited Resources of the Obligor

The Obligor has no assets other than its interest in the Project and has no operating history. Other than the Liquidity Support Fund and the Liquidity Support Agreement, the Obligor has no sources of funds if revenues from operation of the Project are not sufficient to cover expenses, including debt service on the Series 2014 Bonds.

Additions to the Obligated Group

The Obligor is the only initial member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other entities can become members of the Obligated Group. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto. Management of the Obligor currently has no plans to add additional members to the Obligated Group. However, if and when new members are added, the Obligated Group's financial situation and operations will likely be altered from that of the Obligor alone.

The Series 2014E Bond is a Draw-Down Bond

The Series 2014E Bond is a draw-down bond held by Branch Banking and Trust Company, a North Carolina banking corporation (the "Series 2014E Bondholder"). As of March 31, 2014, the Series 2014E Bondholder had over \$180 billion in assets. Based in Winston-Salem, North Carolina, the Series 2014E Bondholder operates 1,834 financial centers in 12 states and Washington, D.C., and offers a full range of consumer and commercial banking, consumer banking, trust and investment services. The senior debt ratings of the Series 2014E Bondholder are A (Standard & Poor's), A1 (Moody's Investor Service), and A+ (Fitch Ratings).

At the closing of the issuance of the Series 2014 Bonds, the outstanding principal amount of the Series 2014E Bond shall be equal to the Initial Advance in the initial amount of approximately \$_____. From time to time, additional Series 2014E Bond proceeds shall be drawn down in accordance with the provisions of the Series 2014E Bond Documents. The interest rate on the Series 2014E Bond is a variable rate that will reset on a monthly basis. A significant increase in interest rates would increase the Company's debt service requirements with respect to the Series 2014E Bond, thereby increasing the possibility of (i) a default by the Obligor under its financing documents and (ii) an acceleration and early redemption of the Series 2014 Bonds. The financing documents related to the Series 2014E Bond contain certain covenants of the Obligated Group that either are not contained in the Master Indenture and the Loan Agreement or that are similar but vary in some respects from the covenants contained in the Master Indenture and the Loan Agreement.

There are conditions precedent relating to making additional Series 2014E Bond Proceeds Advances, including compliance with the conditions of the Disbursement Agreement. The successful construction and development of the Project is conditioned upon timely Series 2014E Bond Proceeds Advances in accordance with the Obligor's expected schedule of advances. No representation or warranty is made that such conditions will be satisfied on a timely basis or at all. A temporary or permanent suspension of additional Series 2014E Bond Proceeds Advances would likely adversely affect the construction of the Project and might result in an Event of Default on the Series 2014 Bonds. Such Event of Default may result in an investment loss for holders of Series 2014 Bonds.

Series 2014E Bond Special Covenants, Defaults, Rights and Remedies

Certain terms of the Series 2014E Bond are set forth in the Series 2014E Loan and Financing Agreement and the Continuing Covenants Agreement. The Series 2014E Note executed in connection with the Series 2014E Bond is being exchanged for the Series 2014E Master Obligation. Certain terms of the Series 2014E Master Obligation are set forth in the Master Indenture. The Master Indenture provides that an event of default under the Loan and Financing Agreement (which includes an event of default under the Continuing Covenants Agreement) is an Event of Default under the Master Indenture. Furthermore, notwithstanding the general requirement that the Holders of not less than 25% in principal amount of the Outstanding Master Obligations (except Subordinated Obligations) may declare the principal of all the Master Obligations to be due and payable, the Supplemental Master Indenture provides that the Series 2014E Bondholder may direct the Master Trustee to declare the principal of the Series 2014E Master Obligation due and payable immediately.

In addition to the covenants described in the Master Indenture, the Continuing Covenants Agreement also provides, among other covenants, (i) that the Obligor may not incur additional indebtedness without the consent of the Series 2014E Bondholder other than the Series 2014 Master Obligations and the Series 2014 Subordinated Obligations, indebtedness owed to the Series 2014E Bondholder or its affiliates (which at the time of this Offering Statement does not exist and is not currently contemplated by the Obligor) and other indebtedness in an aggregate amount of up to \$500,000, (ii) for certain minimum presales of independent living units and occupancy thresholds, which are less restrictive than those set forth in the Master Indenture, and (iii) that, without the Series 2014E Bondholder's consent, the Obligor may not, among other things, dispose of assets outside of the ordinary course of business, consolidate or merge with other entities or permit withdrawals of members of the Obligated Group.

In addition to the events of default described in the Master Indenture, the Continuing Covenants Agreement also provides for events of default including (i) arising from the failure to comply with the terms of the Continuing Covenants Agreement, (ii) arising in connection with a default or event of default arising under any other agreement for funded indebtedness of the Obligor with the Series 2014E Bondholder or its affiliates, or (iii) arising in connection with payment defaults or performance defaults that could cause acceleration to occur under any other agreement for funded indebtedness of the Obligor having a principal amount in the aggregate of greater than \$100,000.

This discussion of the covenants, defaults, rights and remedies under the Series 2014E Bond Documents does not purport to be complete, and reference is made to the Continuing Covenants Agreement and the Series 2014E Loan and Financing Agreement, copies of which are available upon request from the Master Trustee and, during the period of marketing of the Series 2014 Bonds, the Underwriter.

Uncertainty of Revenues

The Obligor is a development stage company and has not previously built or operated a project. Facilities of the nature of those of the Obligated Group are subject to variability in demand and, in the event that there is insufficient demand for the services of the Obligated Group at the existing pricing structure, the Obligated Group may need to discount the pricing structure for its services, which could negatively impact revenues. Additionally, the Obligor has no assets other than the Project and is not expected to have any revenues except those derived from operations of the Project.

As noted elsewhere, except to the extent that the holders receive, under certain circumstances, proceeds of insurance, sale or condemnation awards, the Series 2014 Bonds will be payable solely from payments or prepayments to be made by the Obligor under the Loan Agreement and by the Obligor and any other future Obligated Group Members on the related Series 2014 Master Obligations. The ability of the Obligor to make payments under the Loan Agreement and the ability of the Obligor and any other future Obligated Group Members to make payments on the Series 2014 Master Obligations is dependent upon the generation by the Obligor of revenues in the amounts necessary for the Obligor to pay the principal or redemption price of and interest on the Series 2014 Bonds as well as other operating and capital expenses. The realization of future revenues and expenses are subject to, among other things, the capabilities of the management of the Obligor, government regulation and future economic (including but not limited to availability of credit) and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Series 2014 Bonds. No representation or assurance can be made that revenues will be realized by the Obligor in amounts sufficient to make the required payments with respect to debt service on the Series 2014 Bonds.

Financial Forecast

The Obligor's financial forecast contained in the Financial Feasibility Study attached hereto as Appendix B is based upon assumptions made by management of the Obligor. As stated in such financial forecast, events and circumstances frequently do not occur as expected, and there will usually be differences between the forecasted and actual results, and those differences may be material. In addition, the financial forecast only covers the six years ending June 30, 2020, and consequently does not cover the entire period during which the Series 2014 Bonds may be outstanding. See the Financial Feasibility Study included herein as Appendix B, which should be read in its entirety.

BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE, NO GUARANTY CAN BE MADE THAT THE FINANCIAL FORECAST IN THE FINANCIAL FEASIBILITY STUDY WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY UNCONTROLLABLE FACTORS, INCLUDING BUT NOT LIMITED TO INCREASED COSTS, FAILURE BY MANAGEMENT OF THE OBLIGOR TO EXECUTE ITS PLANS, LOWER THAN ANTICIPATED REVENUES, EMPLOYEE REGULATIONS, TAXES, GOVERNMENTAL CONTROLS, CHANGES IN APPLICABLE GOVERNMENTAL REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN THE RETIREMENT LIVING AND HEALTH CARE INDUSTRIES AND GENERAL ECONOMIC CONDITIONS.

Construction Risks

Construction of the Project is subject to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Obligor or its contractors. Such events could result in delayed marketing, substantial completion, and/or occupancy of the Project and thus the revenue flow therefrom.

Management of the Obligor believes that the building permits will be obtained in due course. See "DESIGN AND CONSTRUCTION OF THE PROJECT – Regulatory Permits and Approvals" in Appendix A hereto. In addition, the marketing, substantial completion and occupancy of the Project may be extended by reason

of changes authorized by the Obligor, delays due to acts or neglect of the Obligor, or by independent contractors employed by the Obligor. Cost overruns could also result in the Obligor not having sufficient money to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay the Series 2014 Bonds. For example, the plan of finance assumes that Entrance Fees payable on or before initial occupancy of the Project by individual residents will be used to fund the Working Capital Fund and the Operating Reserve Fund and to redeem the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond. If the completion of the Project is delayed, the receipt of Entrance Fees necessary for such purposes, as well as the receipt of monthly service fees necessary to fund operations, may be adversely impacted.

It is anticipated that the proceeds from the sale of the Series 2014 Bonds together with anticipated investment earnings thereon will be sufficient to complete the construction and equipping of the Project. Cost overruns for projects of this magnitude may occur due to change orders and other factors. Cost overruns could also result in the Obligor not having sufficient moneys to complete construction of the Project, thereby materially affecting the receipt of revenues needed to pay debt service on the Series 2014 Bonds. Failure to complete the Project either at all or on time and for the cost estimated by the Obligor would reduce or delay revenues forecasted to be received by the Obligor, which would adversely affect the financial position of the Obligor and its ability to make payments under the Series 2014 Master Obligations and the Loan Agreement. In addition, if the proceeds of the Series 2014 Bonds were not sufficient to complete the Project, the Obligor would have to complete the Project with financing obtained from other sources that may not be available.

Construction Draws

The ability of the Obligor to receive disbursements from the Project Account of the Construction Fund held under the Bond Indenture is subject to compliance by the Obligor with various requirements of that certain Construction Disbursement and Monitoring Agreement (the “Disbursement Agreement”) dated as of August 1, 2014 by and among the Obligor, zumBrunner, Inc. (the “Construction Monitor”), the Bond Trustee and the Series 2014E Bondholder. If the conditions to receipt of disbursements in the Disbursement Agreement are not met, construction draws may be temporarily suspended. A temporary suspension of funding might cause delay in completion and related cost overruns. Proceeds remaining in the Construction Fund together with other funds held under the Bond Indenture would not be sufficient to pay the principal of the Series 2014 Bonds upon acceleration.

Redemption of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond from Initial Entrance Fees

Management’s financial forecast contained in the Financial Feasibility Study included in Appendix B hereto anticipates that the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond will be subject to mandatory redemption from funds deposited in the Entrance Fee Fund and subsequently transferred in accordance with the Master Indenture. There can be no guarantee, however, that there will be sufficient funds in the Entrance Fee Fund in order to so redeem the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond. The Entrance Fee Fund will be funded from Initial Entrance Fees in accordance with the Master Indenture, as described herein. In addition, the Series 2014E Bond is to be retired prior to the retirement of the Series 2014D Bonds with Initial Entrance Fees, which are to be retired prior to the retirement of the Series 2014C Bonds with Initial Entrance Fees, which are to be retired prior to the retirement of the Series 2014B Bonds with Initial Entrance Fees.

Failure to Achieve or Maintain Occupancy or Turnover

The economic feasibility of the Project depends in large part upon the ability of the Obligor to attract sufficient numbers of residents to the Project and to achieve and maintain substantial occupancy throughout the term of the Series 2014 Bonds. This depends to some extent on factors outside management’s control such as the residents’ right to terminate their Residency Agreements, subject to the conditions provided in the Residency Agreements. If the Project fails to achieve significant initial occupancy within the period forecasted by management in the Financial Feasibility Study, there may be insufficient funds to pay debt service on the Series 2014 Bonds once the funds in the Funded Interest Account of the Construction Fund available to pay debt service have been spent.

Demand for services of the Project could also be affected by many factors, including (1) advances in scientific and medical technology; (2) increased or more effective competition from nursing home and long-term care facilities, assisted living facilities, and apartment complexes which target elderly residents now or hereafter located in the service area of the Project; and (3) the effects of managed care. Moreover, if a substantial number of residents live beyond the anticipated life expectancies assumed by the Obligor or if the permanent transfers to the assisted living and nursing beds of the Project are substantially less than assumed by the Obligor, or if market changes require a reduction in the amount of the Entrance Fees payable by new residents, the receipt of additional Entrance Fees would be curtailed, with a consequent impairment of the revenues of the Project. Such impairment would also result if the Obligor is unable to remarket units becoming available when residents die, withdraw, or are permanently transferred to a health care facility or any other facility. If the Project fails to maintain occupancy levels as management forecasted in the Financial Feasibility Study, there may be insufficient funds to pay the debt service on the Series 2014 Bonds. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein. See "FINANCIAL FEASIBILITY STUDY" in Appendix B hereto.

Potential Refund of Entrance Fees

Under certain circumstances, the Obligor is obligated to refund all or a portion of a resident's entrance fee upon the resident's departure from the Community. The payment of such refunds could adversely affect the Obligor's ability to make payments required by the Loan Agreement and the Series 2014 Notes and the Master Obligations. The Obligor is not required to refund entrance fees until it resells a comparable unit.

Sale of Homes

It is anticipated that many prospective residents of the Project will be required to sell their current homes to pay the Entrance Fee prior to occupancy or to meet other financial obligations under their Residency Agreements. Housing prices have declined nationally and in many areas longer time periods have been needed for homeowners to sell their homes. If prospective residents encounter difficulties in selling their current homes due to local or national economic conditions affecting the sale and finance of residential real estate, such prospective residents may not have sufficient funds to pay the Entrance Fee or to meet other obligations under their Residency Agreements, thereby causing a delay in scheduled occupancy of the Project or remarketing of vacated Independent Living Units, which would have an adverse impact on the revenues of the Obligor.

Nature of Income of the Elderly

A large percentage of the monthly income of some residents of the Project is fixed income derived from pensions and social security. If, due to inflation or otherwise, substantial increases in Monthly Fees are required to cover increases in operating costs, nursing care costs, wages, benefits and other expenses, residents may have difficulty paying or may be unable to pay such increased Monthly Fees. The Obligor's actuary conducts a financial analysis of each potential resident before a Residency Agreement is executed to determine the likely ability of the resident to meet the financial obligations to the Obligor; however, no assurance may be given that future events, including life expectancy, will not result in residents encountering difficulty in paying Monthly Fees.

Organized Resident Activity

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

Staffing

In recent years, the health care industry has suffered from a shortage of skilled and unskilled nursing personnel that has forced nursing wage scales to increase. The Obligor's management believes that it will be able to hire required staff, but the presence of other health care providers may make it difficult over time to attract and retain skilled personnel. If the Obligor is forced to employ temporary staff through employment agencies, its employment costs will be substantially increased.

Increases of Medical Costs

The cost of providing healthcare services may increase due to many reasons, including increases in salaries paid to nurses and other healthcare personnel and shortages in such personnel that may require the use of employment agencies.

Labor Union Activity

Certain residential care facilities are being subjected to increasing union organizational efforts. The Obligor is not presently a party to any collective bargaining agreements. There can be no assurance, however, that employees will not seek to establish collective bargaining agreements with the Obligor, and if so established, such collective bargaining agreements could result in significantly increased labor costs to the Obligor and have an adverse effect on the financial condition of the Obligor.

Competition

The Project is located in an area where other continuing care retirement facilities and other competitive facilities exist or may be developed. The Project may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing, continuing care facilities in the geographic area served by the Project. The Obligor will also face competition from other forms of retirement living including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities, but not necessarily similar services, at lower prices. In addition, there are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for residential living facilities. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted. See "FINANCIAL FEASIBILITY STUDY" in Appendix B hereto. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein.

Professional Liability Claims and Losses

The operations of the Obligor, and thereby of the Project, may also be affected by increases in the incidence of professional liability lawsuits against healthcare facilities in general and increases in the dollar amount of patient damage recoveries, resulting in increased insurance premiums and an increased difficulty in obtaining malpractice insurance. The Obligor covenants to maintain professional liability insurance in the amount required under the Master Indenture. It is not possible at this time to determine either the extent to which such insurance coverage will continue to be available to the Obligor or the premiums at which such coverage can be obtained.

State Regulation; Rights of Residents

The Maryland Department of Aging Continuing Care Statute, Sections 10-401 through 10-499 of the Human Services Article of the Annotated Code of Maryland (the "Continuing Care Act"), provides that a provider may not offer continuing care, enter into or renew continuing care agreements, begin construction for a new facility or expansion or renovation of an existing facility, or collect deposits for continuing care in Maryland unless the provider has complied with the Continuing Care Act. Furthermore, the Continuing Care Act sets forth certain provisions that are required to be contained in continuing care agreements. Such provisions relate generally to the disclosure of information to residents regarding the terms of the agreement. Pursuant to the Continuing Care Act, the provisions thereof intended for the benefit of or protection of the resident may not be waived by the resident.

The required provisions of the continuing care agreements set forth certain rights of residents, including the right to organize and the right to rescind a continuing care agreement at any time if the terms of the agreement are in violation of the Continuing Care Act and the resident is injured by the violation, in which event the resident is entitled to treble damages for extensive injuries arising from the violation.

In addition, the Continuing Care Act provides that no agreement for continuing care shall permit the dismissal or discharge of a resident prior to the expiration of the agreement without just cause for such removal and advance notice of at least 60 days. In the event of any such termination of a resident, the provider must comply with specific refund provisions contained in the Continuing Care Act.

The Obligor utilizes a "Type C", fee-for-service residential living continuing care agreement, which provides access to assisted living and comprehensive care for a per diem charge.

The Continuing Care Act also requires the Obligor to furnish a disclosure statement to all prospective subscribers before payment of any part of an entrance fee or execution of a continuing care agreement, and annually to all of its residents upon request.

Furthermore, the Obligor is required to set aside operating reserves that equal 15% of its net operating expenses for the most recent fiscal year for which a certified financial statement is available. These reserves are required to be maintained in reasonably liquid form in the judgment of the provider. Because the Obligor is a new continuing care provider, it has 10 full fiscal years after the date of its initial certificate of registration to meet the operating reserve requirement. Under the Continuing Care Act, the Obligor must set aside at least 10% of the required reserves at the end of each fiscal year after the date of its initial certificate of registration up to a total of 100% of the required reserves by the end of the 10th fiscal year. The Obligor is in compliance with its operating reserves requirement.

The Continuing Care Act requires new continuing care providers to have an approved feasibility study before collecting deposits for continuing care. In addition, the deposits must be maintained in an escrow account and the deposit agreement must be approved by the Maryland Department of Aging. Thereafter, the continuing care provider must obtain a preliminary certificate of registration from the Maryland Department of Aging before it can enter into a continuing care agreement. The Maryland Department of Aging shall issue a preliminary certificate of registration if: (i) the feasibility study has been approved; (ii) the Maryland Department of Aging determines that the proposed continuing care agreement meets the requirements of the Continuing Care Act; (iii) all of the financial and organizational materials required to be submitted to the Maryland Department of Aging have been submitted; and (iv) the form and substance of all advertisements, advertising campaigns and other promotional materials submitted are not deceptive, misleading or likely to mislead. The Obligor has been issued a preliminary certificate of registration by the Maryland Department of Aging for the Project.

Furthermore, before a new provider can provide continuing care, the Continuing Care Act requires that the Maryland Department of Aging issue an initial certificate of registration. The Maryland Department of Aging shall issue an initial certificate of registration to a provider if the Maryland Department of Aging determines that: (i) the provider has a preliminary certificate of registration; (ii) the provider has submitted the required documents; (iii) the form and substance of all advertisements, advertising campaigns and other promotional materials submitted are not deceptive, misleading or likely to mislead; (iv) continuing care agreements have been executed with subscribers for at least 65% of the independent living units and at least 10% of the entrance fee has been paid as a deposit for each contracted unit; (v) if construction financing is required, closing on the financing has occurred; and (vi) the provider has a commitment for permanent long-term financing. The Obligor has submitted its application for an initial certificate of registration.

The Obligor's management believes that it is in compliance with the Continuing Care Act and that continued compliance will not materially affect its operation, but there is no certainty that the Continuing Care Act and the regulations promulgated under the Continuing Care Act will not adversely affect operation of the Facility or the financial condition of the Obligor.

Under current law, a provider may not develop, operate or participate in a covered health care project, such as the skilled nursing portion of the Facility, unless the Maryland Health Care Commission (the "Commission") has

issued a Certificate of Need for the project, or a Certificate of Need exemption is available. A “Certificate of Need” is a written certification by the Commission that a proposed health care project is in the public need and is in accordance with applicable Maryland law. The Project is exempt from Certificate of Need requirements because the comprehensive care portion of the Facility is located on the campus of the community and will be for the exclusive use of the Obligor’s residents who have executed continuing care agreements and paid entrance fees, before entering the community, that are at least equal to the lowest entrance fee charged for an independent living or assisted living unit. In addition, the number of comprehensive care units to be built is within the number required by the exemption.

Any future expansion or capital expenditure involving comprehensive care beds would have to meet an exemption or would require Commission approval.

Also, the Obligor is subject to regulation by the Office of Health Care Quality of the Maryland Department of Health and Mental Hygiene (the “Department”) in connection with the licensure of both its comprehensive care beds and assisted living units at the Community.

The Obligor must maintain licenses to operate its comprehensive care beds and assisted living units at the Community. Licenses for comprehensive care facilities are valid for two years from the date of issuance. The Secretary of the Department (the “Secretary”) may refuse to issue or renew a license or may revoke a comprehensive care license. The residents of a comprehensive care facility are entitled to numerous rights and protections, which are enforced jointly by the Maryland Department of Aging and the Department. For admission to a comprehensive care facility, a contract must be executed by the provider and the resident and the contract must include, at a minimum, all of the provisions of the Department’s approved model contract. In addition to acknowledging the resident’s right to be free from interference, coercion, discrimination, reprisal, restraint or abuse, residents have other patient rights that pertain to Medicare or Medicaid certified facilities.

In addition to the license for comprehensive care, the Obligor must have a license to operate its assisted living units. Licenses are issued for assisted living programs based on the level of care provided and are valid for two years from the date of issuance, unless suspended or revoked. The Department may issue a provisional license if (i) an assisted living program is not in full compliance with the regulations but the noncompliance does not constitute a safety or health hazard and the licensee has provided an acceptable plan of correction to the Department, or (ii) Departmental delays have occurred which are beyond the control of the licensee and have prevented the Department from completing its licensure activity. Residents of assisted living programs are entitled to numerous rights and protections which are enforced by the Department. Assisted living programs are required to develop and implement policies and procedures that prohibit abuse, neglect and exploitation of residents, as well as have procedures in place to handle residents’ personal funds. Persons admitted to an assisted living program must have a continuing care agreement which is required to include provisions outlined in the regulations concerning care and oversight of the resident. The assisted living program is required to maintain the assisted living agreement on site and make it available for review by the Department or its designee. The Obligor plans to be licensed as a Level 3 assisted living program.

The enactment of additional legislation restricting or regulating the operation of continuing care, comprehensive care or assisted living facilities creating additional residents’ rights or requiring certain financial reserves could adversely affect the financial condition of the Obligor and may limit the terms and enforceability of the continuing care agreements.

In addition, the ability of the Master Trustee or the Bond Trustee to foreclose its lien on the Mortgaged Property or enforce other rights and remedies under the Bond Documents may be adversely affected by litigation on behalf of residents. Although under the current continuing care agreements, residents have no special lien or claim against any property of the Obligor, there can be no certainty that residents could not successfully claim or otherwise restrict the use of the Obligor’s property in bankruptcy proceedings or other disputes.

Health Care Reform

Recently passed health care reform law at the federal level would impose certain expanded contracting requirements on long-term care facilities regarding coordination of care with hospitals and hospital systems going

forward. In addition, legislation is periodically introduced in Congress and in the Maryland legislature that could result in limitations on revenues, reimbursements, or charges for health care facilities. At this time, no determination can be made as to whether such federal or state legislation will be enacted or, if enacted, its impact on the Project.

Third-Party Payments

General. The health care industry in general is subject to regulation by a number of federal, state and local governmental agencies, including the Centers for Medicare and Medicaid Services (“CMS”). As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program. Additional legislation dealing with nursing home revenues could be introduced that, if enacted, might have an adverse impact upon the revenues of the Project.

At this time, all 12 of the Skilled Nursing Beds are planned to be certified for Medicare and Medicaid and it is expected that approximately 15% of the Skilled Nursing Beds will be utilized by Medicare patients in Fiscal Year 2020.

Medicare. Medicare is a federal insurance program that, among other things, provides reimbursement for nursing facility care in Medicare-certified facilities. Generally, a resident will qualify for Medicare reimbursement only if the resident’s admission to the nursing home facility is immediately subsequent to the resident’s three or more day stay at an acute care facility. Medicare reimbursement for skilled nursing care is limited to a renewable 100-day period for each qualified resident. Effective with reporting periods beginning on or after July 1, 1998, skilled nursing facilities (“SNFs”) are paid on the basis of a per diem prospective payment system (“PPS”). The PPS payment is adjusted for case mix and geographic variation in wages and covers all costs of furnishing covered SNF services (routine, ancillary and capital-related costs) to beneficiaries under Part A of the Medicare program. Federal rates are set using allowable costs from fiscal year 1995 cost reports and include an estimate of the costs of services that had been paid under Medicare Part B but furnished to SNF residents during a Part A covered stay. The rates are updated by a factor based on the SNF market basket percentage, but without adjustment for case mix or wage levels. Medicare payments are subject to coinsurance and deductibles from the patient.

Medicaid. Medicaid is a federal health benefit program that provides for families with low incomes and limited financial resources. The costs for the program are shared by the states and the federal government, and local Medicaid programs are managed by the states that have their own requirements for eligibility and for the application process. Medicaid pays medical bills with State and federal tax money. Under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, Medicaid coverage has been expanded to millions of low-income Americans and numerous improvements have been made to a number of Medicaid programs including upgrading eligibility systems, streamlining the application process, promoting prevention and wellness, coordinating care for dual eligibles (individuals eligible for Medicare and Medicaid), increasing program integrity, improving technology and providing information on the minimum essential benefits provided in the Affordable Insurance Exchanges.

Medicaid determines eligibility by category (i.e., at least 65 years of age, or disabled, or blind, or under 21 years old, or caring for a related child in your home, or pregnant or the parents of an unmarried child under 21) and the value of assets (e.g., cash, money, checking or savings accounts, stocks, bonds, trusts, annuities, real estate, life insurance or similar assets). If a person has too many assets to qualify for Medicaid, they may become eligible if they can show that their medical bills are equal to or greater than their excess income. This situation is referred to as “spend down.” Persons who become eligible under a spend-down are only eligible for a limited time, and they will still have to pay some of their own medical bills.

Future Legislation. Other future legislation, regulation or actions by the federal government are expected to continue the trend toward more limitations on reimbursement for long term care services. At present, no determination can be made concerning whether or in what form such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the Obligor’s financial performance cannot be determined at this time.

Medicare and Medicaid Reporting Requirements. Medicare and Medicaid regulations provide that all entities furnishing services for which payment may be made under Medicare or Medicaid are required to submit certain information to CMS. Persons who fail to submit the required information or who fail to report the information accurately and completely are subject to civil or criminal money penalties. As these requirements are numerous, technical and complex, there can be no assurance that the Obligor may not incur such penalties in the future. These penalties could have a material adverse effect on the Obligor's revenues and/or its ability to operate.

Government Health Program Regulations Governing Fraud and Abuse and Certain Referrals. Federal and state health care fraud and abuse laws generally regulate services furnished to beneficiaries of federal and state (including Medicare and Medicaid) and private health insurance plans, and they impose penalties for improper billing and other abuses. Under these laws, health care providers may be punished for billing for services that were not provided, not medically necessary, provided by an improper person, accompanied by an illegal inducement to use or not use another service or product, or billed in a manner that does not comply with applicable government requirements. Violations of these laws are punishable by a range of criminal, civil and administrative sanctions. If the Obligor violates one of the fraud and abuse laws, among other possible sanctions, federal or state authorities could recover amounts paid, exclude the Obligor from participation in the Medicare and Medicaid programs, impose civil monetary penalties, and suspend Medicare and Medicaid payments. The federal government (and individuals acting on its behalf) have brought many investigations, prosecutions and civil enforcement actions under the fraud and abuse laws in recent years. In some cases, the scope of the fraud and abuse laws are so broad that they may result in liability for business transactions that are traditional or commonplace in the health care industry.

There is an increasingly expanding and complex body of state and federal law, regulation and policy relating to relationships between providers of health care services to patients and potential referral sources such as, but not limited to, physicians. The federal and state illegal remuneration statutes and anti-kick-back statutes applicable to Medicare, Medicaid, and all federal and state health care programs ("Government Programs") prohibits the offer, payment, solicitation, or receipt of any remuneration, directly or indirectly, covertly or overtly, in cash or in kind, for (1) the referral of patients, or arranging for the referral of patients, for the provision of items or services for which payment may be made under the Government Programs; or (2) the purchase, lease or order, or arranging for the purchase, lease or order, of any good, facility, service or item for which payment may be made under the Government Programs. A violation of the illegal remuneration statute constitutes a felony criminal offense, and applicable sanctions include imprisonment of up to five years, fines up to \$25,000 and exclusion from federal health care programs.

The federal civil False Claims Act ("Civil FCA") prohibits anyone from knowingly submitting a false, fictitious or fraudulent claim to the federal government. Violation of the Civil FCA can result in civil money penalties and fines, including treble damages. Private individuals may initiate actions on behalf of the federal government in lawsuits called qui tam actions. The plaintiffs, or "whistleblowers," can recover significant amounts from the damages awarded to the government. In several cases, Civil FCA violations have been alleged solely on the existence of alleged kickback arrangements or violations of Section 1877 of the Social Security Act (commonly known as the "Stark Law"), even in the absence of evidence that false claims had been submitted as a result of those arrangements. The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, "PPACA") creates Civil FCA liability for knowingly failing to report and return an overpayment within a specified time. The federal criminal False Claims Act ("Criminal FCA") prohibits the knowing and willful making of a false statement or misrepresentation of a material fact in submitting a claim to the government. Sanctions for violation of the Criminal FCA include imprisonment, fines, and exclusions.

The Civil Monetary Penalties Law in part authorizes the government to impose money penalties against individuals and entities committing a variety of acts. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Moreover, the Obligor may not knowingly make a payment, directly or indirectly, to a physician as an inducement to reduce or limit services to Medicare or Medicaid patients under the physician's direct care. PPACA amended the Civil Monetary Penalties Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (ii) failing to grant the Office of Inspector General timely access for audits,

investigations or evaluations; and (iii) failing to report and return a known overpayment within statutory time limits. Violations of the Civil Monetary Penalties Law can result in substantial civil money penalties plus three times the amount claimed.

In addition to the anti-kickback and illegal remuneration statutes, the Stark Law imposes certain restrictions upon referring physicians and providers of certain designated health services, including long term care services, under the Medicare and Medicaid programs. Subject to certain exceptions, the Stark Law provides that if a physician (or a family member of a physician) has a financial relationship with an entity (i) the physician may not make a referral to the entity for the furnishing of designated health services reimbursable under the Medicare and Medicaid programs, and (ii) the entity may not bill for designated health services furnished pursuant to a prohibited referral. Entities and physicians committing an act in violation of the Stark Law are subject to civil money penalties and exclusion from the Medicare and Medicaid programs. Mandated by PPACA, the recently published Medicare self-referral disclosure protocol (“SRDP”) is intended to allow providers to self-disclose actual or potential violations of the Stark Law. PPACA provides for discretion to reduce penalties for providers submitting an SRDP. As a result of the scarcity of case law interpreting the Stark Law, there can be no assurance that the Obligor will not be found in violation of the Stark Law or that self-disclosure of a potential violation would result in reduced penalties for the Obligor. The precise impact on the Obligor of any such violation and corresponding sanction cannot be predicted at this time, but would be negative if any such sanction is imposed.

Sanctions could be applied in many situations where skilled nursing facilities participate in joint ventures with entities that may be in a position to make referrals or to which skilled nursing facilities may be in a position to make referrals, enter into personal service and management contracts, enter into space and equipment rental agreements, waive co-payments and deductibles, etc. Such sanctions could result in a material adverse effect on the financial position of the Obligor, exclusion from Government Programs, loss of license or disciplinary action by licensing agencies, and/or substantial civil monetary penalties.

Management of the Obligor does not believe that it is involved in activities that pose a significant risk of sanctions under these referral laws. However, there can be no assurance that such challenge or investigation will not occur in the future.

Audits. Most health care providers are audited for compliance with the requirements for participation in the Medicare program. If audits discover alleged overpayments, the Obligor could be required to pay a substantial rebate of prior payments. The federal government contracts with third-party recovery audit contractors (“RACs”), on a contingent fee basis, to audit the propriety of payments to Medicare providers. The Centers for Medicare and Medicaid Services recently passed rules resulting in several more types of Medicare and or Medicaid audits. Medicare zone program integrity contractors (“ZPICs”), transitioned from the program safeguard contractor (“PSC”) program, target potential fraud and abuse and are tasked with ensuring the integrity of all Medicare-related claims per assigned jurisdiction. PSCs, ZPICs, affiliated contractors (“ACs”), and Medicare administrative contractors (“MACs”) must ensure that they pay the right amount for covered and correctly coded services rendered to eligible beneficiaries by legitimate providers. Four parallel strategies are employed in meeting this goal: (i) preventing fraud through effective enrollment and through education of providers and beneficiaries, (ii) early detection through, for example, medical review and data analysis, (iii) close coordination with partners, including PSCs, ZPICs, ACs, MACs, and law enforcement agencies, and (iv) fair and firm enforcement policies. The Obligor has not received claims or been a party to settlement negotiations. Nevertheless, ultimate liability could exceed reserves, and any excess could be substantial. Medicare and Medicaid regulations also provide for withholding payment in certain circumstances, which could adversely affect the Obligor’s cash flow.

National Healthcare Reform. The enactment of PPACA represents a significant reform of federal health care legislation. Additionally, Congress continues to consider the adoption of additional laws to modify several aspects of such legislation. PPACA is intended to bring about substantial changes to the delivery of health care services, the financing of health care costs, reimbursement to health care providers, and the legal obligations of health insurers, providers, and employers. The numerous provisions of PPACA are slated to take effect at specified times over approximately the next decade, and, therefore, the full consequences of the new laws on the health care industry will not be immediately realized. The ramifications of PPACA provisions may become apparent only as a result of regulatory interpretations promulgated during the implementation of the enacted laws. Portions of the PPACA may also be limited or nullified as a result of legal challenges.

Many PPACA provisions could have a significant impact on health care providers, including their operations and revenues, and such impact could be negative. For example, expanded health insurance coverage, in particular, could affect the composition of the population enrolled in various public and private health plans, potentially resulting in a capacity strain on provider networks or unanticipated service costs. PPACA attempts to expand health insurance coverage, generally beginning in 2014, by substantially increasing the federally and state-funded Medicaid insurance program, and authorizing states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. Further, to offset the cost of expanded health care coverage and implementation of reform, PPACA includes cuts in Medicare reimbursement and increased taxes. Cost-cutting provisions will impact health care providers by reducing or eliminating reimbursement for failure to satisfy certain quality requirements and reduction of Medicare market basket updates. Health care providers are likely to be subjected to decreased reimbursement as a result of implementation of recommendations of the Independent Payment Advisory Board, whose directive is to reduce Medicare cost growth. The Independent Payment Advisory Board's recommended reductions would be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets.

PPACA reduces payments for services to federally-insured patients because Congress expected that providers will realize savings in bad debt and charity care expenses, since they are expected to provide care to fewer uninsured patients as a result of mandated increases in insurance coverage. However, the constitutionality of PPACA provisions designed to expand health insurance coverage has been challenged, Members of Congress have proposed a repeal or amendment of the provisions, and there is no assurance that they will be implemented. Accordingly, even if the PPACA provisions are fully implemented, there can be no assurance that the Obligor will realize sufficient savings in bad debt and charity care expenses to offset reductions in payments for services to Medicare-insured patients. If the revenue received by the Obligor for providing services to Medicare-insured patients is insufficient to cover the costs of furnishing the services, and if the Obligor does not realize offsetting reductions in bad debt and charity care expenses, the PPACA will have a substantial adverse effect on the Obligor.

PPACA provisions relating to skilled nursing facilities ("SNFs") include requirements that facilities (i) make certain disclosures regarding ownership; (ii) implement compliance and ethics programs; and (iii) make certain disclosures regarding expenditures for wages and benefits for direct care staff. In addition, PPACA may affect SNF reimbursement through the creation of value-based purchasing payment program and may place limitations on SNF payments for health care acquired conditions. Investors are encouraged to review legislative, legal, and regulatory developments as they occur and to assess the elements and potential effects of the health care reform initiative as it evolves.

Other Federal Tax Matters

Possible Changes in Corporation's Tax Status. The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Obligor of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Obligor and thereby the revenues of the Obligor. The Obligor has obtained a determination letter from the Internal Revenue Service to the effect that the Obligor is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code. The Financial Feasibility Study includes an assumption that the Obligor will continue to be treated as an organization described in Section 501(c)(3) of the Code. As an exempt organization, the Obligor is subject to a number of requirements affecting its operation. The failure of the Obligor to remain qualified as an exempt organization would affect the funds available to the Obligor for payments to be made under the Loan Agreement. Failure of the Obligor or the Issuer to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Series 2014 Bond proceeds, could cause interest on the Series 2014 Bonds to be included in the gross income of Bondholders or former Bondholders for federal income tax purposes.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of charitable organizations. There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Obligor by requiring it to pay income taxes.

Intermediate Sanctions. Section 4958 of the Code, provides the IRS with an “intermediate” tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the “intermediate sanctions law,” the IRS could punish such violations only through revocation of an entity’s tax-exempt status. Intermediate sanctions may be imposed where there is an “excess benefit transaction,” defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a “first tier” penalty excise tax equal to 25% of the amount of the excess benefit. Organization managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of \$20,000. A “second tier” penalty excise tax of 200% of the amount of the excess benefit may be imposed on the disqualified person (but not the organization manager) if the excess benefit transaction is not corrected in a specified time period.

Bond Audit. IRS officials have stated that more resources will be allocated to audits of tax-exempt bonds in the charitable organization sector. The Series 2014 Bonds may be subject to audit, from time to time, by the IRS. The Obligor believes that the Series 2014 Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Series 2014 Bonds, as described under the heading “TAX EXEMPTION.” No ruling with respect to the tax-exempt status of the Series 2014 Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the Series 2014 Bonds will not adversely affect the Series 2014 Bonds.

Other Tax Status Issues. The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the Project’s elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

Proposed Legislation. On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the “American Jobs Act of 2011” (the “Jobs Act”). If enacted, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest, to 28 percent irrespective of the actual marginal tax rate imposed on such taxpayers. The Jobs Act would be effective for taxable years beginning on or after January 1, 2013. No prediction can be made whether the Jobs Act or any other provision affecting the value of the exclusion for tax-exempt interest will ultimately be enacted.

Possible Changes in Laws Regarding Tax-Exempt Bonds. Additionally, as the pressure to reduce the federal deficit and balance the federal budget increases, limiting or even eliminating the general exclusion of state and local bond interest has been discussed as one way to raise additional revenue for the federal government. For example, President Obama has proposed to limit the benefit of the exemption to the 28% bracket. Any such limitation or elimination, if retroactive, would result in some or all of the interest on the Series 2014 Bonds being included in gross income of owners of the Series 2014 Bonds for federal income tax purposes and could adversely affect the market value of the Series 2014 Bonds. Any such limitation or elimination could also increase the future borrowing costs of the Obligor.

Other Legislation. Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest

rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation.

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

Provided the Residency Agreement falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident’s spouse) has attained age 62 before the close of the year and (iii) irrespective of the amount of the “loan” by the resident (or the resident’s spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent.

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

In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Obligor has covenanted in the Loan Agreement to take all appropriate measures to maintain its tax-exempt status, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Obligor to charge and collect revenues at the level required by the Loan Agreement, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Series 2014 Bonds.

Bankruptcy

The filing by, or against, the Obligor for relief under the United States Bankruptcy Code (the “Bankruptcy Code”) would have an adverse effect on the ability of the Master Trustee to enforce its claim or claims to the security granted by the Master Indenture, and its claim or claims to money owed it as an unsecured claimant, if any. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligor and its property and as an automatic stay of any act or proceeding to enforce a lien against such property. Moreover, following such a filing the revenues and accounts receivable and other property of the Obligor acquired after the filing (and under some conditions prior to the filing) may not be subject to the liens and security interests created under the Master Indenture. In addition, the bankruptcy court has the power to issue any order, process or judgment that is necessary or appropriate to carry out the provisions of the Bankruptcy Code; such a court order could require that the property of the Obligor including the Gross Revenues of the Obligor and proceeds thereof, could be used for the benefit of the Obligor, despite the lien and security interest of the Master Trustee therein.

The amount of the secured claim which could be filed by the Master Trustee on behalf of the holders of the Series 2014 Master Obligations would be limited to the value of the Project measured at the time the bankruptcy proceeding was commenced. This amount could be less than the principal amount of the Series 2014 Master Obligations, since the failure of the Project to produce sufficient revenues to pay operating expenses and debt service requirements prior to the bankruptcy would reduce the value of the Project. To the extent the principal amount of the Series 2014 Master Obligations exceeds the value of the Project, the excess would be an unsecured claim which would rank on parity with unpaid management, project and development fees and the claims of unsecured general creditors of the Obligor. As a result, if the Project were sold following commencement of a bankruptcy proceeding, it is unclear how much the holders of the Series 2014 Master Obligations would receive.

In a bankruptcy proceeding, the debtor could file a plan of reorganization which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The Bondholders may only receive post-petition interest on the Series 2014 Master Obligations to the extent the value of their security exceeds their claim. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan, discharges all claims against the debtor provided for in the plan and replaces such claims with the debtor's obligations to the holders of such claims as provided under the plan.

No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. More particularly, the Bankruptcy Code would permit the liquidation of the Obligor or the adoption of a reorganization plan for the Obligor, as applicable, even though such plan had not been accepted by the holders of a majority in aggregate principal amount of the Series 2014 Master Obligations, if (i) among other requirements of the Bankruptcy Code, the plan is accepted by another impaired class of creditors, is "fair and equitable" and does not discriminate unfairly against the Bondholders as a class, which may mean that the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent" of their secured claims as valued on the effective date of the plan or (ii) the holders of the Series 2014 Master Obligations, as a class, are deemed unimpaired under the plan.

In addition, if the bankruptcy court were to conclude that the holders of the Series 2014 Master Obligations have "adequate protection," it may (1) substitute other security for the security subject to the lien of the Master Indenture or (2) subordinate the lien of the holders of the Series 2014 Master Obligations to persons who supply credit to the Obligor after commencement of the case. In the event of the bankruptcy of the Obligor, any amount realized by the Master Trustee may depend on the bankruptcy court's determination of the value of the Project and the court's interpretation of "indubitable equivalent" and "adequate protection" under then existing circumstances. Any transfers made to the holders of the Series 2014 Master Obligations or the Master Trustee at or prior to the commencement of the case may be avoided and recaptured if such transfers are (a) avoidable by a judicial lien creditor who obtained its lien on the date the case commenced (regardless of whether such a creditor actually exists), (b) preferential or fraudulent or (c) voidable under applicable law by any actual unsecured creditor. The holders of the Series 2014 Master Obligations may also be subject to avoidance and recapture of post-petition transfer or turnover of property of the debtor which they, the Master Trustee or a custodian holds and assumption, assignment or rejection of executory contracts.

Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of bondholders portions of revenues consisting of Medicare and other governmental receivables.

Additions to the Obligated Group

As of the date of this Official Statement, the Obligor is the only Member of the Obligated Group. Upon satisfaction of certain conditions in the Master Indenture, other entities can become members of the Obligated Group. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS. Management of the Obligor currently has no plans to add additional members to the Obligated Group. However, if and when new members are added, the Obligated Group's financial situation and operations will likely be altered from that of the Obligor alone.

Certain Amendments to Bond Indenture and Master Indenture

In general, the Bond Indenture permits amendments to be made thereto (except for certain amendments that do not require Bondholder consent) only with the consent of the holders of a majority in aggregate principal amount of the Series 2014 Bonds of all series Outstanding affected by such amendment. The Bond Indenture further provides that without the consent of the owners of all Series 2014 Bonds at the time Outstanding nothing therein contained shall permit, or be construed as permitting, any of the following:

(a) An extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Series 2014 Bond, without the consent of the owner of such Series 2014 Bond.

(b) The deprivation of the owner of any Series 2014 Bond then Outstanding of the lien created by the Bond Indenture and the Master Indenture (other than as originally permitted thereby).

(c) A privilege or priority of any Series 2014 Bond or Series 2014 Bonds over any other Series 2014 Bond.

(d) A reduction in the aggregate principal amount of the Series 2014 Bonds required for consent to any supplemental indenture.

The Bond Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a) and (c) above may be made with respect to an outstanding Series 2014 Bond with the consent of the holders of at least eighty percent (80%) in aggregate principal amount of all outstanding Senior Secured Bonds (defined as the Series 2014 Bonds and the Series 2014E Bond) provided, however, any such amendment shall not result in a change in preference or priority of Senior Secured Bonds over any other Senior Secured Bonds and no such amendment described in clauses (a) and (c) above shall result in a disproportionate change, reduction or modification with respect to any Senior Secured Bonds.

This provision is intended to make it easier for the Obligor to restructure its indebtedness, including the Series 2014 Bonds, if an Event of Default has occurred, without having to file for bankruptcy under the federal Bankruptcy Code. In the absence of a provision such as this in the Bond Indenture, such a change in payment terms of the Series 2014 Bonds could only be made under a plan of reorganization approved by a Bankruptcy Court. The consent of the holders of 100% of the Series 2014 Bonds would be extremely difficult to obtain, and a bankruptcy filing would necessarily involve delay and expense which could affect the ability of the Obligor to accomplish a successful reorganization. The eighty percent (80%) consent requirement would only be in effect if an Event of Default occurred and was continuing.

Prospective purchasers of the Series 2014 Bonds are advised that this provision means there is a risk that if an Event of Default occurs, there may be an amendment made to the Bond Indenture which affects the payment provisions of the Series 2014 Bonds such purchaser holds, the priority of payment of such Series 2014 Bonds or other matters described in clauses (a) and (c) above. This amendment may be made without the consent of such purchasers, if the holders of eighty percent (80%) in aggregate principal amount of the Series 2014 Bonds of the same maturity consent to such amendment, and the other conditions to such are met.

The Master Indenture contains a similar provision to that described above. See Appendix C - COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS hereto.

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Obligor and any future member of the Obligated Group under the Series 2014 Master Obligations will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligor and any future member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Master Obligations, including the Series 2014 Master Obligations pledged under the Bond Indenture as security for the Series 2014 Bonds. The obligations described herein of the Obligated Group to make payments of debt service on Master Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution

or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested with respect to payments on any Master Obligations issued by a member other than the member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the member of the Obligated Group from which such payment is requested or issued for the benefit of a member of the Obligated Group which is not a tax-exempt organization; (ii) are requested to be made from any money or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such money or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Series 2014 Master Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A member of the Obligated Group may not be required to make any payment on any Master Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such member of the Obligated Group to the extent that such payment would render such member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a member of the Obligated Group in order to pay debt service on the Series 2014 Master Obligations may be voided by a trustee in bankruptcy in the event of bankruptcy of a member of the Obligated Group, or by third-party creditors in an action brought pursuant to Maryland fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Maryland fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Maryland fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a member of the Obligated Group to pay debt service on a Master Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that such member is analogous to a guarantor of the debt of the Obligated Group which directly benefited from the borrowing and that sufficient consideration for such member's guaranty was not received and that the incurrence of such Master Obligation has rendered or will render such member insolvent.

Liquidation of Security May Not be Sufficient in the Event of a Default

The Bond Trustee and the Issuer must look solely to the Mortgaged Property, including Gross Revenues and the other Personal Property Collateral, and any funds held under the Bond Indenture and the Master Indenture to pay and satisfy the Series 2014 Bonds in accordance with their terms. The Bondholders are dependent upon the success of the Community and the value of the assets of the Obligor for the payment of the principal of, redemption price, if any, and interest on, the Series 2014 Bonds. The Obligor has not made any representations to Bondholders regarding the current market value of the Community. In the event of a default, the value of the Mortgaged Property may be less than the amount of the outstanding Series 2014 Bonds, since the Community exists for the narrow use as a continuing care retirement community. The special design features of a continuing care facility and the continuing rights of residents under continuing care and lease agreements may make it difficult to convert the Community to other uses, which may have the effect of reducing its attractiveness to potential purchasers.

Availability of Remedies

The remedies available to the Bond Trustee, the Master Trustee and the owners of the Series 2014 Bonds upon an event of default under the Bond Indenture and the Master Indenture are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Bond Indenture and the Master Indenture may not be readily available or may be limited. The various legal opinions to be

delivered concurrently with the delivery of the Series 2014 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

Limitations on Security Interest in Gross Revenues and Other Personal Property Collateral

The security interest in the Personal Property Collateral and the proceeds thereof will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing financing statements under the Uniform Commercial Code of the State of Maryland (the "UCC"). Continuation statements with respect to such filings must be filed periodically as required by law to continue the perfection of such security interest. To the extent that the security interest in certain Personal Property Collateral cannot be perfected by filing a financing statement, the security interest in such Personal Property Collateral may not be enforceable against third parties unless such Personal Property Collateral is transferred to the Master Trustee (which is required only upon the occurrence of an Event of Default under the Master Indenture). In such event, the Master Trustee may not be able to compel certain third-party payors to make payment directly to the Master Trustee. The enforcement of the security interest in Personal Property Collateral may further be limited by the following: (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) current or future prohibitions against assignment contained in any federal or State statutes or regulations, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction and (e) federal bankruptcy laws, State of Maryland receivership or fraudulent conveyance laws or similar laws affecting creditors' rights that may affect the enforceability of the Master Indenture or the security interest in the Personal Property Collateral.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on a Master Obligation should occur and be continuing, it will deposit daily the proceeds of its Gross Revenues. Such deposits will continue daily until such default is cured.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Obligor as to enforceability of such covenant with respect to the required deposits.

Limited Use Facility

The Project has been specially designed as a continuing care retirement community. As a result, in the event of default and eviction of the Obligor from the Project, the Master Trustee's remedies and the number of entities that would be interested in purchasing or leasing the Project might be limited, and the sales price or fees generated by the Project might thus be adversely affected.

Lien for Clean-up of Hazardous Materials

The federal Comprehensive Environmental Response, Compensation and Liability Act (the "Federal Superfund Act") provides authority to the United States Environmental Protection Agency (the "EPA") to arrange for response actions in the event of a release or substantial threat of release of hazardous substances and also imposes liability for certain response costs and damages on the present owner (among other parties) of a site of such release or threat of release. The Federal Superfund Act provides that all costs and damages for which a person is liable to the United States will constitute a lien upon all real property belonging to such person which is subject to or affected by the response action. The federal lien is subject to the normal rules of priority.

A Preliminary Environmental Site Assessment was prepared by BL Companies, Inc. for the Project on April 21, 2014 (the "Environmental Assessment"). The Environmental Assessment was based on a review of federal, state and local records and physical inspection of the site. No evidence of recognized environmental

conditions in connection with the site was noted. The Environmental Assessment stated that no violations were identified on the applicable databases.

Uncertainty of Investment Income

The investment earnings of, and accumulations in, certain funds established pursuant to the Bond Indenture have been estimated and are based on assumed interest rates as indicated. While these assumptions are believed to be reasonable in view of the rates of return presently and previously available on the types of securities in which the Bond Trustee and the Master Trustee are permitted to invest under the Bond Indenture and the Master Indenture, respectively, there can be no assurance that similar interest rates will be available on such securities in the future, nor can there be any assurance that the estimated funds will actually be realized. Guaranteed investment contracts may be entered into with respect to certain of the funds held under the Bond Indenture and the Master Indenture. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Market for Bonds; Absence of Rating

The Series 2014 Bonds have not received any credit rating by any recognized rating agency. The absence of any such rating could adversely affect the ability of holders to sell the Series 2014 Bonds or the price at which the Series 2014 Bonds can be sold. Although the Underwriter intends to maintain a secondary market for the Series 2014 Bonds, it is under no obligation to do so.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Obligor:

1. Reinstatement or establishment of mandatory governmental wage, rent or price controls;
2. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;
3. Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;
4. Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Obligor;
5. The cost and availability of energy;
6. Increased unemployment or other adverse economic conditions in the service areas of the Obligor which would increase the proportion of patients who are unable to pay fully for the cost of their care;
7. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the Project in order to maintain the charitable status of the Obligor;
8. Inflation or other adverse economic conditions;
9. Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;
10. Inability to control the diminution of patients’ assets or insurance coverage with the result that the patients’ charges are reimbursed from government reimbursement programs rather than private payments;

11. The occurrence of natural disasters, including hurricanes, volcanic eruptions and typhoons, floods or earthquakes, which may damage the facilities of the Obligor, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities; or

12. Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability, that organizations such as the Obligor generally carry.

FINANCIAL REPORTING AND CONTINUING DISCLOSURE

Financial Reporting

The Master Indenture requires that the Obligor in its capacity as Obligated Group Representative provide to each Required Information Recipient (as defined in Appendix C hereto) the following:

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing Independent Living Units, (I) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (II) a copy of the report prepared by the Construction Monitor; (III) a report by the Obligated Group Representative on the progress of the construction by no later than the 15th day of each month, showing the dollar amount and percentage of completion for each stage of construction of the Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered at closing, estimating the amount of funds required to complete the Project, and certifying that the amount available in the Construction Fund, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Project; (IV) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis showing a comparison to the development budget; (V) statements of the balances for each fund and account required to be established under the Master Indenture or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (VI) if such month is the last month of the fiscal quarter, a calculation of compliance with the Marketing Requirements and the Occupancy Requirements, and a calculation of the Cumulative Cash Operating Loss, the Days' Cash on Hand, and the Debt Service Coverage Ratio for such fiscal quarter, if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative, and

(B) After the issuance of a certificate of occupancy for the first building containing Independent Living Units, (1) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (2) occupancy levels of the Project as of the end of such month including the number of Independent Living Units, Assisted Living Units and Skilled Nursing Beds that were occupied and vacated during that month and on an aggregate basis and a payor mix for the Skilled Nursing Beds; (3) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (4) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (5) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (6) statements of the balances for each fund and account required to be established under the Master Indenture or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group

Representative; and (7) a calculation of compliance with the Marketing Requirements and the Occupancy Requirements, and a calculation of the Cumulative Cash Operating Loss, the Days' Cash on Hand and the Debt Service Coverage Ratio for such fiscal quarter, if required to be calculated under the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative; and

(C) The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i) after Stable Occupancy;

(ii) Beginning with the first full fiscal quarter following Stable Occupancy, (A) quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, a payor mix for the Skilled Nursing Beds, occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units, Assisted Living Units and Skilled Nursing Beds and a calculation of compliance with the Marketing Requirements and the Occupancy Requirements, and a calculation of the Cumulative Cash Operating Loss, the Days' Cash on Hand, and the Debt Service Coverage Ratio for such fiscal quarter, if required to be calculated pursuant to the Master Indenture, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative. Such financial statements and calculations shall be accompanied by a comparison to the Annual Budget provided pursuant to this section; (B) if the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in the Master Indenture, the Obligated Group will deliver the financial information and the calculations described in paragraph (A) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement; and (C) occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units that were occupied and vacated during that quarter and on an aggregate basis;

(iii) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and an unaudited combining balance sheet as of the end of such Fiscal Year and a combined and an unaudited combining statement of cash flows for such Fiscal Year and a combined and an unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for said Fiscal Year and the Days' Cash on Hand of the Obligated Group at the end of such Fiscal Year if required to be calculated by the Master Indenture, and a statement that such Accountant has no knowledge of any default under the Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof; provided, however, that the report of the Accountant shall be subject to and restricted by any then current recommendations and/or pronouncements of the American Institute of Certified Public Accountants;

(iv) On or before the date of delivery of the financial reports referred to in subsection (iv) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying compliance with the Marketing Requirements and the Occupancy Requirements and calculating the Cumulative Cash Operating Loss, the Days' Cash on Hand, and the Debt Service Coverage Ratio, if required to be calculated for such Fiscal Year by the Master Indenture, as of the end of such Fiscal Year, as appropriate, and (C) beginning with the first Fiscal Year following Stable Occupancy, attaching (I) information about occupancy of the Independent Living Units, including a comparison to the prior year's occupancy, (II) the sources of revenue for the Skilled Nursing Beds, (III) the turnover statistics with respect to the Independent Living Units, (IV) changes in any services offered to the residents of the Project, and (V) that the Project is in compliance with the Continuing Care Act;

(v) Commencing with the Fiscal Year beginning July 1, 2015, the Annual Budget for the Obligated Group's operations for each Fiscal Year, prepared and delivered at least 30 days prior to the start of each such Fiscal Year;

(vi) On or before the date of delivery of the financial reports referred to in subsections (ii) and (iv) above, management's discussion and analysis of results for the applicable fiscal period;

(vii) Subject to industry standards relating to the financing of facilities similar to the Project, the Obligated Group shall use its best efforts to make available one or more representatives reasonably acceptable to the Bondholders and the Master Trustee for a quarterly telephone conference call with the Bondholders and the Master Trustee to discuss the financial results of the preceding quarter and such other matters as are relevant or are reasonably requested by the Bondholders and the Master Trustee. The Obligated Group shall post notice of such calls to the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB") at least two weeks prior to the scheduled date of each call;

(viii) Any correspondence to or from the Internal Revenue Service concerning the status of each Obligated Group Member as a Tax Exempt Organization or with respect to the tax exempt status of the Series 2014 Bonds, promptly upon receipt;

(ix) Such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of the Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee;

(x) Upon withdrawal of any funds from the Liquidity Support Fund, the Obligor shall notify the Master Trustee and each Required Information Recipient;

(xi) within 30 days of any revision of the schedule of Entrance Fees or Monthly Service Fees being charged or quoted to residents or prospective residents of the Project, a report on the amounts of such revised Entrance Fees or Monthly Service Fees for each type of unit setting forth the reasons for such revision and, if applicable, the reason why any increases in such fees forecasted in the Feasibility Study have not been made;

(xii) notice within ten (10) Business Days of the occurrence of any of the material events required to be reported to the MSRB pursuant to the Continuing Disclosure Agreement; and

(xiii) beginning with the first full fiscal quarter following the receipt of a certificate of occupancy for the Independent Living Units and every fiscal quarter thereafter, the calculations of Days' Cash on Hand and the Debt Service Coverage Ratio. Such information provided from this subsection (xiii) is provided for informational purposes only and is not for covenant compliance until such covenants are required to be tested pursuant to the Master Indenture.

Continuing Disclosure

The Obligor will enter into a Continuing Disclosure Certificate, pursuant to which the Obligor will covenant that, in compliance with Rule 15c2-12(b)(5) (the "Rule") of the Securities Exchange Act of 1934, it will deliver to EMMA certain reports described therein. The form of the Continuing Disclosure Certificate is included as Appendix E hereto.

FEASIBILITY CONSULTANTS

The Obligor's financial forecast, included as part of the Feasibility Study included as Appendix B hereto, has been examined by Dixon Hughes Goodman LLP, independent certified public accountants, as stated in the report appearing in Appendix B. As stated in the financial forecast, there will usually be differences between the forecast data and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Feasibility Study should be read in its entirety.

LITIGATION

The Issuer

There is not now pending or, to the Issuer's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Series 2014 Bonds or the execution and delivery by the Issuer of the Bond Indenture or the Loan Agreement or questioning or affecting the validity of the Series 2014 Bonds or the security therefor or the proceedings of the Issuer under which they are to be issued.

The Obligor

There is no litigation pending or, to the Obligor's knowledge, threatened against the Obligor, wherein an unfavorable decision would (i) adversely affect the ability of the Obligor to make the Improvements or to operate its facilities or to carry out its obligations under the Master Indenture, the Loan Agreement or the Deed of Trust or (ii) have a material adverse impact on the financial position or results of operations of the Obligor.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2014 Bonds by the Issuer are subject to the approving opinion of Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland, Bond Counsel. The proposed form of such opinion is included herein as Appendix D. The Bond Counsel opinion will be limited to matters relating to the authorization and validity of the Series 2014 Bonds and to the tax-exempt status of interest on the Series 2014 Bonds as described in "TAX MATTERS" and will make no statement as to the financial resources of the Obligor or its ability to provide for payment of the Series 2014 Bonds.

Certain legal matters will be passed upon for the Issuer by its counsel, Funk & Bolton, P.A. and Elissa D. Levan, City Attorney; for the Obligor by its counsel, Whiteford, Taylor & Preston L.L.P., Baltimore, Maryland; and for the Underwriter by its counsel, Miles & Stockbridge P.C.

The various legal opinions to be delivered concurrently with the delivery of the Series 2014 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment of the transaction opined upon or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Treatment of the Series 2014 Bonds

In the opinion of Whiteford, Taylor & Preston L.L.P., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income of the Holders of the Series 2014 Bonds for purposes of federal income taxation pursuant to Section 103 of the Code, assuming continuous compliance with certain covenants in the Tax Certificate and Agreement entered into between the Obligor and the Issuer relating to the Series 2014 Bonds (the "Tax Certificate"), which is designed to meet the requirements (to the extent applicable to the Series 2014 Bonds) of the Code and the regulations thereunder or applicable thereto, except as described below. In addition, in the opinion of Bond Counsel, interest on the Series 2014 Bonds is not a tax preference item directly subject to the alternative minimum tax on individuals and

corporations under the Code, but is included in the calculation of a corporation's alternative minimum taxable income for the purposes of federal income taxation.

In order to comply with the requirements of Section 103 and Sections 141 through 150 of the Code as applicable to the Series 2014 Bonds, the Obligor has covenanted in the Tax Certificate, among other things, that it will not commit, perform or cause to be committed or performed any act which will adversely affect the exclusion of the interest on the Series 2014 Bonds from gross income of the Holders of such Series 2014 Bonds for federal income tax purposes or fail or refuse to commit or perform any act, the result of which failure or refusal will adversely affect such exclusion. In particular, the Tax Certificate provides that the Obligor will not make any use of the proceeds of the Series 2014 Bonds or any moneys, securities or other obligations on deposit to the credit of the Obligor or otherwise that may be deemed by the Internal Revenue Service to be proceeds of the Series 2014 Bonds that would cause any of the Series 2014 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

In addition, Section 148 of the Code sets forth, as a condition to exclusion of interest from gross income for federal income tax purposes on governmental obligations such as the Series 2014 Bonds, certain restrictions regarding the investment of the "gross proceeds" of such obligations. These "arbitrage" provisions set forth limitations on the yield of investments acquired with "gross proceeds" of the Series 2014 Bonds and also provide for periodic rebate of specified portions of the arbitrage profit derived from such investments. Failure to comply with such requirements at any time could retroactively affect the exclusion from gross income for federal income tax purposes of interest on the Series 2014 Bonds.

Interest on the Series 2014 Bonds may become includible in the gross income of the Holders of the Series 2014 Bonds for federal income tax purposes, as of the date of their initial issuance, if the proceeds of the Series 2014 Bonds are used or spent other than as contemplated in the Tax Certificate or in some other manner that would cause such Series 2014 Bonds to be "arbitrage bonds" under Section 148 of the Code.

In the event of noncompliance with such covenants and agreements, available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent the interest on the Series 2014 Bonds from becoming includible in the gross income of the Holders of such Series 2014 Bonds for federal income tax purposes.

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting with the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Series 2014 Bond maturing on July 1, _____ and July 1, _____, to the extent properly allocable to each owner of such Series 2014 Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2014 Bond over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2014 Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a bond during any accrual period generally equals (i) the issue price of such bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such bond. Purchasers of any Series 2014 Bond at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2014 Bonds.

Bond Counsel and the Issuer will assume no responsibility for, and will not monitor, compliance with the covenants and agreements set forth in the Tax Certificate.

As to questions of fact material to Bond Counsel's opinion, without undertaking to verify the same by independent investigation, Bond Counsel will rely upon the certified proceedings and other certifications of public officials furnished to Bond Counsel, and certifications by the officers and other representatives of the Obligor (if applicable) (including certifications as to the nature and use of the Facilities and the use of the proceeds of the Series 2014 Bonds).

Other Federal Tax Matters

In addition to the matters addressed above, prospective purchasers of the Series 2014 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain "S" corporations, certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit. Prospective purchasers of the Series 2014 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of the Series 2014 Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the Series 2014 Bonds.

State and Local Tax Exemption

In the opinion of Bond Counsel, by the terms of the Act, the principal of and interest on the Series 2014 Bonds, the transfer of the Series 2014 Bonds, and any income derived from the Series 2014 Bonds, including profits made in their sale or transfer, are and shall remain exempt from taxation in the State of Maryland and by its several counties and municipalities; however, the terms of the Act do not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied or assessed directly on the Series 2014 Bonds, the interest thereon, their transfer, or the income derived therefrom.

Interest on the Series 2014 Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. All purchasers of the Series 2014 Bonds should consult their tax advisors regarding the taxable status of the Series 2014 Bonds in a particular state or local jurisdiction other than the State of Maryland.

FINANCIAL FEASIBILITY STUDY

Management's financial forecast for the six years ending June 30, 2020, included as part of the Financial Feasibility Study dated July 24, 2014, included in Appendix B hereto, has been examined by Dixon Hughes Goodman LLP, independent certified public accountants, as stated in Appendix B. As stated in the Financial

Feasibility Study, there will usually be differences between the forecasted data and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. The Financial Feasibility Study should be read in its entirety, including management's notes and assumptions set forth therein.

CERTAIN RELATIONSHIPS

The son of the Executive Vice President of Carroll Lutheran is a member of the Common Council of the Issuer. The insurance company that serves as the actuary for Carroll Lutheran employs the Chairperson of the Board of Trustees of Carroll Lutheran. A member of the Board of Trustees of the Obligor is expected to be subcontracted (through a subcontractor of Harkins) to perform a portion of the truss work for the Community.

RATING

The Series 2014 Bonds are not rated by any rating service.

UNDERWRITING

The Series 2014 Bonds are being purchased by Herbert J. Sims & Co., Inc (the "Underwriter"), as Underwriter for a purchase price of \$_____ (representing the par amount of the Series 2014 Bonds, less original issue discount of \$_____ and an underwriting discount of \$_____), pursuant to a Bond Purchase Agreement among the Issuer, the Obligor and the Underwriter (the "Bond Purchase Agreement"). The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2014 Bonds to the public. The obligations of the Underwriter to accept delivery of the Series 2014 Bonds are subject to various conditions contained in the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2014 Bonds if any Series 2014 Bonds are purchased.

MISCELLANEOUS

The references herein to the Act, the Bond Indenture, the Loan Agreement, the Master Indenture, the Deed of Trust and other documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials, copies of which will be furnished by the Underwriter or the Bond Trustee upon request for further information. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached appendices are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing statements. It is anticipated that CUSIP identification numbers will be printed on the Series 2014 Bonds, but neither the failure to print such numbers on any Series 2014 Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Series 2014 Bonds.

The information assembled in this Official Statement has been supplied by the Obligor and other sources believed to be reliable, and, except for the statements under the headings "SHORT STATEMENT – The Issuer," "INTRODUCTION – The Issuer," "THE ISSUER," and "LITIGATION – The Issuer," the Issuer makes no representations with respect to nor warrants the accuracy of such information. The Obligor has agreed to indemnify the Issuer and the Underwriter against certain liabilities relating to the Official Statement.

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APPENDIX A
CERTAIN INFORMATION ABOUT THE OBLIGOR AND THE COMMUNITY

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APPENDIX A

THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC.

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APPENDIX A

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.

BACKGROUND AND HISTORY

Introduction

The Lutheran Village at Miller's Grant, Inc. is a Maryland nonstock corporation (the "Obligor"). The Obligor owns approximately 50 acres of land in Ellicott City, Maryland on which it intends to build and operate a continuing care retirement community to be known as "The Lutheran Village at Miller's Grant" or "Miller's Grant" (sometimes, the "Project").

The Obligor was incorporated in 2005 and received a favorable determination letter from the Internal Revenue Service dated May 22, 2007, which provides that the Obligor is an organization described under Section 501(c)(3) of the Internal Revenue Code, as amended (the "Code"), and exempt from federal income taxation under Section 501(a) of the Code. The sole member of the Obligor is Carroll Lutheran Village, Inc., a Maryland nonstock organization ("Carroll Lutheran"), which provides development and management services to the Obligor with respect to the Project. The Obligor will operate the Project on a nonsectarian basis.

History of the Project

In 1942, Charles E. Miller purchased Grey Rock Farm (the "Farm"), a cornfield approximately 435 acres in size, located along Frederick Road in Ellicott City, Howard County, Maryland. Miller, a farmer and active member of the First Evangelical Lutheran Church, donated parts of the Farm over the years for the construction of the new First Lutheran Church of Ellicott City and for the construction of a county library. During the span of his lifetime, he actively sought the means for establishing a healthcare facility with Lutheran heritage on the Farm. In 1977, Carroll Lutheran had been formed to own and operate Carroll Lutheran Village in Westminster, Maryland (as described below). Upon Charles E. Miller's death in 1982, his son, Paul Miller, through his company, the Miller Land Company, developed a housing community on the Farm known as the Grey Rock Community and later transferred a separate part of the Farm's land for the construction of a senior center. In early 2003, Paul Miller and the company established by him, Grey Rock Community, Inc., a Maryland nonstock corporation ("Grey Rock"), commenced conversations with Carroll Lutheran to bring to fruition Charles Miller's dream of establishing a healthcare facility with Lutheran heritage on the Farm. In May of 2006, the Howard County Department of Planning and Zoning approved the rezoning of a portion of the Farm for the construction of the Project. In March 2007, after nearly 30 years of operations of Carroll Lutheran, Grey Rock donated approximately 50 acres of the Farm's land to the Obligor for the purpose of constructing and operating the Project.

Carroll Lutheran Village

Carroll Lutheran owns and operates a fee-for-service continuing care retirement community known as Carroll Lutheran Village, located on approximately 90 acres in Westminster, Carroll County, Maryland, approximately 30 miles northwest of Baltimore, Maryland and approximately 56 miles north of Washington, D.C. Carroll Lutheran Village consists of 398 residential independent living units, including 298 apartments and 100 homes, plus 50 assisted living units and 103 skilled nursing beds, 20 of which are dedicated to the care of persons with dementia or Alzheimer's. Carroll Lutheran Village was accredited by the Continuing Care Accreditation Commission (now known as the Commission on Accreditation of Rehabilitation Facilities or CARF/CCAC) in 1991 and has retained accredited status since then. In 2011, Carroll Lutheran Village was reaccredited for a five-year period.

Carroll Lutheran was incorporated in 1977 as a Maryland nonstock, membership corporation. It received a favorable determination letter from the Internal Revenue Service on April 8, 1980 which provides that Carroll Lutheran is an organization described under Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code. Carroll Lutheran operates Carroll Lutheran Village on a nonsectarian basis.

Carroll Lutheran is the sole member of the Obligor and was formed by the Lutheran congregations, which are members of the Westminster Conference (the "Conference") of the Delaware-Maryland Synod, Evangelical Lutheran Church of America ("ELCA") which recognized a need for quality retirement facilities in central Maryland. Neither Carroll Lutheran nor the Obligor is responsible for any financial or contractual obligations of the Conference, the Synod or ELCA, and the Conference, the Synod and ELCA are not responsible for any financial or contractual obligations of Carroll Lutheran or the Obligor. Carroll Lutheran is a member of the LeadingAge national organization and LeadingAge Maryland.

Carroll Lutheran is solely liable for its obligations relating to the issuance of its own indebtedness. Carroll Lutheran is not obligated with respect to the Series 2014 Bonds. The Obligor is currently the only member of the Obligated Group. Other parties may be added to the Obligated Group pursuant to the terms of the Master Indenture; currently, there are no plans to add other members to the Obligated Group.

The Mission

The Project will provide its residents with a continuum of housing, health and wellness services within a single campus. To ensure the independence, well-being, dignity and security of its residents, the Project will provide a range of living options, including residential (independent) living in apartments (the "Apartments") or in detached or duplex homes (the "Homes"), assisted living and skilled nursing. In addition, it will offer a variety of cultural, intellectual, physical, social and spiritual opportunities designed to enhance the lives of an active senior population. This full array of services and amenities is intended to enable residents to maximize health and wellness and maintain independence.

General Admissions Structure

The Project welcomes residents regardless of their race, religion, creed, color, sexual orientation or national origin. Applicants for admission must be both medically and financially qualified for entrance. A prospective resident must submit both a financial disclosure form and medical information to the marketing office of the Project. Incoming residents moving to the residential living units must be able to be safe in their units and must have adequate financial resources as determined by an actuarially-based financial qualifying model.

To address the concern that a resident will continue to be able to pay the monthly service charges, a prospective resident will be required to represent and warrant upon execution of a residence and care agreement (the “Residency Agreement”) that his or her financial condition is substantially the same as it was on the date of application for admission, except as disclosed in the application. In addition, in the Residency Agreement a resident pledges not to transfer assets without consideration unless the Obligor consents to the transfer. The Residency Agreement also requires that a resident must provide, upon request at any time after occupancy, a full disclosure of his or her income and assets and any other financial information requested.

Upon residency in the independent living units on the Project’s campus, a resident will pay an entrance fee and thereafter pay a monthly charge for certain services. The Project’s Type C contract for all units does not include health services in the entrance fee or monthly service fee. The Type B contracts include 60 days of free room and board in either assisted living or skilled nursing. The Residency Agreement provides residents with the continuum of care available on the campus, including priority admission to the assisted living units located in the Health Care Center. Health care services are available to residents of the Project and the greater Howard County community at the fair market value of the service at the time the service is utilized. A separate addendum is used for the assisted living units and a separate admission agreement is used for entry into a skilled nursing bed.

The Project will accept direct admissions into the assisted living units; however, the skilled nursing beds will be reserved for independent living residents transferring through the continuum of care unless the resident meets one of the exceptions for direct admission under the statutory requirements promulgated by the Maryland Health Care Commission. In order for a non-resident to qualify for direct admission into a skilled nursing bed, the non-resident must, in addition to meeting certain statutory requirements, at the time of admission, have the potential for an eventual transfer to an independent living unit or assisted living unit as determined by the individual’s personal physician, who may not be an owner or employee of the Obligor. In addition, a person may be admitted directly into a skilled nursing bed if that person’s spouse, relative or an individual with whom that person has had a long-term relationship is admitted at the same time under a joint contract and one of the individuals will reside in an independent living unit or assisted living unit.

Licenses, Certifications and Accreditations

The Obligor has a Preliminary Certificate of Registration from the Maryland Department of Aging and is in the process of obtaining an Initial Certificate of Registration to operate the Project as a continuing care retirement community in the State of Maryland.

Under current law, a certificate of need (“CON”) issued by the Maryland Health Care Commission (the “Commission”) is required before a new “health care facility” is built, developed or established. The Obligor is exempt from CON requirements because its comprehensive care (skilled nursing) beds will be for the exclusive use of its subscribers who have executed continuing care agreements and paid entrance fees, are located on the campus of the Obligor and are limited to the number of comprehensive care nursing beds allowed by the Commission for the continuing care retirement community exemption.

CORPORATE STRUCTURE AND GOVERNANCE

Governance of the Obligor

The Obligor, as a nonstock corporation, is managed under the direction of its Board of Trustees. Board members receive no compensation for their services. No individual person owns an equitable or beneficial interest in the Obligor.

Board of Trustees

The Obligor’s Board of Trustees consists of nine voting members. Carroll Lutheran appoints the Trustees; however, Grey Rock, is entitled to nominate four individuals to serve as Trustees and Carroll Lutheran then appoints them. At such time as a certificate of occupancy is first delivered for the Project, the bylaws of the Obligor may be amended by Carroll Lutheran to remove the requirement that Grey Rock nominate individuals to serve as Trustees. The Trustees are divided into two classes of approximately equal size, each serving staggered two-year terms. Trustees may serve no more than three terms. The President and CEO of Carroll Lutheran and the President of Grey Rock are *ex-officio* Trustees and may each serve unlimited terms. Between annual meetings, the Board holds regular meetings not less frequently than at six-month intervals. Quorums at all meetings consist of at least a majority of all Trustees, provided that at least one Trustee nominated by Grey Rock must be present.

The Board of Trustees is comprised of the following individuals:

<u>Name</u>	<u>Occupation/Affiliation</u>
Paul Miller Chairperson	President Grey Rock Community, Inc.
Edward Leister Vice Chairperson	Retired Senior Vice President Taneytown Bank & Trust Company
Geary K. Milliken President/CEO	President/CEO of Carroll Lutheran Village, Inc. and the Obligor
Roy Chiavacci Executive Vice President	Executive Vice President of Carroll Lutheran Village, Inc. and the Obligor
Frank Palulis Secretary	First Vice President, Financial Advisor The Palulis Group, Wells Fargo Advisors
Arthur Wisner Treasurer	Director of Financial Services/Treasurer McDaniel College

<u>Name</u>	<u>Occupation/Affiliation</u>
Joseph Hikel	Chief Operating Officer Shelter Systems, Inc.
Herbert D. Coss, Jr.	Retired, Vice President of Electric Operations, Baltimore Gas & Electric
Bruce Ash	Retired, Assistant Special Agent in Charge, Federal Bureau of Investigation

Once the residents occupy Miller's Grant, one resident will be chosen as a member of the Board of Trustees.

Management

The operations of the Community are administered on a day-to-day basis by the officers of the Obligor. The President/Chief Executive Officer reports to the Board of Trustees and is responsible for, among other things, overseeing the management of the department heads who will supervise the staff, as well as the other members of the management team who handle the day-to-day operations of the Obligor. At this time there is not an Executive Director for the Community though it is anticipated that one will be selected early in the construction of the Project. Officers of Carroll Lutheran serving in the capacity of Vice President are also expected to serve in the same capacity as officers of the Obligor, including the Executive Vice President, the Vice President of Finance, the Vice President of Philanthropy, the Vice President of Human Resources and the Vice President of Marketing and Communications.

Résumés of the key members of management are provided below:

Geary K. Milliken, President/CEO. Mr. Milliken is currently the President/CEO of Carroll Lutheran and of the Obligor and serves on the Board of Trustees of each. Mr. Milliken became President and Chief Executive Officer of Carroll Lutheran in the spring of 1994. Prior to his appointment, Mr. Milliken had been in long-term care administration for 20 years with Lutheran Social Services of Southern Pennsylvania. He was a licensed Nursing Home Administrator in Maryland and Pennsylvania and has spent 40 years working in social ministry for the Lutheran church. Mr. Milliken holds a bachelor's degree in history and a master's degree in community counseling, both from Shippensburg University. Nationally, he serves on the Financial Advisory Panel for CARF/CCAC (an international accrediting body for healthcare). He is a member of LeadingAge, a national not-for-profit senior living association, and is the Board Chair of LeadingAge Maryland. Regionally, he is on the Board of KAIROS Health Systems which represents nonprofits in the managed care arena. Mr. Milliken is a charter member of Lutheran Services in America and is a fellow in the University of North Texas Coalition for Leadership in Aging Services (CLAS).

Roy Chiavacci, Executive Vice President. Mr. Chiavacci currently serves as the Executive Vice President of both the Obligor and Carroll Lutheran. Mr. Chiavacci joined Carroll Lutheran in 1991 following 26 years of continuous service with the Maryland State Police. He began his career with the Obligor as Director of Facilities Management and was later promoted to Vice President of Environmental and Administrative Services. He was promoted again in 2004 to his current position of Executive Vice President. While with the State Police, Mr.

Chiavacci advanced through the ranks to Captain, a Command Staff position with responsibility for all administrative and operational aspects of a multi-faceted organizational unit. During his tenure with the State Police, Mr. Chiavacci served as a founding member of both the Maryland Crime Watch Steering Committee and the Maryland Crime Prevention Association. He also served as the President of the International Society of Crime Prevention Practitioners and served on the Governor's Commission on Law Enforcement and the Emergency Numbers System Board. Mr. Chiavacci served on the City of Westminster's Common Council for eight years beginning in May 2001 where he chaired the Public Safety Committee, served on the Public Works Committee and served as President from 2005-2009. Mr. Chiavacci is a graduate of the University of North Texas Retirement Housing Professional program and is currently enrolled in the Johns Hopkins University Certificate on Aging program. He has completed coursework and is a candidate for a bachelor's degree in business law and political science at the University of Baltimore.

Steve Powell, Vice President of Finance. Mr. Powell joined Carroll Lutheran and the Obligor in June 2014 as Vice President of Finance. Mr. Powell has served Carroll County government since 1985, most recently as Chief of Staff since 2002. In that role, he provided management direction for the Board of County Commissioners on policy implementation. Prior to that post, he was Director of the Department of Management and Budget from 1988 through 2001 where he was responsible for the oversight and management of the County's multi-million dollar operating and capital budgets. Mr. Powell holds an undergraduate degree in political science from Salem College and a graduate degree in public administration from the University of Virginia.

Brenda Becker, Vice President of Marketing and Communications. Ms. Becker currently serves as Vice President of Marketing and Communications of Carroll Lutheran and the Obligor and joined Carroll Lutheran and the Obligor in 2012 with more than ten years' experience in marketing continuing care retirement communities (CCRCs). Prior to the Obligor, Ms. Becker was part of the executive leadership team at Broadmead, a CCRC in Cockeysville, Maryland, where her direct responsibilities included marketing, public relations, advertising, crisis communications, admissions and resident life services. She holds a bachelor's degree in business management from the College of William & Mary in Virginia, a master's degree in business administration from Loyola University Maryland and a master's degree in the management of aging services from the Erickson School at the University of Maryland Baltimore County.

Dr. Janet Buchanan, Vice President of Philanthropy. Dr. Buchanan currently serves as Vice President of Philanthropy of Carroll Lutheran and the Obligor and has served in such capacity since 2010. Dr. Buchanan has diverse industry, educational and functional expertise in the areas of business development, education, addictions counseling, healthcare administration and non-profit management. She holds a doctorate in ministry from the Graduate Theological Foundation in South Bend, Indiana; a master's degree in business administration from the University of Dallas; and a master's degree in theological studies from the University of Dallas. Additionally, she is a Certified Fund Raising Executive (CFRE), the highest credential for fundraising professionals.

Suzy Dyer-Gear, Vice President of Human Resources. Ms. Dyer-Gear joined Carroll Lutheran and the Obligor in 2011 as Vice President of Human Resources with more than 25 years of experience in human resources and organizational development in both the for-profit and not-for-profit sectors. She holds a master's degree in management from the Johns Hopkins University and is certified as a Senior Professional in Human Resources (SPHR). She currently serves on the Board of Directors of the Carroll County, Maryland chapter of the Society for Human Resource Management.

Employee and Labor Relations

Carroll Lutheran is non-union and, to the best of management's knowledge and belief, there has been no union activity involving the Project. The Obligor currently has no active employees other than the management positions noted above.

Insurance

The Obligor maintains a comprehensive insurance program. Current coverages include general liability, property, workers compensation, umbrella liability, directors and officers, accident, and motor vehicle insurance. Prior to occupancy of the Project, the Obligor will obtain healthcare professional liability insurance and surety bonds for patient funds.

Absence of Material Litigation

According to the Obligor, there is currently no pending litigation of any nature. To the knowledge of the Obligor, there is currently no litigation threatened against it, which, if determined adversely to the Obligor, would have a material adverse effect on the financial condition of the Obligor or on the Obligor's ability to make payments required by the Loan Agreement or on the completion of the Project.

Development and Management of Miller's Grant

The Obligor has engaged Carroll Lutheran to develop and manage Miller's Grant. See "DEVELOPMENT OF THE PROJECT – Management Services."

MILLER'S GRANT

Continuing Care Concept

The Obligor will operate the Project as a continuing care retirement community, which recognizes older adults as having varying needs along a continuum from independent residents to residents with skilled health care needs. Under terms of the Residency Agreement and in return for an initial entrance fee and monthly fees, the Obligor will provide a comprehensive range of services to each resident at one location. Residents who cannot live independently but do not need regular nursing care may move into an assisted living unit in the Health Care Center. The Obligor intends to provide the same range of services in assisted living as are provided for residents of the independent living units, including dining, recreational and social activities, utilities and weekly housekeeping and linen services, which will be geared to residents who may not be fully independent. In addition, staff will assist assisted living residents with activities

essential to daily living. Residents requiring nursing services may move into a skilled nursing bed in the Health Care Center, either on a temporary or permanent basis. If a resident's stay in a skilled nursing bed is temporary, the resident will maintain his or her residential living unit and continue to pay the same monthly fees. If nursing services are required on a permanent basis, the resident will release his or her residential living unit and will move to the Health Care Center.

Site Location and Planned Development

Miller's Grant will be situated on approximately 50 acres adjacent to the Charles E. Miller Library and a senior center in Ellicott City, Howard County, Maryland, at the intersection of Frederick Road and Arcadia Drive. The site is approximately two and one-half miles south of the intersection of Interstate 70 ("I-70") and U.S. Route 29 ("US-29"). US-29 runs north/south from Pensacola, Florida, to Ellicott City. I-70 runs east/west from Maryland to Utah and provides access to Interstate 695 ("I-695"). I-695 is approximately seven miles east of the site and serves as a 51-mile beltway for suburban access around Baltimore, Maryland. U.S. Route 40, known as Baltimore National Pike and approximately one-half mile from Miller's Grant, runs east/west through downtown Baltimore then northeast to Wilmington, Delaware. Baltimore Washington International Airport, or BWI, is located approximately 17 miles from the site and provides service for approximately 13 airlines to more than 70 domestic and international locations.

Development of the Project is expected to progress in multiple phases. Phase I includes 205 Apartments, 36 Homes, 20 assisted living units, 12 skilled nursing beds, parking, a community center, maintenance building and administration areas. Phase I amenities include a fitness center, wellness center, activity rooms, walking paths and hiking trail, garden tracts, concierge services and multiple dining venues for the enjoyment of residents. While a formal dining venue will be constructed in Phase I of the Project, waited dining services will be introduced after fill-up is substantially completed and will be phased in as demand for such services materializes.

In addition to assisted living and skilled nursing care, home health services and a clinic featuring access to health care services are planned as part of Phase I to meet residents' future needs.

Phase II of the Project, if pursued, is planned to include an additional approximately 40 independent living units, approximately 19 assisted living units and approximately 12 skilled nursing beds. Any indebtedness incurred in connection with Phase II will need to satisfy the test for Additional Indebtedness as set forth in the Master Indenture. If the Obligor is unable to satisfy the Additional Indebtedness test at the time that Phase II would become necessary to meet residents' future healthcare needs, the Obligor could expand its then-existing healthcare offerings within the residential components then in existence at Miller's Grant. Alternately, the Obligor is planning to provide an expanded Home Health Program and has established and is expected to further establish relationships with existing similar continuing care retirement communities whereby the Obligor's residents would receive priority treatment for admission into the assisted living and skilled nursing units within such communities after the admission of such communities' existing residents to assist in meeting healthcare demands of the Miller's Grant population. Carroll Lutheran Village is one such community.

Entrance Fees and Monthly Service Fees

Under the terms of the Residency Agreements, an independent living resident will pay one of three types of Entrance Fees. Residents signing an independent living Residency Agreement will sign either a Type B 90% Refundable Contract, a Type C 50% Refundable Contract (available for Apartment residents only), or a Type B Declining Balance Contract (offered to a limited number of residents on a first-come, first-served basis). For the first 90 days of occupancy, all of the Residency Agreements provide for a 100% refund of all monies paid to the Obligor except for the non-refundable processing fee, the monthly and ancillary fees and any additional cost associated with customized improvements. After the first 90 days of occupancy, the Type B 90% Refundable Contract provides for a 90% refund of the entrance fee. The Type B Declining Balance Contract amortizes the entrance fee at 2% per month for each month (or portion thereof) from the ninety-first (91st) day after the date of occupancy through the date of termination provided that termination takes place within the first 53 months. There is no refund after 53 months. The Type C 50% Refundable Contract provides for a refund of the entrance fee, minus 10% and less a sum equal to 2% per month for each month (or portion thereof) from the 91st day after the date of occupancy through the 23rd month. There is a 50% refund of the entrance fee for termination more than 23 months after the date of occupancy. Both the 90% Refundable and Declining Balance contracts offer 60 days of free room and board in either assisted living or the skilled nursing facility. The 60 days of free room and board covers the daily rate in assisted living or skilled nursing regardless of the level of care required. Ancillary fees are billed in addition to per diem charges.

If a resident transfers to an outside facility, the resident will be responsible for the cost of any and all services provided by such facility unless comparable space in the Health Care Center is not available when needed. In such situation, for residents who have signed a Type B contract, the Obligor will provide assisted living services in a comparable nearby licensed assisted living facility or comprehensive nursing care services in a comparable nearby licensed comprehensive care facility at the same rate the resident would have to pay if an assisted living unit or a comprehensive nursing care unit, as applicable, was available in the Health Care Center.

The Type C 50% Refundable Contract does not include the 60 day provision for assisted living or skilled nursing. If a Type C resident transfers to an outside facility for any reason, the resident is responsible for the cost of any and all services provided by such facility.

Any resident who temporarily transfers to another facility may return to Miller's Grant as soon as the Obligor determines that an appropriate accommodation is available for the residents' needs.

Continuing care residents entering Miller's Grant as assisted living residents will pay an Entrance Fee which is 90% refundable. Residents entering Miller's Grant as assisted living residents will not be offered 60 days of free room and board.

Residents will also be required to pay a monthly fee for services and amenities. A monthly fee will be assigned to each type of residence based upon single or double occupancy of an independent living residence. Residents admitted directly into the assisted living units will pay a daily rate or monthly fee for assisted living residences. The monthly fee and daily rate

may be adjusted from time to time by the Obligor, in its discretion, based upon operating costs and other financial needs of Miller's Grant upon 45 days' prior written notice to residents.

Fees for services and items not included in either the daily rate or the monthly fee will be provided in accordance with a published fee schedule provided to residents and may include such items and services as: additional housekeeping and laundry services; guest meals; salon services; private transportation; equipment rental services; delivery services; etc. Residents of the Homes are responsible for their own utility bills. Landline telephone costs are also an additional fee for all residents. Additional fees may be adjusted from time to time by the Obligor, in its discretion, based upon operating costs and other financial needs of Miller's Grant upon 45 days' prior written notice to residents.

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SCHEDULE OF FEES

Type of Unit	Number of Units	Square Footage	90% Entrance Fee for 1 st , 4 th & Terrace Level (2014) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	90% Entrance Fee for 2 nd & 3 rd Floor (2014) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Monthly Fees/ Per Diem (2014) ⁽⁵⁾
Independent Living Units (“ILUs”)					
<i>One Bedroom Apartments:</i>					
Oakland	20	818	\$276,675	\$271,405	\$2,565
Oakland II	2	1,028	\$412,650	\$404,790	\$3,260
Snowden	63	915	\$367,500	\$360,500	\$2,902
<i>Two Bedroom Apartments:</i>					
Dayton	91	1,172-1,302	\$446,260-\$451,560	\$437,840-\$443,040	\$3,476
Clark	12	1,480	\$533,823	\$523,845	\$3,771
Clark II	4	1,601	\$577,479	\$566,685	\$4,080
The Glenwood	12	1,678	\$595,348	\$584,220	\$4,092
Highland	1	1,709	\$598,500	N/A	\$4,149
Total/Weighted Avg. Apartments	205	1,123	\$424,186	\$415,331	\$3,277
<i>Independent Living Cottages:</i>					
Woodstock - D	12	1,654	\$657,360	N/A	\$3,836
Woodstock - S	1	1,654	\$666,160	N/A	\$3,836
Elkridge	7	1,724	\$675,070	N/A	\$3,921
Elkridge - Basement	5	1,847	\$741,950	N/A	\$3,921
Ridge Home	6	1,724	\$695,070	N/A	\$3,921
Ridge Home - Basement	5	1,847	\$761,950	N/A	\$3,921
Total/Weighted Avg. Cottages	36	1,747	\$702,005	N/A	\$3,890
Total/Weighted Avg. ILUs	241	1,216	\$465,686	N/A	\$3,369
Second person fees			\$21,400	N/A	\$703
<i>Assisted Living Units:</i>					Monthly Fees⁽⁵⁾
Private Studio	20	388 - 559	\$15,000	N/A	\$6,083 – 7,239
<i>Skilled Nursing Beds:</i>					Daily Fees⁽⁵⁾
Private	12	321 - 484		N/A	\$328
Total Existing Health Care Center	32				

- (1) The Project’s Entrance Fees and Monthly Fees for the Independent Living Units are effective as of July 1, 2014.
- (2) The Entrance Fees shown for the Independent Living Units reflect the predominant plan sold, a 90 percent refundable contract assuming a “Type B” modified lifecare benefit (“90% Refund Contract”).
- (3) A 50 percent refundable plan assuming a “Type C” fee-for-service contract (“50% Refund Contract”) is available for the apartments only for Entrance Fees approximately 35 percent lower than the 90% Refund Contract Entrance Fees shown.
- (4) The Project offers a declining balance contract with a “Type B” modified lifecare benefit (“0% Refund Contract”). The 0% Refund Contract Entrance Fees are approximately 20 percent lower than the 90% Refund Contract Entrance Fees shown.
- (5) Monthly Fees and Daily Fees remain the same under all three contracts.

To reserve an independent living unit, a prospective resident must execute a Deposit Agreement for Units to be Built (the “Deposit Agreement”) or a Step Deposit Agreement for Units to be Built (the “Step Deposit Agreement”). The Deposit Agreement requires a deposit equal to 10% of the entrance fee (the “Reservation Deposit”), and the Step Deposit Agreement permits the 10% deposit of the entrance fee to be paid in two installments. Upon termination, both deposit agreements provide for a full refund of the deposit (without interest) to be paid to the prospective resident. See “DEPOSIT AGREEMENTS” below.

Prior to taking occupancy, a prospective resident must execute a Residency Agreement and pay the Entrance Fee. The prospective resident must pay the remaining 90% of the Entrance Fee on or before the date of occupancy. See “RESIDENCY AGREEMENTS” below.

Assisted Living Units

The Project is expected to include 20 Assisted Living Units in a safe environment within the Health Care Center. The Assisted Living Units will have carpeting, window treatments, a bathroom with grab bars in the tub and/or shower, individual thermostatic control for heating and air conditioning, a 24-hour emergency call system, internet access, smoke detectors, storage space and locks on doors. A Resident may choose to provide his or her own furniture or the Obligor will provide the Resident with the following basic furnishings: a bed, with a mattress; two pillows; a bedside stand with a drawer; a chair; a chest of drawers with at least two dresser drawers; and a bedside or over-the-bed lamp. The common areas for the Assisted Living Units will include a lobby, lounge, arts and crafts area, multipurpose room, library, dining room and administrative support areas.

The Project will accept direct admissions into the Assisted Living Units.

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Skilled Nursing Beds

The Health Care Center is also expected to include 12 private skilled nursing beds in the initial phase of the Project, which beds will be reserved for independent living residents transferring through the continuum of care.

The number of assisted living units and skilled nursing beds and their respective sizes are as follows:

Assisted Living		
<u>Number of Units</u>	<u>Size (in sq. ft.)</u>	<u>Configuration</u>
1	559	1 BR
1	516	1 BR
3	468	1 BR
7	483	1 BR
4	500	1 BR
4	388	Studio

Skilled Nursing Beds		
<u>Number of Units</u>	<u>Size (in sq. ft.)</u>	<u>Configuration</u>
2	321	Private Room
1	517	Shared – 2 beds in room
1	466	Shared – 2 beds in room
3	484	Shared – 2 beds in room

Services to Residents

The residents' rights under the Residency Agreement will not be proprietary and will not include any right, title or interest in the real or personal property of the Obligor. Upon payment in full of the Entrance Fee and ongoing payment of the Monthly Fee, each resident will be provided an independent living unit and receive certain basic services. The Obligor will offer residents a wide array of services including personal care, housekeeping, transportation, security, meals and spiritual, social, educational and activity programming. The services proposed to be provided under the Residency Agreements that are included in the Monthly Service Fee, or provided at an additional charge, include the following:

Independent Living Residents

The following benefits and services will be available to independent living residents in the Miller's Grant Homes and Apartments at no extra fee:

- Maintenance of buildings and grounds (mechanical and electrical systems, building exterior, grass, shrubs planted by the Obligor, and snow removal from sidewalks, driveways and parking areas);
- Maintenance of the home or apartment including appliances provided by the Obligor;
- Insurance on the building structure;
- One-twelfth of the annually assessed real estate taxes (monthly);
- TV service as selected and provided by the Obligor;
- Water, sewer service and garbage collection;
- Heating, air conditioning and electricity (Apartments only);
- Local transportation for shopping, physicians, and other routing services (Monday through Friday, excluding holidays);
- Administrative costs for the general operation of Miller's Grant;
- Staff costs to provide regularly-scheduled activities and consultation regarding support services;
- Use of Miller's Grant common areas for dining, social activities, and educational programs;
- Twenty-four hour Emergency Call System;
- Garage and driveway parking for residents (Homes only);
- One designated parking space for each apartment (Apartments only);
- Outdoor parking for residents' guests in designated areas;
- 24-hour security personnel to monitor the buildings and grounds;
- Priority access to assisted living and comprehensive nursing care;
- Access to home health services;
- Wellness activities;
- Access to a health clinic providing minor first aid, vital signs, etc.;
- Internet access; and
- Individual mailboxes.

The Project will make available three meals daily from a choice of menus. Independent living residents are entitled to a monthly allowance for meals which can be spent for meals at any of Miller's Grant dining venues. The meal allowance typically covers the cost of at least five meals per week regardless of the meal chosen by the resident. Any unused meal allowance cannot be transferred from one month to the next month. If an independent living resident will be away from the Project for more than seven consecutive days, the resident may obtain credit for unused meals provided that the resident gives the Obligor advance written notice that he or she will be away. If the resident is hospitalized, written notice is to be given as soon as practicable. The resident is not entitled to any other credit for unused meals when voluntarily absent from the Project.

If a resident relocates on a temporary basis to an assisted living residence, the resident will be required to sign an Assisted Living Addendum and pay the applicable fee for the services provided in addition to the monthly fee for his or her independent living residence. If a resident

relocates on a temporary basis to a comprehensive nursing care residence, the resident will be required to sign another agreement and pay the applicable per diem rate for the services provided in addition to the monthly fee for their independent living residence. A resident who entered into a Type B Residency Agreement is entitled to 60 free days of health care services unless the resident is a continuing care resident who entered Miller's Grant directly into assisted living.

If a resident transfers on a permanent basis to assisted living or comprehensive nursing care, the resident will be required to enter into an Assisted Living Addendum or an agreement for comprehensive nursing care and also be responsible for the applicable fees. Upon permanent transfer, a resident will be required to release the independent living residence, which releases the resident from the responsibility of paying the monthly fee for such residence.

Assisted Living Residents

As part of its continuum of care, the Obligor will offer assisted living. The Obligor expects to be licensed as a Level 3 – High Level of Care Assisted Living Program by the Maryland Department of Health and Mental Hygiene (the "Department"). Services provided in the assisted living program will be provided in accordance with the assisted living contract.

Assisted living services will be provided in an assisted living unit. If space is not available in the assisted living facility when needed, the Obligor will utilize its best efforts to assist a resident in transferring to a comparable nearby licensed outside facility. Any resident who temporarily transfers to another facility may return to Miller's Grant as soon as the Obligor determines that an appropriate accommodation is available for the resident's needs.

The Financial Feasibility Study prepared by Dixon Hughes Goodman LLP on behalf of the Obligor (the "Feasibility Study") projects that the internal demand at the Project for assisted living will reach the capacity of 20 units during fiscal year 2022. Therefore, the Obligor has planned a Phase II to include additional assisted living units as well as additional independent living units and skilled nursing beds. A separate feasibility study for Phase II will be prepared and evaluated during the fill up of Phase I.

It is currently expected that Phase II of the Project, if pursued, would include an additional approximately 40 independent living units, approximately 19 assisted living units and approximately 12 skilled nursing beds. Any indebtedness incurred in connection with Phase II will need to satisfy the test for Additional Indebtedness as set forth in the Master Indenture. If the Obligor is unable to satisfy the Additional Indebtedness test at the time that Phase II would become necessary to meet residents' future healthcare needs, the Obligor could expand its then-existing healthcare offerings within the residential components then in existence at Miller's Grant. Alternately, the Obligor is planning to provide an expanded Home Health Program and has established and is expected to further establish relationships with existing similar continuing care retirement communities whereby the Obligor's residents would receive priority treatment for admission into the assisted living and skilled nursing units within such communities after the admission of such communities' existing residents to assist in meeting healthcare demands of the Miller's Grant population. Carroll Lutheran Village is one such community.

The Obligor will have no relationship with other providers of services affecting residents in the assisted living units except for contractual services such as laboratory services, x-ray services, pharmacy services, transfer agreements with nearby hospitals, and rehabilitation services. Assisted living licenses are based upon the levels of care provided and are valid for two years from the date of issuance unless suspended or revoked. The Department may issue a provisional license under certain circumstances.

An individualized plan of care will be developed for every resident in the assisted living program based upon a physician's report and a healthcare assessment. Personal care services will be provided consistent with the resident's needs and service plan.

A variety of social, cultural, educational, physical and spiritual activities will be made available to residents at no additional charge for their use and enjoyment. Scheduled transportation will be provided for shopping, religious services and certain other activities, and residents will be invited to use all common areas of Miller's Grant at no additional charge.

For no additional charge, three (3) meals per day and additional snacks will be provided in the dining room; tray service is available if approved by a physician; and meals containing substitute or alternate diets will be available when recommended by a physician.

Some other services and benefits that will be available to residents in the assisted living units at no additional charge include:

- Locked storage space and locks on the entry door;
- Assistance with and/or administration of medications;
- Trained nursing staff 24 hours a day;
- Social services;
- Twenty-four hour emergency call system;
- Laundering of bed and bath linens on a planned weekly schedule;
- Access to washers and dryers for laundering personal items;
- Various social and recreational activities;
- Housekeeping services (weekly & spot cleaning as necessary);
- Use of all facilities and services of the assisted living facility, such as recreational areas, lounges and recreational activities conducted for residents in general;
- Maintenance of buildings and grounds (mechanical and electrical systems, building exterior, grass, shrubs planted by the Obligor, and snow removal from sidewalks, driveways and parking areas);
- Assistance with and/or supervision of the activities of daily living;
- Therapeutic activities;
- Transportation to local medical appointments without assistance and scheduled transportation to local shopping;
- Incontinent care;
- Hand feeding;
- Special events planning and coordination;
- Assessments of ability to self-administer medication;
- Heat, air conditioning, water, electricity and TV service as selected and provided by the Obligor;

- Arranging or overseeing residents' care;
- Contracting for services and items on residents' behalf including equipment and supplies not provided by the Obligor;
- 24-hour security personnel to monitor the buildings and grounds; and
- One designated parking space for each resident and parking for residents' guests.

Services and items that will be available to residents of the assisted living units for an additional charge include:

- Personal laundry services;
- Occupational, speech and physical therapy and restorative services;
- Pharmacy services;
- Podiatry;
- Medical services;
- Dental services;
- Oxygen therapy;
- Radiology services;
- Laboratory services;
- Rental of health equipment;
- Audiology services;
- Salon services;
- Additional transportation services for personal and group trips;
- Additional housekeeping services; and
- Additional resident meals and guest meals.

The following services are not provided in the assisted living program:

- More than intermittent nursing care;
- Treatment for stage three or four skin ulcers;
- Ventilator services; suctioning, IV therapy, tracheotomy care;
- Skilled monitoring, testing and aggressive adjustment of medications and treatments where there is the presence of, or risk for, a fluctuating acute condition;
- Monitoring of chronic medical conditions that are not controllable through readily available medications and treatments;
- Treatment for active reportable communicable disease;
- Treatment for a disease or condition which requires more than contact isolation (exception: individuals who: (i) are in a specialized program for HIV/AIDS which the Maryland Department of Health and Mental Hygiene has approved; or (ii) are under the care of a general hospice program); and
- In addition, an Assisted Living program may not admit: (i) an individual who is dangerous to himself, herself or others, where the program would be unable to eliminate this risk through appropriate treatment modalities, or (ii) an individual, at high risk for health or safety complications, which cannot be adequately managed by the program.

The resident or responsible party will be solely responsible for monitoring the health status of the resident. The Obligor is responsible for arranging or overseeing a resident's care.

Therefore, the physician designated by the resident may be called by the Obligor at its discretion to attend to the resident. The Obligor will provide assistance in arranging for equipment and supplies, including ascertaining the cost of the equipment and supplies. The purchase and/or rental of such equipment and supplies will be the financial obligation and responsibility of the resident or the resident's responsible party.

Skilled Nursing Bed Residents

Residents entering skilled nursing beds will be required to sign a contract for comprehensive nursing care services. If space is not available in the Health Care Center when needed, the Obligor will utilize its best efforts to assist a resident in transferring to a comparable nearby licensed outside facility. Any resident who temporarily transfers to another facility may return to Miller's Grant as soon as the Obligor determines that an appropriate accommodation is available for the resident's needs.

The Feasibility Study projects that the internal demand at the Project for comprehensive nursing care residences will reach the capacity of 12 units during fiscal year 2021. Therefore, the Obligor has planned a Phase II to include an additional approximately 40 independent living units, 19 assisted living units and 12 skilled nursing beds. A feasibility study for Phase II will be prepared and evaluated during the fill up of Phase I.

It is currently expected that Phase II of the Project, if pursued, would include an additional approximately 40 independent living units, approximately 19 assisted living units and approximately 12 skilled nursing beds. Any indebtedness incurred in connection with Phase II will need to satisfy the test for Additional Indebtedness as set forth in the Master Indenture. If the Obligor is unable to satisfy the Additional Indebtedness test at the time that Phase II would become necessary to meet residents' future healthcare needs, the Obligor could expand its then-existing healthcare offerings within the residential components then in existence at Miller's Grant. Alternately, the Obligor is planning to provide an expanded Home Health Program and has established and is expected to further establish relationships with existing similar continuing care retirement communities whereby the Obligor's residents would receive priority treatment for admission into the assisted living and skilled nursing units within such communities after the admission of such communities' existing residents to assist in meeting healthcare demands of the Miller's Grant population. Carroll Lutheran Village is one such community.

The Obligor will provide to residents in the Health Care Center general nursing care, personal care services and social services without additional charge.

Direct admission from outside of the Project into a comprehensive care residence may occur under either of the following circumstances:

- (1) two individuals are: (a) admitted together to Miller's Grant; (b) spouses, two relatives, or two individuals having a long-term significant relationship supported by documentary proof in existence for at least 1 year before application to Miller's Grant; (c) admitted under a joint contract and jointly responsible for expenses incurred under the joint contract; or (d) admitted under a joint contract

whereby one of the individuals will reside in an independent living unit or an assisted living unit; or

- (2) an individual: (a) is admitted directly into a comprehensive care bed at Miller's Grant; (b) has executed a Residency Agreement for continuing care; (c) has paid an Entrance Fee that is at least equal to the lowest Entrance Fee charged by the Obligor for its independent or assisted living units; and (d) has the potential for eventual transfer to an independent living unit or assisted living unit at Miller's Grant, as determined by the individual's personal physician, who is not an owner or employee of the Obligor. The total number of comprehensive care beds occupied by such aforementioned individuals, who are directly admitted to comprehensive care beds, may not exceed twenty percent (20%) of the total number of licensed and available comprehensive care beds at Miller's Grant, and the admission cannot cause the occupancy of the comprehensive care portion of the Health Center to exceed ninety-five percent (95%) of its current licensed capacity.

A variety of social, cultural, educational, physical and spiritual activities will be made available to residents in the Health Care Center at no additional charge for their use and enjoyment.

Skilled nursing bed residents will be invited to use all common areas of Miller's Grant, including all facilities of the Health Care Center, such as recreational areas, lounges, and private meeting spaces.

Other services and benefits that will be available to residents at no additional charge include:

- Trained nursing staff 24 hours a day;
- Three meals daily;
- Utilities, including electricity, gas, water, heating, air-conditioning and TV service as selected and provided by the Obligor;
- Between-meal snacks and beverages;
- Special or modified diets when prescribed by the residents' physician;
- Housekeeping services;
- Twenty-four hour emergency call system;
- 24-hour security personnel to monitor the buildings and grounds;
- Therapeutic and recreational activities;
- Special events planning and coordination;
- Maintenance of buildings and grounds (mechanical and electrical systems, building exterior, grass, shrubs planted by the Obligor, and snow removal from sidewalks, driveways and parking areas);
- Trash and waste management; and
- Parking for guests.

Services that will be available to skilled nursing bed residents for an additional charge are the same as those available for residents of the assisted living units plus private nurses and aides.

Dining Options

A variety of dining options will be provided at Miller's Grant.

The casual dining experience will feature a café style serving area that will include a specialty beverage station, hot and cold food options, desserts and a "grab and go" marketplace. Seating at a combination of tables, booths and banquettes will be available in the casual dining area for approximately 85 people. Adjacent and open to the casual dining area will be upholstered chair and loveseat seating and tables that will serve as additional casual dining seating and will serve as seating for a coffee and specialty beverage shop. Approximately 15 seats will be provided adjacent to the coffee shop.

The formal dining room will be adjacent to the casual dining room. An opening between the two areas will allow the seating capacity of each area to grow into the adjacent space if necessary. A pre-dining lounge area will be provided at the separate formal dining room entrance where the maître d' will greet diners. Full service will be provided for as many as 78 persons at a time in the formal dining room. The formal dining room will be able to be separated from adjacent spaces and will be equipped with an audio system which will support the possible use of the room for private parties and banquets.

A private dining room will be provided near the other dining venues. The private dining room will accommodate 12-18 persons and will have its own small residential style kitchen to support food service for the room.

Among the social spaces near the main entrance and near the dining rooms will be a club area. The club area will include a cocktail and snack bar, TV screens, a billiards area and card tables. A variety of seating styles will be provided, including a patio. The club room area will be able to accommodate approximately 50 people.

All of the dining and snack venues will be served from a single production kitchen conveniently located near the center of all the dining venues.

A service elevator will provide direct access between the building's receiving area and the production kitchen.

The production kitchen also will prepare meals for persons living in the Health Care Center. A dining room for 27 persons will be centrally located on each of the two floors in the Health Care Center. A serving pantry for food service staff will be adjacent to the dining room which will be used to receive food from the production kitchen and prepare it for service to the residents in the Health Care Center. A residential style "country kitchen" between the pantry and the dining room will also be used to serve meals to residents in a non-institutional manner. The country kitchen will also be available for residents, families and staff to use for family activities and special activities involving food.

Role of Residents' Association

The Residents' Association will be available for all residents of Miller's Grant to meet privately to conduct business. The Obligor will make available to such Residents' Association

an area for private meetings. It is anticipated that the Resident's Association will provide the Obligor with input regarding Miller's Grant's services and amenities.

The Obligor will satisfy §§10-426 and 10-427 of the Human Services Article of the Annotated Code of Maryland. An authorized officer of the Obligor will meet at least annually with the residents to present a summary of its operations, significant changes from the previous year, and the goals and objectives for the next year. The officer will receive and answer questions from residents at these meetings. Furthermore, at the request of the Residents' Association, an officer of the Obligor will regularly attend meetings of the Residents' Association to give reports and to address issues. At least one member of the Board of Trustees of Miller's Grant will be a resident in accordance with Section 10-427 of the Human Services Article of the Annotated Code of Maryland.

Moderate Income Housing Unit Program

The Project, to be located in Howard County, Maryland, is subject to the rules and regulations of Howard County, Maryland and the Howard County, Maryland Department of Housing and Project Development (collectively "Howard County"). Pursuant to the Rental Subsidy Agreement and Declaration of Covenants and Restrictions entered into on April 22, 2013 between the Obligor and Howard County (the "Subsidy Agreement"), the Obligor agreed to the following terms and conditions:

- At least 10% of the dwelling units at the Project shall be moderate income housing units such that the units will be affordable to a household with an annual household income equal to or less than 60 percent of the median income (the "Moderate Income Housing Units" or "MIHU").
- The maximum monthly fee permitted to be charged for a dwelling unit under the MIHU Program will be determined and published by Howard County, from time to time, without a deduction for a utility allowance.
- Instead of providing a MIHU, a CCRC that is certified by the Maryland Department of Aging may establish a subsidy fund to be used to defray the rental component of any fee charged for the occupancy of the MIHU (the "Subsidy Fund").
- Notwithstanding the subsidy provided under the Subsidy Agreement, MIHU residents must pay the full Entrance Fee and no amounts on deposit in the Subsidy Fund shall be used to defray the cost of any Entrance Fee.
- The Obligor agreed to make a good faith effort to market each MIHU and enter into a Residency Agreement with a MIHU resident (the "MIHU Resident") within 60 days of the time the Obligor begins to market the MIHU (the "Priority Period"). If, despite its good faith efforts, the Obligor can demonstrate that it will not be able to enter into a Residency Agreement with an MIHU Resident for an MIHU, the unit may be offered to the general public without the subsidy, provided that the Obligor offers the next available comparable unit as an MIHU and continues to do so until the number of MIHU equals the requirement set forth in the Subsidy Agreement.

DEPOSIT AGREEMENTS

A prospective resident may reserve an independent living unit at the Project by executing a Deposit Agreement and submitting payment of the Reservation Deposit equal to 10% of the Entrance Fee for the independent living unit selected, together with a non-refundable application fee. The prospective resident may also opt for a Step Deposit Agreement, which requires an initial payment of the Reservation Deposit equal to 5% of the Entrance Fee for the selected unit, with the remaining 5% to be paid to the Obligor within 120 days, and to execute a Residency Agreement within a specified period of time. The execution of either a Deposit Agreement or a Step Deposit Agreement does not constitute a binding commitment to establish occupancy at the Project on the part of any prospective resident, but it does reserve the right of the prospective resident to choose the selected independent living unit and indicate his or her intent to execute a Residency Agreement on or about the "Date of Occupancy." The Date of Occupancy is the date on which the unit is available for occupancy (whether or not the resident actually occupies the unit on such date).

The Deposit Agreement has a three-year term and can be renewed for one additional year. The Step Deposit Agreement has an initial four-month term which is automatically renewed for a three-year term when the final installment of the Reservation Deposit is paid within 120 days. If a Residency Agreement is not executed by the prospective resident within four years of the date of execution of the Deposit Agreement, then the Deposit Agreement is terminated. A prospective resident may terminate either a Deposit Agreement or a Step Deposit Agreement under either a voluntary termination or involuntary termination prior to the execution of a Residency Agreement. Termination is considered involuntary under any of the following circumstances: (i) the Obligor's failure to offer a unit within the term; (ii) death, incapacity or serious illness of the resident that precludes the resident from taking occupancy; or (iii) other circumstances beyond the control of the resident. The Reservation Deposit is 100% refundable, without interest, if the Deposit Agreement or Step Deposit Agreement is involuntarily terminated or terminated for voluntary reasons. Both the Deposit Agreement and Step Deposit Agreement provide that a full refund of the paid Reservation Deposit shall be made to the terminating resident no later than 30 days after the Obligor receives written notification of termination by the prospective resident or expiration of the Deposit Agreement or Step Deposit Agreement. If, however, the prospective resident dies prior to entering into a Residency Agreement, the Reservation Deposit is paid to the prospective resident's estate or personal representative within 30 days of written request received from a proper authority. If two prospective residents sign a Deposit Agreement or Step Deposit Agreement and one dies prior to entering into a Residency Agreement, then, at the option of the survivor, the Reservation Deposit may be refunded and the Deposit Agreement or Step Deposit Agreement terminated, or the survivor may elect not to terminate the Deposit Agreement or Step Deposit Agreement. See "RESIDENCY AGREEMENTS – Termination of the Agreement and Refunds" below.

As of July 21, 2014, the Obligor had 187 depositors who had reserved 187 independent living units. The table on the following page summarizes the number of depositors who have chosen each plan:

Plan	As of July 21, 2014	Percentage of Deposits	Management's Forecast Assumption	Percent of Management's Assumption
90 Percent Plan	111	59.4%	128	57.7%
50 Percent Refund Plan	73	39.0%	94	42.3%
Declining Balance Plan	3	1.6%	-	-
Total	187	100.0%	222	100.0%

Management assumes the apartment portion of the Independent Living Units Entrance Fees to be split 50/50% between the 90 Percent Refund Plan and the 50 Percent Refund Plan. Additionally, Management assumes that 100% of the Independent Living Units Entrance Fees for Homes will be sold as 90 Percent Refund Plans.

INCENTIVE PROGRAMS

The Obligor has offered certain incentive programs since the beginning of the marketing effort. The program is based upon monthly fee discounts and funding certain residential unit options. **There has not been any discounting of entrance fees.**

The incentives that have been or are currently offered and the number of units receiving each of them is as follows as of July 21, 2014:

- Three months of complimentary Monthly Fees — this incentive was offered from May 2012 to October 2013 — approximately 70 Independent Living Units have been reserved under this incentive.
- Twenty-four months of a \$500 credit toward the Monthly Fee — this incentive was offered in November 2013 — 1 Independent Living Unit has been reserved under this incentive.
- Two months of complimentary Monthly Fees — this incentive was offered in February 2014 — approximately 8 Independent Living Units have been reserved under this incentive.
- One month of complimentary Monthly Fees — this incentive was offered in April 2014 — approximately 8 Independent Living Units have been reserved under this incentive.
- Various dollar value incentives ranging from \$2,000 to \$7,500. This incentive can be used for unit upgrades or applied to monthly fees up to \$500 per month. Every depositor has the advantage of this incentive.
- Referral Bonus is offered to depositors who have referred a specific depositor and the new depositor in the form of a \$1,500 Monthly Fee credit — approximately 51 Independent Living Units have qualified for this incentive.

The overall value of the incentives is estimated to be \$1.75 million. Based on the unit availability schedule and the assumed move-in schedule, Management has assumed that \$1.1 million in incentives will ultimately be received by the residents.

In all cases, in order for a resident to receive the qualified incentive, a resident must occupy his or her selected Independent Living Unit, pay the Entrance Fee and begin paying the Monthly Fee within 60 days of the selected Independent Living Unit's availability.

RESIDENCY AGREEMENTS

General

The Residency Agreement is a contract under which the Obligor is obligated, upon payment by a resident of an independent living unit of an Entrance Fee and ongoing payments of the Monthly Fee, to provide certain services for life to the resident. To be accepted for admission to the independent living units, a prospective resident must be at least 60 years of age and be able to meet the financial and health-related qualifications.

Description of Agreement

Under the terms of the Residency Agreement, the Obligor accepts persons at least 60 years of age at the time of occupancy, who are generally able to reside independently, with or without assistance, and are able to demonstrate the necessary financial resources to meet the Project's minimum financial requirements ("Residents"). Upon occupancy, the Resident is expected to pay any unpaid portion of the Entrance Fee and an ongoing Monthly Fee.

Under the Residency Agreement, payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the selected Independent Living Unit and receive the services previously listed. See "MILLER'S GRANT – Services to Residents."

In addition to the items included in the Monthly Fee, certain services such as housekeeping, additional resident and guest meals, barber and beauty services and occupational, physical and speech therapy are available to Residents at an additional cost.

The Monthly Fee may be revised based on the experience of the Obligor and estimates of its future costs, at its sole discretion. The Obligor does not expect to make such adjustments more than once per year and is required to provide 45 days' prior written notice of any such adjustments.

Termination Rights

A resident has the right to terminate the Residency Agreement at any time and for any reason by giving the Obligor written notice setting forth the reasons for termination and the termination date. A prospective resident has the right to rescind the Residency Agreement for any reason prior to the Date of Occupancy (as defined therein). In the event a prospective resident rescinds prior to the Date of Occupancy, he or she will receive a refund of all monies paid to the Obligor with the exception of the non-refundable application fee and any costs incurred by the Obligor or the Project at the applicant's request. Prior to the Date of Occupancy, the Obligor may terminate the Residency Agreement if a prospective resident's health or financial circumstances change such that he or she no longer meets the Project's admissions criteria, and the Obligor will refund all monies paid, minus the non-refundable application fee

and any costs incurred by the Obligor or the Project at the request of the incoming resident, within 30 days.

The Residency Agreement will be terminated by the death or permanent departure from independent living of the resident or both residents in the case of a couple. If a resident chooses to terminate the Residency Agreement after the Date of Occupancy, the resident agrees to give the Obligor written notice at least 60 days prior to the termination date. The terminating resident is also required to pay the Monthly Fee for his or her unit until the later of the termination date and the date when the resident’s possessions are removed from the unit. After termination, the resident may be entitled to a partial refund of the Entrance Fee, if applicable.

If a resident terminates the Residency Agreement within the first 90 days of occupancy, or if the resident dies within the first 90 days of occupancy, the Obligor will pay the applicable contractual entrance fee refund. See “Entrance Fee Refund Options” below.

The Obligor may terminate a Residency Agreement for just cause, such as (i) failure of the resident to pay charges or fees due under the Residency Agreement, (ii) material breach of the Residency Agreement or reasonable written rules of the Project by the resident, or (iii) substantial threat to the health or safety of the resident or of other residents due to the resident’s health or behavior.

If the Obligor determines, in consultation with the social worker, the applicant’s physician and family and the applicant, that the applicant is incapable of living in the Independent Living Unit, all monies paid to the Obligor, less any cost specifically incurred by the Obligor or the Project at the request of the applicant and the non-refundable application fee, will be returned to the applicant or the applicant’s estate within 30 days from the date of notification of termination.

If the “resident” consists of more than one person, upon termination of residency at the Project by one resident, all rights and obligations under the Residency Agreement may vest in the remaining resident to the same extent as if such remaining resident had originally been the sole resident, at the remaining resident’s option.

Entrance Fee Options

The entrance fee options, related health care benefit, amortization schedule and refund upon termination of the Residency Agreement for the Independent Living Units are as follows:

Entrance Fee Option	Health Care Benefit	Amortization Schedule
90% Refund Plan	Type B – Modified Lifecare Total of 60 days’ free health care	Upon termination of the Residency Agreement and after the first 90 days of occupancy, the Resident’s refund would be fixed at 90%

50% Refund Plan	Type C – Fee-For-Service Priority access into health care Offered for apartments only	Upon termination of the Residency Agreement, the Resident’s refund would equal the Entrance Fee paid, less 10 percent and less two percent (2%) of the total Entrance Fee paid for each month (or portion thereof) of the Resident’s occupancy (beginning after the first 90 days of occupancy). There will be a 50 percent refund of the Entrance Fee after 23 months of occupancy.
Declining Balance Plan	Type B – Modified Lifecare Total of 60 days’ free health care Offered to a limited number of residents	Upon termination of the Residency Agreement, the Resident’s refund would equal the original Entrance Fee paid, less two percent (2%) of the total Entrance Fee paid for each month (or portion thereof) of the Resident’s occupancy (beginning after the first 90 days of occupancy). No refund is available after 53 months of occupancy.

Entrance Fee Refund Options

If the prospective resident terminates or rescinds the Deposit Agreement or the Step Deposit Agreement prior to the Date of Occupancy, the prospective resident will receive a full refund of all monies paid to the Obligor, except for the non-refundable processing fee and any additional costs for special modifications or customizations to the independent living unit incurred by the Obligor at the request of the prospective resident. Such refund will be made within 30 days after the Obligor receives written notice of termination by the prospective resident or expiration of either the Deposit Agreement or the Step Deposit Agreement.

If a resident terminates the Residency Agreement within the first 90 days of occupancy by providing written notice to the Obligor, all of the Residency Agreements provide for a 100% refund of all monies paid to the Obligor except for the non-refundable processing fee, the monthly and ancillary fees and any additional cost associated with customized improvements. The refund of the Entrance Fee is to be made within 30 days of the earlier to occur of: (1) the recontracting of the resident’s unit; and (2) the later to occur of (a) the 90th day after the written termination notice is given or death; and (b) the day the independent living units at the Project have been operating at 95% of capacity for the previous six months.

If a resident terminates the Residency Agreement after the first 90 days of occupancy, then any refund of the Entrance Fee would be paid within 60 days of the resident’s death or of the effective date of termination if on the date of death or at any time between the date that written termination notice is given to the Obligor and on the effective date of termination the

following conditions exist: (1) the resident no longer resides in a unit at the level of care in which the resident resided upon initially entering the Project; (2) the resident resides in a unit at a higher level of care than the level of care in which the resident resided upon initially entering the Project; and (3) the last unit at the level of care in which the resident resided upon initially entering the Project has been occupied by or reserved for another resident who has paid the Entrance Fee.

DEVELOPMENT OF THE PROJECT

History of the Project

In May 2006, the Howard County Department of Planning and Zoning approved the rezoning of the land for the Project's construction. In June 2006, the Obligor began assembling its initial team for the project, created a concept plan and submitted the initial plan for the approval of the Maryland Department of Aging (the "MD DOA"). Pursuant to this plan, construction of the Project's first phase included 263 independent living units, 52 assisted living units and a wellness center. Construction of the Project's second phase included an additional 23 independent living units, a swimming pool and a multipurpose room. The Obligor also planned to offer potential residents two types of residency agreements; the first entitled the Project's initial 60% of residents to recoup 100% of their entrance fees, and the second entitled the following 40% of the Project's residents to recoup 90% of their entrance fees. In March 2008, the MD DOA responded to the initial plan submitted by the Obligor by recommending that the Obligor amend the Project's plan to include the construction of skilled nursing beds. In response to the MD DOA's recommendation, the Obligor submitted a revised construction plan and feasibility study on July 24, 2008, which detailed the construction of 263 independent living units, 39 assisted living units, and 13 skilled nursing beds (the "Revised Project"). On March 29, 2009, the MD DOA issued a Preliminary Certificate of Registration for the Revised Project. This Preliminary Certificate of Registration approved the Obligor's feasibility study and its proposed marketing materials and permitted the Obligor to enter into continuing care agreements with subscribers and collect 10% deposits. The Preliminary Certificate of Registration further required that the Obligor hold all residency deposits in escrow until an initial Certificate of Registration was issued by the MD DOA.

Following its receipt of the MD DOA's Preliminary Certificate of Registration, the Obligor initiated a marketing campaign and opened its onsite welcome center. After its initial marketing efforts, the Obligor detected a general concern from prospective residents over the surrounding decline in economic conditions, creating a hesitancy to enter into the Revised Project's residency agreements. To alleviate the concern expressed by potential residents, the Obligor considered both modifying the construction schedule of the Revised Project and adjusting its residency agreements to include reduced entrance and monthly fees. The Obligor also halted its marketing efforts in early 2010 on account of these potential modifications. In June 2010, the Obligor submitted to the MD DOA a revised feasibility study that identified lower price points for the Revised Project's residencies. In November 2010, the MD DOA approved the Obligor's revised feasibility study. The Obligor resumed its marketing efforts for the Revised Project in December 2010 and sought to contract with a consulting and management company to oversee the Revised Project's construction.

Approvals continued in February 2013 with the Department of Planning and Zoning approving the Site Development Plan. The Obligor achieved the pre-construction sales goal of 75% (181 residences) in April 2014, thus surpassing the total number required in order to pursue financing for the Project. In May and June 2014, the Obligor secured guaranteed maximum price agreements from the primary contractors for the Project, Harkins Builders, Inc. and Williamsburg Group, LLC.

As a culmination of these activities, the Obligor held a ceremonial groundbreaking for the Project on July 10, 2014.

Construction Schedule

The Obligor anticipates that the residential units and the skilled nursing beds will be available for occupancy in December 2015. The anticipated timeline for the Project is shown below:

Commencement of construction	Not later than the Closing Date for the Series 2014 Bonds
Permanent financing	August 2014
Independent Living Units begin to be available for occupancy	December 2015
Assisted Living Units/Skilled Nursing Beds construction complete	February 2016
Assisted Living Units/Skilled Nursing Beds licensure complete	April 2016
Assisted Living Units/Skilled Nursing Beds available for occupancy	June 2016
Independent Living Units achieve stabilized occupancy	November 2018
Assisted Living Units achieve stabilized occupancy	June 2019
Skilled Nursing Beds achieve stabilized occupancy	June 2019

Pre-Finance Development Costs

To finance the pre-development costs of the Project, the Obligor obtained a \$13,900,000 line of credit from Citizens Bank of Pennsylvania. This line of credit is evidenced by a promissory note of even date therewith, with interest accruing at a rate of LIBOR plus 3.00%. The Obligor has used this line of credit to pay for pre-development costs and anticipates that it will repay the line of credit upon the issuance of the Series 2014 Bonds. The line of credit is secured by a first lien on, and a security interest in, all property of the Obligor, as well as by a first mortgage lien on, and security interest in, Carroll Lutheran's property. The outstanding balance of the line of credit was \$12,914,000 as of June 30, 2014. The pre-development line will remain outstanding until the closing of the Series 2014 Bonds, and the Obligor will have the ability to make additional draws under the facility until it is refinanced at the closing of the Series 2014 Bonds. The sources and uses contemplate that the full amount of the pre-development line will be drawn prior to the issuance of the Series 2014 Bonds and that the \$13,900,000 in proceeds of Series 2014 Bonds and the Series 2014E Bond will be utilized to refinance the pre-development line.

The Development Consultant

In April 2011, the Obligor engaged Eventus Strategic Partners, LLC ("Eventus"), a project development and financial consulting firm specializing in continuing care retirement communities, to review the Revised Project's expected development costs, financial projections,

and the status of the Obligor’s marketing and sales efforts. A representative list of Eventus’ current and prior projects includes the following:

Project Name and Location	Project Type	Completion Date
The Evergreens Moorestown, NJ	4-phased CCRC - Phase 1 includes interior renovations to the main kitchen and adjacent dining rooms. Phase 2 includes a new four-story assisted living and skilled nursing building. Phases 3 and 4 are anticipated to include the construction and renovation of additional skilled nursing and community space, requiring the demolition of two assisted living wings; and the construction of new independent living units	Phase 1 – 2009 Phase 2 – 2012
Lutheran Haven Retirement Community Oviedo, FL	Repositioning of independent living units, overseeing the development of marketing plans and design for the initial phase of replacement independent living and new community space	Ongoing
Friends House Sandy Hill, MD	Repositioning, including updated independent living, assisted living and community support facilities along with planning for low income housing	Ongoing
Whitney Center Hamden, CT	Planning for major independent living addition and healthcare facility replacement -88 apartments in a new seven-story building; a 218-seat Cultural Arts Center, a bistro/marketplace and expanded and redesigned main dining room, new parking garage, and a glass-walled interior promenade called Main Street that includes an art gallery, salon/spa, and expanded library.	2011
Westminster Manor Austin, TX	Planning/design for a major IL addition and healthcare replacement and formulation of a viable financial plan. 75 IL units and a reconfigured healthcare center that includes 103 units of skilled nursing, assisted living and dementia care	2011

Project Name and Location	Project Type	Completion Date
Gurwin Jewish Healthcare Foundation, Commack, NY	Gurwin purchased land contiguous to its existing nursing and assisted living campus with the intention of expanding its campus to include independent living. In May 2014, Eventus completed a revised plan for the development of an initial phase to consist of 90 apartments, 72 villa units, and an approximate 30,000 sf commons building.	Ongoing
Christian Health Care Center, Wyckoff, NJ	Eventus completed revised development plans for a campus expansion to include the addition independent living units adjacent to its existing skilled nursing and assisted living healthcare facilities. The revised development plan includes 167 apartments and an approximate 30,000 sf commons area.	Ongoing

The Obligor engaged Eventus again in September 2011 to provide an updated financial analysis of the Revised Project, so that the Obligor could determine whether any further modifications were necessary to yield a financially feasible project design. The modifications the Obligor sought to implement after its review of the updated financial analysis enabled Eventus to design a project management consulting proposal (the “PMC Proposal”) for the construction of the Revised Project. During the pendency of review of the PMC Proposal by the Obligor’s Board of Directors, the Obligor contracted with Eventus for a third time in June 2012, requesting that Eventus create several construction-related deliverables, including a Request for Qualifications template that the Obligor could use to select construction contractors.

In August 2012, the Obligor entered into a Project Management Consulting Agreement with Eventus (the “PMC Agreement”), in which the Obligor agreed to pay Eventus \$2,195,000 for Eventus’ provision of development consulting services related to the Project. Eventus’ responsibilities under the PMC Agreement include its overall management of the Project’s development and timeline; development planning; development team engagement and management; coordination of architectural, construction, and interior plans; and the coordination and oversight of the approved operating and construction budget, as well as the Project’s financing activities. Eventus is related to Aegis Property Group, which is a Project Management firm serving health care, education and general business clients. Eventus further pledged the involvement of its President, Alan B. Wells, its Partners, William T. Yost and James L. Price, its Associate, Daniel J. Collins, and its Development Manager, Tony Elm. A summary list of these individuals’ credentials and experiences includes the following:

- Alan B. Wells, CPA (President): Mr. Wells focuses on strategic and financial planning, as well as financing. Mr. Well’s experience includes 28 years with KPMG,

where he served as partner-in-charge of KPMG's senior living consulting practice, and six years as an investment banker with Wheat First Securities.

- William T. Yost (Partner): Mr. Yost focuses on strategic planning, operations and financial modeling and financing. Mr. Yost's experience includes 26 years with Kendal®, where he served as director of finance and project development.
- James L. Price (Partner): Mr. Price focuses on master planning, budgeting, scheduling and construction. Mr. Price's experience includes 22 years with Aegis Property Group with a sole focus on senior living projects under Eventus since 2005. Mr. Price has a background in Construction and Project Management prior to joining Aegis.
- Besides the Principals, who are involved in the Development of the Obligor, the following individuals are also active on the Project:
 - o Carl D. Freedman, AIA, LEED AP, Associate focuses on master planning, permitting, and design. His experience includes 10 years with Aegis Property Group. He has a BA in Architecture from Carnegie-Mellon University.
 - o Craig Morton, AIA, LEED AP, Development Manager focuses on design and construction. His experience includes one year with Aegis Property Group and six years with Voith & Mactavish Architects. He has a Masters of Architecture from Yale School of Architecture; and BA in Growth & Structure of Cities and BA in Fine Arts, Painting, from Haverford College.

Additional Eventus staff members will be appointed to assist with the Project as needed. The PMC Agreement is comprised of five phases: (1) design implementation (concluding upon the Obligor's approval of the Project's construction and schematic designs); (2) financing and guaranteed maximum price construction contracting (completed upon the Obligor's execution of the guaranteed maximum price construction contract, the attainment of 70% of pre-sales, and the final settlement of the bond sale); (3) construction (ending upon the Obligor's receipt of a certificate of occupancy from Howard County, Maryland and the MD DOA); (4) project completion (satisfied upon the Obligor's execution of a certificate of final completion); and (5) post-opening consulting (terminating one year after move-in of the first independent living unit). Through the duration of the PMC Agreement's five phases, the Obligor is obligated make the following payments to Eventus:

- Phase 1: 21 payments of \$30,000 for a total of \$630,000;
- Phase 2: 3 payments of \$50,000 and one final payment of \$415,000 for a total of \$565,000;
- Phase 3: 20 payments of \$32,500 for a total of \$650,000;
- Phase 4: 4 payments of \$32,500 and one final payment of \$160,000 for a total of \$290,000; and

Phase 5: 12 payments of \$5,000 for a total of \$60,000.

Thus, approximately 46% of the Obligor's total payment obligation relies on Eventus' completion of the PMC Agreement's final three phases. This fee arrangement incentivizes Eventus' continued commitment through the Project's construction and after its initial year of occupancy by residents.

Carroll Lutheran Development Agreement

The Obligor also engaged Carroll Lutheran to provide co-development consulting and marketing services associated with the Project, as evidenced by a Development Services Agreement dated August 1, 2014 (the "Obligor Development Services Agreement").

As compensation for services rendered under the Development Services Agreement, the Obligor is to pay a development fee to Carroll Lutheran of \$3,880,000, the first \$380,000 of which is payable at a monthly rate of \$20,000 per month, paid in advance on the first day of each month for 19 months, commencing with the first month of construction. The balance of the Carroll Lutheran development fee will be evidenced by a subordinated promissory note in the amount of \$3,500,000, with interest accruing at the rate of 5% per annum, to be issued at the time of the issuance of the Series 2014 Bonds. Payment under such subordinated note will be deferred until certain payment conditions set forth in the Master Indenture have been satisfied.

Management Services

Management services for the Project are to be provided by Carroll Lutheran pursuant to a Management Services Agreement (the "Management Services Agreement") which will be effective upon the opening of Miller's Grant. Carroll Lutheran will be required to provide all management services necessary to operate the Project, including but not limited to, the financial management, purchasing, public relations, recruitment of personnel and supervision of the day-to-day operations and programs of the Project.

As compensation for the services rendered under the Management Services Agreement, the Obligor will pay Carroll Lutheran a monthly management fee equal to approximately 2.5% of the monthly operating expenses (excluding interest, depreciation and amortization).

The term of the Management Services Agreement will be seven years, and will automatically renew for an additional five years unless (a) either party provides written notice of the intent to terminate the agreement, or (b) the agreement has been terminated in accordance with the terms and conditions of the agreement.

Marketing

The success of the Project is dependent, in part, on the Obligor's ability to achieve specified pre-sales, fill-up rates and turnover rates for the Project's independent living units (Apartments and Homes). As of July 21, 2014, depositors have reserved 187 of the 241 total independent living units (net of cancellations), reflecting a reservation rate of 77.6 percent.

The following table presents the total number of independent living units reserved by month and year:

Year	Number of Units Reserved	Number of Cancellations/ Refunds	Net Reservations for Month/Year	Cumulative Units Reserved	Cumulative Percentage of Total Units
Prior to 2011:	50	(33)	17	17	7.1%
2011:	54	(15)	39	56	23.2%
2012:					
January	2	(1)	1	57	23.7%
February	5	(2)	3	60	24.9%
March	4	(1)	3	63	26.1%
April	5	-	5	68	28.2%
May	1	(1)	-	68	28.2%
June	5	(3)	2	70	29.0%
July	3	(2)	1	71	29.5%
August	2	(2)	-	71	29.5%
September	2	-	2	73	30.3%
October	3	(1)	2	75	31.1%
November	7	(1)	6	81	33.6%
December	10	(1)	9	90	37.3%
2013:					
January	6	(4)	2	92	38.2%
February	5	(4)	1	93	38.6%
March	10	(5)	5	98	40.7%
April	5	(2)	3	101	41.9%
May	22	(7)	15	116	48.1%
June	10	(4)	6	122	50.6%
July	6	(2)	4	126	52.3%
August	10	(4)	6	132	54.8%
September	13	(7)	6	138	57.3%
October	11	(4)	7	145	60.2%
November	7	(4)	3	148	61.4%
December	7	(2)	5	153	63.5%
2014:					
January	7	(3)	4	157	65.1%
February	14	(3)	11	168	69.7%
March	11	(5)	6	174	72.2%
April	7	-	7	181	75.1%
May	5	(3)	2	183	75.9%
June	8	(2)	6	189	78.4%
July ⁽¹⁾	1	(3)	(2)	187	77.6%
Totals	318	(131)	187	187	77.6%

⁽¹⁾ As of July 21, 2014.

The following table presents the dollar value of deposits paid and initial entrance fees for the 187 independent living units reserved as of July 21, 2014 by year in which the deposit agreement was executed:

Year of Deposit Agreement	Number of Units Reserved as of July 21, 2014	Aggregate Deposits Received	Aggregate Value of Entrance Fees
Prior to 2011	9	\$ 516,655	\$ 4,618,800
2011	41	1,851,520	18,086,600
2012	27	1,280,681	12,318,570
2013	65	2,682,593	26,207,092
2014	45	1,621,973	16,217,770
Total:	187	\$ 7,953,422	\$ 77,448,832

Competition

Comparable communities include those offering independent living units and at least one level of health care services, such as assisted living and/or nursing care for age-restricted seniors. Independent living units may be apartments, cottages, and/or free standing homes where residents have access to on-site amenities, which typically include a choice of dining venues, library, lounge areas, fitness facilities, banking, game room, multi-purpose room, arts and crafts area, hair salon, a chapel, and more. Services typically include one meal per resident per day, weekly or bi-weekly housekeeping, all utilities except telephone, scheduled transportation, activities program, emergency call system in each residence, 24-hour security, interior and exterior maintenance, maintenance of grounds, and discounted health care services in on-site assisted living and nursing care facilities. Comparable facilities are defined as those facilities that: (i) include independent living services; (ii) provide one or more other levels of care such as assisted living, dementia care and/or nursing care services; (iii) offer similar services and amenities within the independent living primary market area (the “PMA”) of the Project; and/or (iv) compete for similar age- and income-qualified residents.

Three comparable retirement communities are located within the PMA: Vantage House, Charlestown and Fairhaven. Five more comparable retirement communities are located near the PMA: Riderwood, Blakehurst, Edenwald, Mercy Ridge and Ginger Cove. Based on discussions with local governmental agencies and interviews with management at existing retirement communities, there are no retirement community developments or independent living expansion projects identified within the PMA, except for the Project. There is one proposed retirement community located near the PMA under development in Annapolis that management of the Obligor considers comparable. It is expected to have approximately 224 independent living units and approximately 52 healthcare units. It is currently going through licensure with the Maryland Department of the Aging and has not begun marketing yet.

There are a total of 2,027 existing independent living units at the three existing comparable retirement communities located within the PMA. Including the 241 independent living units at the Project, the total number of existing and planned comparable independent

living units within the PMA is 2,268. The weighted average occupancy of the independent living units located within the PMA is 92 percent.

As noted previously, the sole member of the Obligor owns and operates a continuing care retirement community in Westminster, Maryland. Carroll Lutheran Village is not located within the Project’s PMA for any type of unit. The two facilities will appeal to different markets and thus would have little, if any, impact on each other even if they were located in the same primary marketing area. For example, the Project will offer Type B (modified fee) contracts, while Carroll Lutheran Village offers Type C (fee for service) contracts, and the price points for the Project are anticipated to be higher than those for Carroll Lutheran Village. Management does not expect Carroll Lutheran Village to cause any material, adverse impact on the Obligor’s marketing of its own units.

See also “Primary Market Area of the Project” in the Feasibility Study for additional information.

DESIGN AND CONSTRUCTION OF THE PROJECT

The Architects and the Architect Services Agreements

The Obligor has selected Reese, Lower, Patrick & Scott, Ltd. (“RLPS”), of Lancaster, Pennsylvania as the architect for all phases of Miller’s Grant except the 36 Homes, for which the Obligor has authorized Williamsburg Group, LLC to retain D.W. Taylor Associates, Inc. (“Taylor”) directly. RLPS and the Obligor entered into a contract on August 1, 2005 (the “RLPS Agreement”).

RLPS was formed in 1954 and has a staff of over 65 professionals. RLPS has contributed to the design of more than 110 retirement communities and 1,450 projects, including new continuing care retirement community construction as well as renovations and additions to existing communities. A listing of recently completed or current notable projects is as follows:

Project Name and Location	Project Type	Project Cost	Completion Date
Bishop Gadsden Charleston, SC	Independent Living Expansion	\$29,400,000	Design Phase
Alice Hyde Medical Center Malone, NY	New Senior Care Community	\$35,000,000	Construction Phase
Brandermill Woods Midlothian, VA	Independent Living Expansion	\$76,400,000	Construction Phase
Tel Hai Retirement Community Honey Brook, PA	Independent Living Expansion	\$41,900,000	Construction Phase

Project Name and Location	Project Type	Project Cost	Completion Date
The Village at Sprengle Drive York, PA	Assisted Living and Memory Care Expansion	\$13,500,000	Construction Phase
Alexian Village Signal Mountain, TN	Campus Expansion	\$25,000,000	2014
The Village at Orchard Ridge Winchester, VA	New Continuing Care Retirement Community	\$80,000,000	2013
Samaritan Summit Village Watertown, NY	New Senior Care Community	\$52,000,000	2013
Foxdale Village State College, PA	Campus Additions and Renovations	\$42,400,000	2013
Kendal at Granville Granville, OH	Campus Additions and Renovations	\$13,900,000	2013
The Village at Rockville Rockville, MD	Maryland Wing Renovations	\$9,800,000	2013
Coburg Village Rexford, NY	Rental Community Apartment Addition & Commons Renovations	\$14,800,000	2013
Arbor Acres Winston-Salem, NC	New Assisted Living Residence	\$23,200,000	2012
Masonic Village Elizabethtown, PA	Skilled Nursing Renovations	\$10,300,000	2012

The RLPS Agreement sets forth the responsibilities of RLPS, which encompass the schematic design phase, the design development phase, the construction documents phase, the bidding or negotiation phase and the construction phase, as well as administration of the Construction Contracts, as described below. During the latter phase, RLPS's responsibilities commence with the award of the Construction Contracts and terminate at the earlier of the issuance of a final certificate for payment to the Obligor, or 60 days after the date of substantial completion of the Project. RLPS is to administer the Construction Contracts, visit the site at appropriate intervals and report any deviations from the Construction Contracts and related documents to the Obligor. In addition, RLPS is to prepare change orders, including all supporting documentation and data that RLPS deems necessary, for the Obligor's approval and authorize minor changes in the work that do not involve an adjustment in the cost or an extension of any deadlines in the Construction Contracts.

Taylor’s responsibilities will be limited to completion of the construction drawings for the Homes. Because RLPS is responsible for the pads on which the Homes will be constructed, Taylor will work with RLPS, as necessary.

Taylor has more than 30 years’ experience, has designed thousands of residential dwelling units, and has participated in the construction of hundreds of housing projects throughout the United States. Taylor is located near Columbia, Maryland.

The Obligor has also engaged ASG, Inc., an architectural support firm based in Jessup, Maryland, to perform a third party quality assurance and quality control review of all of the architectural plans relating to the integrity of the building envelopes and the structure of all of the Project’s buildings. ASG has over 15 years of experience in the design and development process and has assisted with the purchase or new construction of thousands of multifamily units worth approximately \$1 billion. Pursuant to a Professional Services Agreement between the Obligor and ASG, Inc. dated February 15, 2013, ASG, Inc. will work with both RLPS and Taylor to confirm that all plans and construction efforts associated with the Project are completed in accordance with the final construction drawings.

The Primary Contractors and the Construction Contracts

The Obligor has selected Harkins Builders, Inc., of Marriottsville, Maryland to serve as the Project’s general contractor (the “General Contractor”), pursuant to a guaranteed maximum price contract executed by the General Contractor on May 13, 2014 (the “Harkins Contract”). The General Contractor was founded in 1965 and is a diversified construction manager that is active in multifamily housing, senior living, commercial, institutional and military facilities. A representative list of the General Contractor’s construction projects includes the following:

Project Name and Location	Project Size and Type	Construction Costs	Completion Date
Charlestown Square Catonsville, MD	53,582 gsf Community Center	\$9,285,894	2013
Charlestown Edgewood Catonsville, MD	55 units/110,667 gsf Senior independent	\$10,296,064	2012
Brightview Falls Grove Rockville, MD	89 units/63,059 gsf Assisted living	\$9,595,141	2012
Brightview Towson Towson, MD	88 units/71,443 gsf Assisted living	\$9,578,384	2012
Victory Woods Lexington Park, MD	75 units/74,509 gsf Senior independent	\$6,931,482	2011

Project Name and Location	Project Size and Type	Construction Costs	Completion Date
Weinberg Village V Owings Mills, MD	88 units/105,197 gsf Senior independent	\$9,000,000	2011
Twinbrook Station Phase IA Rockville, MD	279 units/499,355 gsf Mixed Use – Apartments/Retail/Parking	\$54,267,905	2010

In addition, the Obligor has selected Williamsburg Group, LLC of Columbia, Maryland (“Williamsburg”) to construct the Homes and related improvements pursuant to a guaranteed maximum price contract dated June 10, 2014 (the “Williamsburg Contract”). The Harkins Contract and the Williamsburg Contract are referred to collectively as the “Construction Contracts.” Williamsburg has been a builder of semi-custom homes in Howard County and the surrounding counties for approximately 30 years, constructing homes in over 100 communities throughout the Baltimore/Washington area. The Home Builders Association of Maryland has recognized Williamsburg with a first place award for home design, craftsmanship and value for 30 consecutive years.

The Harkins Contract

The Harkins Contract is a guaranteed maximum price contract that encompasses both pre-construction services and construction services. The General Contractor received a fixed sum of \$35,000 for pre-construction services, and during construction it will continue to receive monthly payments based on the percentage of work completed. The Harkins Contract specifies that costs for construction services may not exceed the guaranteed maximum price of \$61,800,000.

The General Contractor’s fee will be three percent of the total building cost, with the total cost not to exceed the guaranteed maximum price. At the time of the Guaranteed Maximum Price proposal (the “GMP”), the value of that fee was \$1,778,528. The final fee will be calculated on the actual total building cost, provided that the sum of the total cost of work, together with the fee, do not exceed the adjusted guaranteed maximum price.

In addition to the General Contractor’s fee, the General Contractor may receive certain “Fee Additions” of up to \$1,000,000. A portion of the Fee Addition may be earned through sharing project savings. If the sum of the actual cost of the work and the General Contractor’s fee is less than the guaranteed maximum price, the savings shall be allocated as follows:

- The General Contractor may earn the first \$320,000 as a Fee Addition;
- Savings in excess of \$320,000 shall be allocated as follows: 50% to the Obligor and 50% to the General Contractor as a Fee Addition.

The General Contractor may also earn a Fee Addition as an allocation of buyout savings up to \$400,000 arising from the aggregate difference between the initial value, prior to any change orders, of subcontractors and purchase orders plus applicable estimates for unbought items and the corresponding component of the GMP for subcontracted work set forth and accepted in the GMP.

The Harkins Contract provides for the creation of a construction contingency fund equal to \$1,162,436. The fund can then be used to offset costs not provided for in, or in excess of amounts provided in, the guaranteed maximum price, with certain limitations set forth in the Harkins Contract. There will be no increases in the fund unless the Obligor and the General Contractor agree otherwise.

In addition to the construction contingency fund, the Harkins Contract provides for a retainage of ten percent of each payment to be made to the General Contractor until work under the Harkins Contract is 50% complete at which time there will no longer be any retainage. The retainage is to be released in accordance with the Harkins Contract.

The General Contractor will perform the site work for the entire Project, including the building pads on which the Homes will be constructed by Williamsburg.

The schedule for reaching substantial completion, as defined in the Harkins Contract, for the building pad sites for the Homes and the liquidated damages for failure to meet such schedule, is as follows:

Units	Date of Delivery	Liquidated Damages
1 through 5	February 10, 2015	\$750 per day
6 through 11	February 10, 2015	\$900 per day
12 through 18	April 2, 2015	\$1,050 per day
19 through 25	April 1, 2015	\$1,050 per day
26 through 31	May 7, 2015	\$900 per day
32 through 36	May 7, 2015	\$750 per day

In addition, the General Contractor has the following schedule for reaching substantial completion, as defined in the Harkins Contract, for certain other deliverables as set forth below, and the liquidated damages for failure to meet such schedule is as follows:

Deliverable	Date of Delivery	Liquidated Damages
Site Work on the perimeter of the Loop Road	April 23, 2015	\$1,000 per day
Commons Building and Independent Living Building B	November 23, 2015	\$5,000 per day

Deliverable	Date of Delivery	Liquidated Damages
Independent Living Building A	January 7, 2016	\$3,000 per day
Independent Living Building C	February 22, 2016	\$2,500 per day
Independent Living Building D	April 25, 2016	\$2,500 per day
Assisted Living/Skilled Nursing Facility Building	February 8, 2016	\$600 per day

Final completion of the project is contracted to occur on or before July 25, 2016.

Both the General Contractor and the Obligor have waived consequential damages arising out of or relating to the Harkins Contract. Such waiver does not, however, preclude either party from recovering consequential damages with respect to personal injury, property damage or any other loss that is covered by the other party's insurance. The Harkins Contract requires the Obligor to purchase and maintain property insurance upon a builder's risk completed value form or equivalent property form for (1) all work to be completed on the Project's grounds, (2) materials in transit, and (3) materials stored at offsite storage facilities in an amount not less than the full insurable completed value thereof.

The Harkins Contract requires the General Contractor to provide a payment bond and a performance bond. The amount of both the payment bond and the performance bond shall be equal to the GMP. If the GMP is increased by change order, then the amount of the payment bond and the performance bond shall automatically increase to conform to the adjusted GMP.

The Harkins Contract further requires (i) the General Contractor to determine whether it will require a performance and a labor and material payment bond for any subcontractors with subcontract values in excess of \$200,000 but less than or equal to \$1,000,000 and (ii) the General Contractor to ensure that all subcontractors with subcontract values in excess of \$1,000,000 maintain both a performance bond and a labor and material payment bond throughout their performance of work on the Project. Neither the General Contractor nor any subcontractor having a contract value of less than or equal to \$200,000 is required to maintain a performance bond or a labor and material bond. To the extent applicable, the penal sum for both the performance bonds and the labor and material bonds required by the Harkins Contract must be in an amount equal to 100% of the applicable subcontract price.

The Williamsburg Contract

The Williamsburg Contract was signed on June 10, 2014 by Williamsburg and will be signed by the Obligor once financing for the construction of the Project is obtained. This contract is also a guaranteed maximum price contract. The Williamsburg Contract, however, relates only to the pre-construction and construction services for the Homes. Preconstruction services began on or about January 30, 2014, pursuant to a Letter of Agreement and ended on May 5, 2014. Williamsburg will be responsible for all aspects of the planning and construction of the Homes, except as noted herein, and will work cooperatively with Harkins to coordinate its activities on the Project's site. Williamsburg has engaged Taylor to provide both the

architectural services for the Homes and the final design drawings for the construction, subject to review and approval by ASG, Inc.

The guaranteed maximum price for the construction of the Homes is \$9,400,000 (the “Williamsburg GMP”), which includes \$38,000 to be paid to Williamsburg upon execution of the Williamsburg Contract so that Williamsburg may pay Taylor for Taylor’s pre-construction services. Any savings after Williamsburg enters into contracts with subcontractors will be allocated as follows: the first \$300,000 will be added to Williamsburg’s fee, with the remainder to be added to the contingency fund established within the Williamsburg Contract. The original amount of the contingency fund will be \$79,877. Any charges to the contingency fund are subject to the Obligor’s approval, which may not be unreasonably withheld. If, after completion of the project, the final audited contract price is less than the GMP for the Williamsburg Contract, the project savings will be allocated 50% to the Obligor and 50% to Williamsburg.

The Williamsburg Contract requires the Obligor to purchase and maintain property insurance upon a builder’s risk completed value form or equivalent property form for (1) all work to be completed on the Project’s grounds, (2) materials in transit, and (3) materials stored at offsite storage facilities in an amount not less than the full insurable completed value thereof. The Williamsburg Contract further requires Williamsburg to provide a payment bond and a performance bond. The amount of both the payment bond and the performance bond shall be equal to the Williamsburg GMP. If the Williamsburg GMP is increased by change order, then the amount of the payment bond and the performance bond shall automatically increase to conform to the adjusted Williamsburg GMP. Williamsburg will have the right to select its subcontractors; the Obligor may, however, reject any proposed subcontractor that the Obligor reasonably determines is not reputable, lacks the requisite experience, or is otherwise not suitable for the portion of the Project to be performed by that subcontractor. The Obligor must make such rejection within 10 days after notice is given by Williamsburg.

The schedule for reaching substantial completion, as defined in the Williamsburg Contract, for the Homes and the liquidated damages for failure to meet such schedule is as follows:

Units	Date of Delivery	Liquidated Damages
1 through 5	August 31, 2015	\$750 per day
6 through 11	September 29, 2015	\$900 per day
12 through 18	November 13, 2015	\$1,050 per day
19 through 25	December 15, 2015	\$1,050 per day
26 through 31	January 29, 2016	\$900 per day
32 through 36	March 15, 2016	\$750 per day

Each date for delivery as set forth above is based on the assumption that Harkins delivered the pad site for such home on or before the date of delivery as set forth above under “The Harkins Contract.” Within 20 days following substantial completion of each of the

abovementioned six phases of construction, the Obligor will conduct a walk-through inspection of each Home included in that phase to establish the final completion of that phase.

Construction Monitor

The Obligor has engaged zumBrunnen, Inc. (the “Construction Monitor”) to serve as the construction monitor for the Project and to make independent reports to the Master Trustee. Founded in 1989, the Construction Monitor is a full-service national construction consulting company specializing in the senior living industry. The Construction Monitor has developed unique, industry-specific due diligence, construction consulting and facility assessment services to fulfill financial institutions’ construction review requirements for senior living start-up, expansion and renovation projects with a view towards ensuring that construction is completed on time, within budget and in compliance with design documents. The Construction Monitor has served over 1,000 clients in 25 markets.

Prior to construction, the Construction Monitor’s responsibilities will include conducting a review of the project’s scope, including engineering designs, project budgets, drawings, specifications, permits, construction contracts and fees, including a meeting with the project team at the Project site to verify current site conditions, review outstanding issues and documents, and establish an action list, and issue a final pre-closing report. The Construction Monitor is expected to report on the following items: (1) whether the design for the Project is suitable for the type of project and geographic area; (2) whether the geotechnical report was prepared in accordance with industry standards; (3) whether the Phase I Environmental Site Assessment was prepared in accordance with industry standards; (4) whether required design documents and permits will be achieved as required without interruption of the critical path of the Project; (5) whether the required utilities will be available to the site and meet the capacity requirements of the Project; (6) whether the projected construction schedule for substantial completion of the Project and the approximately 21 month construction schedule for substantial completion of the Project is achievable based on the proposed scope of work; and (7) whether in view of the project budgets for construction, permits, fees, architectural and engineering, furnishings and contingency, adequate funds will be available to complete construction and obtain the required certificate of occupancy and licenses for operations. The Construction Monitor is also expected to review the terms of the Construction Contracts with the General Contractor.

During the construction process, the Construction Monitor will be responsible for reviewing and certifying all disbursement requests for the payment of expenses incurred by the Obligor for work, labor, materials and equipment furnished in connection with the construction of the Project that are included in the construction contract; monitoring such items as change orders, budget amendments, updates to the construction schedule, releases of liens and governmental approvals; and reporting to the holders of the Series 2014 Bonds, no less than monthly, the status of the Project including (i) whether the total project account balance (including estimated investment income) is sufficient to pay the expected remaining project costs of completing the Project in accordance with the project budget and that there is no project deficit; (ii) the current timing of the Project; and (iii) the amount of remaining contingency funds. See “DESIGN AND CONSTRUCTION OF THE PROJECT - Disbursement Agreement” below.

Disbursement Agreement

Disbursement of the proceeds of the Series 2014 Bonds to construct, install and equip the Project will be made pursuant to a Construction Disbursement and Monitoring Agreement dated as of the issuance of the Series 2014 Bonds (the “Disbursement Agreement”) among the Obligor, the Construction Monitor, the Bond Trustee and the Series 2014E Bondholder.

Hard Costs. Pursuant to the Disbursement Agreement, the Obligor is required to prepare a monthly request for disbursement (the “Disbursement Request”), itemized by categories identified in the Project Budget, together with (a) the schedule of values in form and supported by such data to substantiate its accuracy as each applicable Architect and the Obligor may require, (b) a certificate of the General Contractor representing and warranting certain matters in the disbursement form, (c) a certificate of the Architect representing and warranting certain matters in the disbursement form and (d) a certificate of the Construction Monitor representing and warranting certain matters in the disbursement form and make it available for review by the Construction Monitor at a regularly scheduled monthly meeting. The Construction Monitor is required to review and certify or recommend for amendment the Disbursement Request for work, labor, materials and equipment furnished in connection with the construction of the Project, including all amounts due under the Construction Contract (collectively, the “Hard Costs”), but excluding owner-directed fixtures, furnishings and equipment or other “Soft Costs” (as defined below).

With each Disbursement Request, the Obligor will provide, among other things, (a) receipted bills, paid invoices, payroll records or other evidence satisfactory to the Construction Monitor supporting each item included in the Disbursement Request, (b) lien release and waivers from the General Contractor and subcontractors for the work for which funds are requested, satisfactory to the Construction Monitor, (c) certificates of the Construction Monitor, the General Contractor, and the Architect respecting the status of construction, the accuracy and completeness of the Disbursement Request and similar matters, and (d) if requested, title bring downs with respect to the Property. If the Construction Monitor determines at such meeting that the Disbursement Request is complete and certified for payment, it will inform the Obligor. The Obligor will, within ten (10) business days of the monthly project review meeting and receipt of the certified copy from the Architect, distribute a copy of the Disbursement Request.

The Construction Monitor will approve each Disbursement Request for Hard Costs, in connection with which it will determine that the Project is meeting project schedule, budget and quality. Approved Disbursement Requests and accompanying materials will be submitted to the Bond Trustee and the Series 2014E Bondholder for disbursement of moneys from the Project Fund under the Bond Indenture and the Series 2014E Loan and Financing Agreement, as applicable.

If the Construction Monitor determines that any Disbursement Request is incomplete or is not certified for payment, it will so inform the Obligor, the Bond Trustee and the Series 2014E Bondholder and specify the reasons for its determination and the basis upon which such Disbursement Request may be determined to be complete and certified for payment. Upon receipt of additional or remedial information reasonably satisfactory to the Construction Monitor, the Construction Monitor will notify the Obligor and it will, within five (5) Business Days of its

receipt of such additional information, distribute a copy of the Disbursement Request, together with certain certificates and the written report of the Construction Monitor, to the Bond Trustee and the Series 2014E Bondholder.

Soft Costs. Pursuant to the Disbursement Agreement, the Obligor will submit a Disbursement Request to the Bond Trustee and the Series 2014E Bondholder for payment of costs and expenditures included in the Project Budget other than Hard Costs (the “Soft Costs”). The Disbursement Request for Soft Costs will include the total amount of Soft Costs included in such request, itemized by the categories identified in the budget for the construction of the Project, together with such receipted bills, bills, paid invoices or other evidence supporting each item of Soft Costs covered by such Disbursement Request and a certificate of the Obligor certifying such costs.

Other Provisions. The Disbursement Agreement states that each Disbursement Request is subject to receipt of additional items such as (i) title bring down, if required, (ii) affirmation by the Obligor of certain representations and warranties made in the various legal documents providing for the issuance of the Series 2014 Bonds and the Series 2014E Bond, (iii) the absence of an Event of Default under the Bond Indenture, the Series 2014E Loan and Financing Agreement or the Master Indenture and (iv) other items that may be requested by the Construction Monitor. The Disbursement Agreement includes additional conditions for disbursement of retainage such as additional certification by the Architect, evidence of releases of liens and an affidavit of the General Contractor, among other items.

The Obligor shall not execute, or permit the performance of work or the furnishing of materials pursuant to any amendment or modification to the documents providing for the construction of the Project until such change orders has been supplied to and approved by the Construction Monitor. The Construction Monitor may be removed at any time by a majority of the Holders of the Series 2014 Bonds Series 2014E Bond and a new Construction Monitor may be appointed by a majority of the Holders of the Series 2014 Bonds and the Series 2014E Bond.

Regulatory Permits and Approvals

The various approvals and permits necessary in order for the Obligor to complete construction and commence operations are outlined below.

Zoning and Site Development Plan. Zoning approval for the Project was confirmed by the Planning Board of Howard County, Maryland in April 2006 for Zoning Board Case No. 1056M. The Site Development Plan (SDP-08-075 (Lutheran Village at Miller’s Grant) was approved on April 26, 2013 by the Howard County Department of Planning and Zoning.

Wetlands. The State of Maryland Department of the Environment, Water Management Administration issued a letter of authorization on January 11, 2013 and the Department of Army issued a permit (CENAB-OP-RMN (Lutheran Village at Miller’s Grant) 2008-00609-M02) on March 7, 2013 to permit the Obligor to conduct a regulated activity in a nontidal wetland, buffer or expanded buffer in accordance with the plans approved by the Water Management Administration and prepared by Christopher Consultants Ltd., which will result in permanent impacts to 7,597 square feet of regulated wetland buffer, 58-linear feet of stream, and 3,972-

square feet of 100-year floodplain and in temporary impacts to 1,061-square feet of emergent non-tidal wetland, 550-square feet of regulated wetland buffer, and 272-square feet of 100-year floodplain.

Building Permit. Building permits will need to be issued by Howard County, Maryland for the structures proposed for the Project. The Building permit review is for code compliance and zoning conformance.

Apartments, Common Areas, Skilled Nursing Beds and Assisted Living Units. The plans for all components of the Project other than the Homes were initially submitted for review in May 2014. Three rounds of comment have been received by the Obligor. The Obligor submitted its response to the first round of comments on June 26, 2014 and is expected to submit its response to the second and third rounds of comments on or about July 25, 2014. The Obligor estimates Howard County will complete its review by August 8, 2014 and that all comments will be resolved at that time. Howard County is expected to then process the building permit application, which takes approximately four weeks and is administrative in nature having fully addressed all code-related and technical concerns prior to the time such four-week processing period commences. Thus, Howard County is expected to issue a building permit for all components of the Project other than the Homes in late August or early September.

Homes. The plans for the Homes were initially submitted for review in June 2014. One round of comments has been received by the Obligor. The Obligor submitted its response to such comments on July 7, 2014. The Obligor estimates Howard County will complete its review on or about July 25, 2014 and that all comments will be resolved at that time. Howard County is expected to then process the building permit application, which takes approximately four weeks and is administrative in nature having fully addressed all code-related and technical concerns prior to the time such four-week processing period commences. Thus, Howard County is expected to issue a building permit for all components of the Project other than the Homes in late August or early September.

A grading permit for site work was issued on July 3, 2014.

Water and Sewer Systems. The Obligor has entered into a Developer Agreement and Right of Entry with Howard County, Maryland dated May 29, 2014 (Agreement No. F-10-083, Water and Sewer Contract No. 14-4561-D). This agreement authorizes the Obligor to access public water and sewer service on the Project's site, which is located within the Howard County Metropolitan District, following the Obligor's design and construction of a water system and a sewer system in accordance with the Howard County Design Manual and the Howard County Code. This agreement further grants Howard County a right of entry onto the Project's site to inspect, and if necessary, construct, repair and replace the water system and sewer system built by the Obligor, in order to comply with the Howard County Design Manual and pertinent provisions of the Howard County Code.

Forest Conservation. The Obligor has entered into a Developer Agreement for Forest Conservation with Howard County, Maryland dated June 5, 2014 (Forest Conservation Agreement No. SDP-08-075). This agreement incorporates by reference the Forest Conservation Plan submitted by the Obligor to Howard County, Maryland, pursuant to the Forest Conservation

Act of Howard County, and in which the Obligor agreed to perform one or more of the following acts on the Project's site: (i) retain existing trees (retention); (ii) plant trees to replace trees cleared during the course of the Project's development (reforestation); or (iii) plant trees to create a new forest (afforestation). The Obligor's performance of these acts is restricted to that area of the Project's site that is defined within the agreement as the "Forest Conservation Easement Area", which grants Howard County, Maryland a perpetual forest conservation and management easement in, on and over the Forest Conservation Easement Area, as well as ingress and egress thereto.

Roads, Stormwater Management and Sidewalks. The Obligor has entered into a Developer Agreement and Right of Entry with Howard County, Maryland, dated June 5, 2014 (Agreement No. SDP-08-075). This agreement authorizes the Obligor to construct public roads, storm drains, stormwater management facilities, sidewalks, street lighting, street trees, street signs and traffic control devices, and associated grading and the installation of landscaping on the Project's site. This agreement follows the approval of the Obligor's construction and technical design plans by Howard County, Maryland, and requires that the Obligor's construction of these facilities conform to the specifications described in portions of the Howard County Design Manual and the Howard County Landscape Manual.

No other permits or approvals are necessary to complete the construction of the Project.

Property Taxes

The Obligor's forecasts in the Financial Feasibility Study attached hereto as Appendix B include a provision for property taxes. The forecasts assume that the skilled nursing beds and the assisted living units will be exempt from property taxes. Based upon the Obligor's understanding of Howard County's current application of applicable law, the Obligor believes that it will be able to obtain an exemption from property taxes for the skilled nursing beds and assisted living units. This determination will be made by Howard County upon application by the Obligor once the skilled nursing beds and assisted living units are ready for occupancy.

Completion of the Project

The Obligor has covenanted and agreed to cause the Project to be substantially completed (with the exception of final landscaping) and a final certificate of occupancy therefor to be issued not later than 30 months after issuance of the Series 2014 Bonds.

Environmental Site Assessment and Subsurface Exploration

A Preliminary Environmental Site Assessment was prepared by BL Companies, Inc. for the Project on April 21, 2014 (the "Environmental Assessment"). The Environmental Assessment was based on a review of federal, state and local records and physical inspection of the site. No evidence of recognized environmental conditions in connection with the site was noted. The Environmental Assessment stated that no violations were identified on the applicable databases.

On March 15, 2007, Hillis-Carnes Engineering Associates, Inc. prepared a Geotechnical Engineering Study for the Project's site. The report was based on field investigation and

laboratory analysis of 20 soil borings that were taken across the site of the Project, based upon the anticipated location of the building footprint and paved areas. The findings indicate that there is a mix of soil types across the site. The recommended structural and foundation systems for Miller's Grant have been incorporated into the design for the Project.

LIQUIDITY SUPPORT

Carroll Lutheran, the Obligor and the Master Trustee will enter into a liquidity support agreement (the "Liquidity Support Agreement"), at the issuance of the Series 2014 Bonds to provide liquidity support to the Obligor.

Sources of Liquidity Support. Carroll Lutheran has agreed (1) to make an advance to or for the benefit of the Obligor in the amount of \$2,000,000, which will be deposited in the Liquidity Support Fund established by the Master Indenture, (2) to reserve an additional \$1,000,000 on its balance sheet for future advances to the Obligor, if such additional funds are needed for working capital or liquidity and (3) to cause Citizens Bank of Pennsylvania to issue a standby irrevocable letter of credit in the original stated amount of \$4,000,000 (which is subject to reduction and replacement as described herein) (the "Bank Letter of Credit") the beneficiary of which will be the Master Trustee (all of the foregoing (1), (2) and (3), the "Obligor Liquidity Support").

After the Obligor has fully utilized the first \$2,000,000 on deposit in the Liquidity Support Fund, Carroll Lutheran will make additional advances of up to \$1,000,000 from the funds set aside on its balance sheet for the purposes set forth below, which will be deposited in the Liquidity Support Fund and used in accordance with the Master Indenture.

The Master Trustee will be able to draw upon the Bank Letter of Credit only after the full amount of working capital reserve funds have been depleted under the terms of the documents executed in connection with the Project and the Obligor has fully utilized the first \$3,000,000 of Obligor Liquidity Support made available by Carroll Lutheran. Furthermore, the Master Trustee's ability to draw under the Bank Letter of Credit will reduce over time as follows:

- The ability to draw on the Bank Letter of Credit is reduced to \$3,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014E Bond or (b) March 31, 2017;
- The ability to draw on the Bank Letter of Credit is reduced to \$2,000,000 upon the earlier to occur of (a) the payment in full of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond or (b) September 30, 2018.

Under the terms of the Master Indenture and the Liquidity Support Agreement, the Obligor may replace the Bank Letter of Credit with another letter of credit or collateral facility having substantially the same terms and conditions for draws as the Bank Letter of Credit or with cash deposited into the Liquidity Support Fund.

Any draws on the Bank Letter of Credit, together with the advances made by Carroll Lutheran to the Obligor and any fees, interest and other costs and expenses incurred by Carroll Lutheran with respect to the Bank Letter of Credit or another letter of credit or collateral facility, would constitute subordinate debt of the Obligor, to be repaid to Carroll Lutheran upon the satisfaction of certain conditions set forth in the Master Indenture. In the aggregate, the working capital and liquidity support by Carroll Lutheran to the Obligor would not exceed \$7,000,000 (excluding any fees, interest and other costs and expenses).

Uses of Liquidity Support. The moneys available under the Liquidity Support Agreement may be drawn upon by the Master Trustee for the benefit of the Obligor to pay for costs of completing the Project, operating expenses of the Project, costs of needed repairs to the Project, costs of capital improvements to the Project, judgments against the Obligor, refunds of Entrance Fees as required by the Residency Agreements or amounts due on any indebtedness of the Obligor but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by Carroll Lutheran, if no other funds of the Obligor are available in any Master Trustee-held fund (other than the Operating Reserve Fund or the Debt Service Reserve Fund) for such purposes. Interest earned on amounts on deposit in the Liquidity Support Fund are to be remitted to Carroll Lutheran by the Master Trustee on at least a quarterly basis.

Conditions for Repayment to Carroll Lutheran of Amounts Advanced under the Liquidity Support Agreement. The Liquidity Support Agreement will also contain provisions prohibiting the payment of principal or interest with respect to amounts transferred to or withdrawn from the Liquidity Support Fund or draws made under the Bank Letter of Credit by the Obligor unless: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Obligor and any other Obligated Group Member (as defined in the Liquidity Support Agreement) have achieved a Debt Service Coverage Ratio of not less than 1.35 based on the written statement of the accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding fiscal year; (c) the Obligor and any other Obligated Group Member will have not less than 200 Days' Cash on Hand, based on the written statement of the accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding fiscal year; (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund (as defined in the Liquidity Support Agreement) are funded at their required levels; (e) the independent living units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (f) the Obligated Group is then in compliance with the Continuing Care Act; and (g) no "Event of Default" has occurred and is continuing under the Master Indenture.

Termination of Liquidity Support Agreement and Closing of Liquidity Support Fund. The Liquidity Support Agreement will also provide that, upon meeting the following conditions, the obligations of Carroll Lutheran to make the Obligor Liquidity Support available to the Obligor shall terminate: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Obligor and any other Obligated Group Member have achieved a Debt Service Coverage Ratio of not less than 1.30 for four consecutive fiscal quarters; (c) the Obligor and any other Obligated Group Member

have had not less than 200 Days' Cash on Hand for four consecutive quarters; (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Repair and Replacement Fund are funded at their required levels; (e) the independent living units that are part of the Project have had not less than 88% occupancy for the most recent four fiscal quarters; (f) the Obligated Group is then in compliance with the Continuing Care Act, and the release of funds from the Liquidity Support Fund will not cause the Obligor or any other Obligated Group Member to not be in compliance with the Continuing Care Act; and (g) there is no Event of Default under any documents evidencing, securing or otherwise related to the Bonds. Upon the satisfaction of the foregoing, any moneys remaining in the Liquidity Support Fund will be disbursed to Carroll Lutheran and the Liquidity Support Fund will be closed, and the Bank Letter of Credit or any replacement letter of credit facility or collateral facility may be terminated.

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APPENDIX B
FINANCIAL FEASIBILITY STUDY

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The Lutheran Village at Miller's Grant, Inc.



Financial Feasibility Study

Six Years Ending June 30, 2020

The Lutheran Village at Miller’s Grant, Inc.

Financial Feasibility Study

Six Years Ending June 30, 2020

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Board of Directors
The Lutheran Village at Miller's Grant, Inc.
Westminster, Maryland

We have prepared a financial feasibility study of the plans of The Lutheran Village at Miller's Grant, Inc. (the "Corporation" or "Obligor"), to undertake the development of a continuing care retirement community to be known as "Lutheran Village at Miller's Grant" (the "Project"). The Project, to be located on an approximately 50 acre site in Ellicott City, Howard County, Maryland, is expected to include 241 independent living apartments and cottages ("Independent Living Units"), 20 traditional assisted living apartments ("Assisted Living Units") and 12 private skilled nursing beds ("Skilled Nursing Beds") as well as administrative support and common areas (collectively the "Project").

The Corporation is a wholly-owned subsidiary of Carroll Lutheran Village, Inc., a Maryland non-stock corporation that owns and operates a continuing care retirement community located in Westminster, Maryland (the "Sponsor"). The Sponsor is the sole member of the Corporation and provides management services to the Corporation. The Sponsor will serve as the operating manager of the Project. Management of the Corporation and management of the Sponsor are collectively referred to as "Management".

The feasibility study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed issuance of \$129,280,000 The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.), Series 2014 (the "Series 2014 Bonds").

The Corporation's underwriter, Herbert J. Sims and Co., Inc. (the "Underwriter"), has provided the assumed structure and terms of the Series 2014 Bonds as follows:

- \$61,260,000 of non-rated tax-exempt fixed rate bonds (the "Series 2014A Bonds"), consisting of term maturities to July 1, 2044, with interest rates ranging from 6.50 to 7.375 percent per annum;
- \$6,770,000 of non-rated tax exempt fixed rate bonds (the "Series 2014B Bonds") with a stated final maturity of July 1, 2023, anticipated to be redeemed in full by March 1, 2018 upon approximately 81 percent initial occupancy of the Independent Living Units with an average interest rate of 6.375 percent per annum;
- \$21,250,000 of non-rated tax exempt fixed rate bonds (the "Series 2014C Bonds") with a stated final maturity of July 1, 2021, anticipated to be redeemed in full by October 1, 2017 upon approximately 75 percent initial occupancy of the Independent Living Units with an average interest rate of 6.00 percent per annum;

- \$15,000,000 of non-rated tax exempt fixed rate bonds (the “Series 2014D Bonds”) with a stated final maturity of July 1, 2019, anticipated to be redeemed in full by January 1, 2017 upon approximately 55 percent initial occupancy of the Independent Living Units with an average interest rate of 5.50 percent per annum;
- \$25,000,000 of tax exempt direct purchase bank revenue bonds (the “Series 2014E Bonds”), to be advanced on a draw-down basis, consisting of term maturities to December 31, 2017, anticipated to be redeemed in full by August 1, 2016 upon approximately 41 percent initial occupancy of the Independent Living Units by with an average interest rate of 5.0 percent per annum.

Principal on the Series 2014B, Series 2014C, Series 2014D and Series 2014E Bonds is to be repaid from a portion of the entrance fees assumed to be available from initial residents moving into the Project. The Corporation is solely responsible for the payment of debt service on the Series 2014 Bonds. Neither the Sponsor, nor any of its affiliated entities (other than the Corporation) is liable for payment of interest, principal and premium, if any, on the Series 2014 Bonds.

The proceeds from the sale of the Series 2014 Bonds, a portion of the entrance fees, a land contribution from a third party, a deferred developer fee and a liquidity support note to be repaid on a subordinated basis from the Sponsor, and interest earnings on trustee-held funds are to be used as follows:

- To pay all costs for construction of the Project, including development, construction, and architectural costs;
- To fund debt service reserve funds for the Series 2014A Bonds, Series 2014B Bonds, Series 2014C Bonds and Series 2014 D Bonds;
- To fund an Entrance Fee Fund, a Working Capital Fund, and an Operating Reserve Fund;
- To fund interest on the Series 2014A Bonds, Series 2014B Bonds, Series 2014C Bonds and Series 2014 D Bonds for a period of approximately 23 months;
- To pay costs associated with the issuance of the Series 2014 Bonds.

Our procedures included analysis of:

- The Corporation’s history, objectives, timing, and financing;
- Future demand for the Corporation’s services, including consideration of:
 - Socioeconomic and demographic characteristics of the Project’s defined primary market area (“PMA”);
 - Locations, capacities, and competitive information pertaining to other existing and planned facilities in the PMA; and
 - Forecasted occupancy and utilization levels;
- Debt service requirements and estimated financing costs;
- Staffing requirements, salaries and wages, related fringe benefits, and other operating expenses;
- Anticipated entrance fees and monthly fees for the Project’s residents;
- Sources of other operating and non-operating revenues;
- Revenue/expense/volume relationships; and
- Depositor files.

The accompanying financial forecast for each of the years in the six year period ending June 30, 2020, is based on assumptions that were provided by Management. The financial forecast includes the following financial statements and the related summary of significant forecast assumptions and accounting policies:

- Forecasted Statements of Operations and Changes in Net Assets (Deficit);
- Forecasted Statements of Cash Flows;
- Forecasted Balance Sheets; and
- Forecasted Financial Ratios.

We have examined the financial forecast. Management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (“AICPA”) and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by Management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

Legislation and regulations at all levels of government have affected and may continue to affect the operations of retirement communities. The financial forecast is based upon legislation and regulations currently in effect. If future legislation or regulations related to the Corporation’s operations are subsequently enacted, such legislation or regulations could have a material effect on future operations.

Management’s financial forecast is based on the achievement of occupancy levels as determined by Management. We have not been engaged to evaluate the effectiveness of Management and we are not responsible for future marketing efforts and other Management actions upon which actual results will depend.

The assumed interest rates, principal payments, and other financing assumptions are described in the section entitled “Summary of Significant Forecast Assumptions and Accounting Policies.” If actual interest rates, principal payments or funding requirements are different from those assumed in this study, the amount of the Series 2014 Bonds and associated debt service requirements will need to be adjusted accordingly from those indicated in the forecast. If such interest rates, principal payments and funding requirements are lower than those assumed, such adjustments will not adversely affect Management’s forecast.

Our conclusions are presented below:

- In our opinion, the accompanying financial forecast is presented in conformity with guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants.
- In our opinion, the underlying assumptions provide a reasonable basis for Management's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
- The accompanying financial forecast indicates that sufficient funds could be generated to meet the Corporation's operating expenses, working capital needs, and other financial requirements, including the debt service requirements associated with the proposed Series 2014 Bonds during the forecast period. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Dixon Hughes Goodman LLP

Atlanta, Georgia
July 24, 2014

The Lutheran Village at Miller's Grant, Inc.

Forecasted Statements of Operations and Changes in Net Assets (Deficit) For the Years Ending June 30, (In Thousands)

	2015	2016	2017	2018	2019	2020
Revenues:						
Entrance fee amortization	\$ -	\$ 341	\$ 945	\$ 1,340	\$ 1,533	\$ 1,658
Independent living	-	49	6,600	10,281	11,819	12,349
Assisted living	-	1	548	1,117	1,392	1,785
Skilled nursing	-	2	188	603	1,157	1,716
Other revenue	-	2	293	480	575	634
Investment income	-	245	375	252	303	355
Total revenues	-	640	8,949	14,073	16,779	18,497
Expenses:						
Administrative & general	90	660	1,289	1,440	1,494	1,550
Dining services	-	515	1,715	2,155	2,376	2,535
Healthcare services	-	171	1,482	1,679	1,803	1,932
Maintenance	-	528	1,093	1,159	1,205	1,312
Property tax	-	583	1,039	1,080	1,123	1,168
Marketing	-	478	852	839	562	585
Resident services and activities	-	72	208	239	247	280
Environmental services	-	117	402	454	545	682
Insurance	-	97	173	179	187	194
Utilities	-	719	1,292	1,354	1,419	1,488
Management fee	-	98	239	262	272	291
Interest expense - Series 2014 Bonds	-	4,265	6,309	4,668	4,404	4,377
Interest expense - Deferred Sponsor Note	-	87	175	175	175	175
Interest expense - Deferred Sponsor Fees	-	55	110	83	83	83
Depreciation	-	1,541	3,096	3,124	3,154	3,188
Amortization	-	169	673	673	673	673
Total expenses	90	10,155	20,147	19,563	19,722	20,513
Net income (loss)	(90)	(9,515)	(11,198)	(5,490)	(2,943)	(2,016)
Change in obligation to provide future services	-	(22,326)	(12,337)	7,859	5,041	5,584
Change in net assets (deficits)	(90)	(31,841)	(23,535)	2,369	2,098	3,568
Unrestricted net assets (deficits), beginning of year	12,460	12,370	(19,471)	(43,006)	(40,637)	(38,539)
Unrestricted net assets (deficits), end of year	\$ 12,370	\$ (19,471)	\$ (43,006)	\$ (40,637)	\$ (38,539)	\$ (34,971)

**See Summary of Significant Forecast Assumptions and Accounting Policies
And Independent Accountants' Examination Report**

The Lutheran Village at Miller's Grant, Inc.

Forecasted Statements of Cash Flows For the Years Ending June 30, (In Thousands)

	2015	2016	2017	2018	2019	2020
Cash flows from operating activities:						
Change in net assets (deficits)	\$ (90)	\$ (31,841)	\$ (23,535)	\$ 2,369	\$ 2,098	\$ 3,568
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	-	1,541	3,096	3,124	3,154	3,188
Amortization of entrance fees	-	(341)	(945)	(1,340)	(1,533)	(1,658)
Amortization of deferred financing costs	-	17	66	66	66	66
Amortization of deferred marketing costs	-	152	607	607	607	607
Amortization of original issue discount						
Entrance fees received - Non-Refundable	-	50	370	850	1,197	1,517
Change in future service obligation	-	22,326	12,337	(7,859)	(5,041)	(5,584)
Net change in current assets and liabilities	(16)	175	(3,466)	774	(650)	(57)
Change in accrued interest - Sponsor	248	285	285	258	258	(92)
Change in accrued interest - Series 2014 Bonds	3,468	35	(106)	(931)	(264)	(27)
Net cash provided by (used in) operating activities	3,610	(7,601)	(11,291)	(2,082)	(108)	1,528
Cash flows from investing activities:						
Construction costs	(41,005)	(45,877)	-	-	-	-
Routine capital additions	-	(125)	(265)	(290)	(320)	(350)
Capitalized interest expense, net of earnings	(6,844)	(3,344)	-	-	-	-
Deferred marketing costs	(1,494)	(349)	-	-	-	-
Change in assets limited as to use	(58,965)	35,323	8,826	11,355	2,923	1,569
Net cash provided by (used in) investing activities	(108,308)	(14,372)	8,561	11,065	2,603	1,219
Cash flows from financing activities:						
Initial entrance fees received	-	33,272	39,983	12,955	4,616	-
Initial entrance fees received - Assisted Living	-	15	150	-	-	-
Entrance fees received - Refundable	-	169	1,240	2,836	3,995	5,157
Entrance fee refunds - Refundable	-	(178)	(1,268)	(2,709)	(3,598)	(4,209)
Resident deposits received (converted)	-	(2,871)	(3,450)	(1,118)	(399)	-
Deferred financing costs	(3,262)	-	-	-	-	-
Deferred Sponsor Note	-	-	-	-	-	(3,500)
Liquidity Support Fund Note	2,000	-	-	-	-	(2,000)
(Decrease) in line of credit	(13,315)	-	-	-	-	-
Issuance of long-term debt - Series 2014A Bonds	61,260	-	-	-	-	-
Issuance of long-term debt - Series 2014B Bonds	6,770	-	-	-	-	-
Issuance of long-term debt - Series 2014C Bonds	21,250	-	-	-	-	-
Issuance of long-term debt - Series 2014D Bonds	15,000	-	-	-	-	-
Issuance of long-term debt - Series 2014E Bonds	14,976	10,024	-	-	-	-
Principal payments - Series 2014A Bonds	-	-	-	-	-	(830)
Principal payments - Series 2014B Bonds	-	-	-	(6,770)	-	-
Principal payments - Series 2014C Bonds	-	-	(10,000)	(11,250)	-	-
Principal payments - Series 2014D Bonds	-	-	(15,000)	-	-	-
Principal payments - Series 2014E Bonds	-	(16,500)	(8,500)	-	-	-
Net cash provided by (used in) financing activities	104,679	23,931	3,155	(6,056)	4,614	(5,382)
Change in cash and investments	\$ (19)	\$ 1,958	\$ 425	\$ 2,927	\$ 7,109	\$ (2,635)
Cash and investments, beginning of year	19	-	1,958	2,383	5,310	12,419
Cash and investments, end of year	\$ -	\$ 1,958	\$ 2,383	\$ 5,310	\$ 12,419	\$ 9,784

**See Summary of Significant Forecast Assumptions and Accounting Policies
And Independent Accountants' Examination Report**

The Lutheran Village at Miller's Grant, Inc.

Forecasted Balance Sheets For the Years Ending June 30, (In Thousands)

Assets	2015	2016	2017	2018	2019	2020
Current assets:						
Cash and investments	\$ -	\$ 1,958	\$ 2,383	\$ 5,310	\$ 12,419	\$ 9,784
Accounts receivable, net	-	2	314	513	614	677
Inventory	-	15	30	34	35	37
Prepaid expenses	-	80	165	184	190	205
Current portion of assets limited as to use	-	-	3,397	2,466	3,032	3,060
Total current assets	-	2,055	6,289	8,507	16,290	13,763
Assets limited as to use:						
Construction Fund	36,334	-	-	-	-	-
Funded Interest Account of the Construction Fund	10,255	3,468	-	-	-	-
Escrowed resident deposits	7,838	4,967	1,517	399	-	-
Debt Service Reserve Fund - Series 2014A Bonds	5,235	5,235	5,235	5,235	5,235	5,235
Debt Service Reserve Fund - Series 2014B Bonds	398	398	398	-	-	-
Debt Service Reserve Fund - Series 2014C Bonds	1,251	1,251	1,251	-	-	-
Debt Service Reserve Fund - Series 2014D Bonds	883	883	-	-	-	-
Liquidity Support Fund	2,000	2,000	2,000	2,000	2,000	-
Statutory Operating Reserve Fund	-	182	587	813	1,011	1,262
Start-up/pre-opening costs	559	-	-	-	-	-
Working Capital Fund	2,100	11,500	3,500	-	-	-
Entrance Fee Fund	-	1,646	8,216	2,902	-	-
Renewal and Replacement Fund	-	-	-	-	180	360
Bond Fund	-	-	3,397	2,466	3,032	3,060
Total assets limited as to use	66,853	31,530	26,101	13,815	11,458	9,917
Less: current portion	-	-	(3,397)	(2,466)	(3,032)	(3,060)
Total assets limited as to use, net	66,853	31,530	22,704	11,349	8,426	6,857
Property and equipment	59,434	108,780	109,045	109,335	109,655	110,005
Land	11,600	11,600	11,600	11,600	11,600	11,600
Accumulated depreciation	-	(1,541)	(4,637)	(7,761)	(10,915)	(14,103)
Property and equipment, net	71,034	118,839	116,008	113,174	110,340	107,502
Deferred costs:						
Unamortized marketing costs, net	6,626	6,823	6,216	5,609	5,002	4,395
Unamortized financing costs, net	4,184	4,167	4,101	4,035	3,969	3,903
Total Assets	\$ 148,697	\$ 163,414	\$ 155,318	\$ 142,674	\$ 144,027	\$ 136,420
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ -	\$ 219	\$ 450	\$ 503	\$ 519	\$ 558
Accrued expenses	-	53	165	177	185	197
Accrued interest - Series 2014 Bonds	3,468	3,503	3,397	2,466	2,202	2,175
Accrued interest - Deferred Sponsor Note	152	327	502	677	852	1,027
Accrued interest - Deferred Sponsor Fees	96	206	316	399	482	215
Current portion of long-term debt - Series 2014A Bonds	-	-	-	-	830	885
Total current liabilities	3,716	4,308	4,830	4,222	5,070	5,057
Obligation to provide future services and use of facilities	-	22,326	34,663	26,804	21,763	16,179
Deferred revenue	-	7,005	15,101	17,408	18,066	17,925
Refundable entrance fees	-	25,982	57,416	67,701	71,720	72,668
Resident deposits	7,838	4,967	1,517	399	-	-
Liquidity support fund obligation	2,000	2,000	2,000	2,000	2,000	-
Deferred Sponsor Note	3,500	3,500	3,500	3,500	3,500	-
Long-term debt - Series 2014A Bonds	61,260	61,260	61,260	61,260	60,430	59,545
Long-term debt - Series 2014B Bonds	6,770	6,770	6,770	-	-	-
Long-term debt - Series 2014C Bonds	21,250	21,250	11,250	-	-	-
Long-term debt - Series 2014D Bonds	15,000	15,000	-	-	-	-
Long-term debt - Series 2014E Bonds	14,976	8,500	-	-	-	-
Total liabilities	136,310	182,868	198,307	183,294	182,549	171,374
Net assets						
Unrestricted net assets (deficits)	12,370	(19,471)	(43,006)	(40,637)	(38,539)	(34,971)
Temporarily restricted net assets	17	17	17	17	17	17
Total liabilities and net assets	\$ 148,697	\$ 163,414	\$ 155,318	\$ 142,674	\$ 144,027	\$ 136,420

**See Summary of Significant Forecast Assumptions and Accounting Policies
And Independent Accountants' Examination Report**

The Lutheran Village at Miller's Grant, Inc.

Forecasted Financial Ratios For the Year Ending June 30, (In Thousands, Except for Ratios)

Debt Service Coverage Ratio	2020
Net income (loss)	\$ (2,016)
Less:	
Amortization of Entrance Fees	(1,658)
Add:	
Depreciation	3,188
Amortization	673
Interest expense - Series 2014 Bonds	4,377
Interest expense - Deferred Sponsor Note	175
Interest expense - Deferred Sponsor Fees	83
Entrance fees received - Non-Refundable	1,517
Entrance fees received - Refundable	5,157
Entrance fee refunds - Refundable	(4,209)
Income Available for Debt Service	\$ 7,287
Maximum Annual Debt Service Requirement ^(a)	\$ 5,235
Long-Term Debt Service Coverage Ratio	1.39 x

(a) Estimated Maximum Annual Debt Service Requirements for the Series 2014 Bonds.

Income Available for Debt Service - Revenue Only ^(b)	\$ 4,822
Maximum Annual Debt Service Requirement ^(a)	\$ 5,235
Long-Term Debt Service Coverage Ratio - Revenue Only	0.92 x

(a) Estimated Maximum Annual Debt Service Requirements for the Series 2014 Bonds.

(b) Income Available for Debt Service excludes entrance fees received and refunded.

Days' Cash on Hand	2020
Cash and investments	\$ 9,784
Statutory Operating Reserve Fund	1,262
Renewal and Replacement Fund	360
Unrestricted Cash and Investments available	\$ 11,406
Total operating expenses	\$ 20,513
Deduct:	
Depreciation	(3,188)
Amortization	(673)
Expenses, net	\$ 16,652
Daily operating expenses ^(c)	\$ 46
Days' Cash on Hand	250

(c) Daily operating expenses are equal to annual operating expenses less depreciation and amortization divided by 365 days.

**See Summary of Significant Forecast Assumptions and Accounting Policies
And Independent Accountants' Examination Report**

The Lutheran Village at Miller's Grant, Inc.

Summary of Significant Forecast Assumptions and Accounting Policies

Basis of Presentation

The accompanying financial forecast presents, to the best knowledge and belief of management of The Lutheran Village at Miller's Grant, Inc. (the "Corporation" or "Obligor") and management of Carroll Lutheran Village, Inc. (the "Sponsor") (collectively referred to as "Management"), the Corporation's results of activities, cash flows and financial position as of and for each of the six years ending June 30, 2020. Accordingly, the accompanying financial forecast reflects the judgment of Management as of July 24, 2014, the date of this forecast, based on present circumstances and the expected course of action. The assumptions disclosed herein are those that Management believes are significant to the forecast. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Background of the Corporation

The Corporation is a Maryland non-stock corporation and was determined by the Internal Revenue Service to be an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation was founded for the purpose of developing and operating a continuing care retirement community ("CCRC") in Ellicott City, Maryland. The Corporation is a wholly-owned subsidiary of Carroll Lutheran Village, Inc., a Maryland non-profit corporation which owns and operates a CCRC located in Westminster, Maryland (the "Sponsor").

The Corporation, as a not-for-profit corporation, is managed under the direction of its Board of Trustees. Board members receive no compensation for their services. No individual person owns an equitable or beneficial interest in the Corporation.

Description of the Project

The Corporation's current plan as approved by the Maryland Department of Aging consists of 241 independent living homes and apartments ("Independent Living Units"), 20 assisted living units ("Assisted Living Units") and 12 skilled nursing beds ("Skilled Nursing Beds") and related common areas (the "Project"). The Project would accept direct admissions into the Assisted Living Units; however, the Skilled Nursing Beds would be reserved for independent living residents and assisted living residents transferring through the continuum of care. Common areas at the Project are planned to include residential, administrative and support areas, private and group dining rooms, informal social areas, a multi-purpose room, a library/business center, an indoor pool, and a fitness center.

Management has plans for a second phase to consist of approximately 40 additional independent living units and approximately 19 additional assisted living and 12 skilled nursing beds ("Phase II"). Timing of Phase II is uncertain and is not included in Management's forecasted financial statements.

The following table summarizes the proposed type, number, approximate square footage, monthly fees ("Monthly Fees") and entrance fees ("Entrance Fees") for the Independent Living Units, Assisted Living Units and Skilled Nursing Beds.

Table 1
Proposed Unit Configuration – The Project ⁽¹⁾

Type of Unit	Number of Units	Square Footage	90% Entrance Fee for 1st, 4th & Terrace Level (2014)⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	90% Entrance Fee for 2nd & 3rd Floor (2014)⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Monthly Fees/ Per Diem (2014)⁽⁵⁾
Independent Living Units (“ILUs”)					
<i>One Bedroom Apartments:</i>					
Oakland	20	818	\$276,675	\$271,405	\$2,565
Snowden	63	915	\$367,500	\$360,500	\$2,902
Oakland II	2	1,028	\$412,650	\$404,790	\$3,260
<i>Two Bedroom Apartments:</i>					
Dayton	91	1,172-1,302	\$446,260-\$451,560	\$437,840-\$443,040	\$3,476
Clark	12	1,480	\$533,823	\$523,845	\$3,771
Clark II	4	1,601	\$577,479	\$566,685	\$4,080
The Glenwood	12	1,678	\$595,348	\$584,220	\$4,092
Highland	1	1,709	\$598,500	N/A	\$4,149
Total/Weighted Avg. Apartments	205	1,123	\$424,186	\$415,331	\$3,277
<i>Independent Living Cottages:</i>					
Woodstock - D	12	1,654	\$657,360		\$3,836
Woodstock - S	1	1,654	\$666,160		\$3,836
Elkridge	7	1,724	\$675,070		\$3,921
Elkridge - Basement	5	1,847	\$741,950		\$3,921
Ridge Home	5	1,724	\$695,070		\$3,921
Ridge Home - Basement	6	1,847	\$761,950		\$3,921
Total/Weighted Avg. Cottages	36	1,747	\$702,005		\$3,890
Total/Weighted Avg. ILUs	241	1,216	\$465,686		\$3,369
Second person fees			\$21,400		\$703
<i>Assisted Living Units:</i>					
Private Studio	20	388 - 559	\$15,000		Monthly Fees⁽⁵⁾ \$6,083 – 7,239
<i>Skilled Nursing Beds:</i>					
Private	12	321 - 484			Daily Fees⁽⁵⁾ \$328
Total Health Care Center:	32				

Source: Management

- (1) The Project's Entrance Fees and Monthly Fees for the Independent Living Units are effective as of July 1, 2014.
- (2) The Entrance Fees shown for the Independent Living Units reflect the predominant plan sold, a 90 percent refundable contract assuming a "Type B" modified lifecycle benefit ("90% Refund Contract").
- (3) A 50 percent refundable plan assuming a "Type C" fee-for-service contract ("50% Refund Contract") is available for the apartments only for Entrance Fees approximately 35 percent lower than the 90% Refund Contract Entrance Fees shown.
- (4) The Project offers a declining balance contract with a "Type B" modified lifecycle benefit ("0% Refund Contract"). The 0% Refund Contract Entrance Fees are approximately 20 percent lower than the 90% Refund Contract Entrance Fees shown.
- (5) Monthly Fees and Daily Fees remain the same under all three contracts.

Management anticipates a phased opening of the Independent Living Units, Assisted Living Units, and Skilled Nursing Beds with the first phase to begin to be available for occupancy in December 2015. The anticipated timeline for the Project is shown below:

Table 2
Development Timeline

Commencement of construction	August 2014
Permanent financing	August 2014
Independent Living Units begin to be available for occupancy	December 2015
Assisted Living Units/Skilled Nursing Beds construction complete	February 2016
Assisted Living Units/Skilled Nursing Beds licensure complete	April 2016
Assisted Living Units/Skilled Nursing Beds available for occupancy	June 2016
Independent Living Units achieve stabilized occupancy	November 2018
Assisted Living Units achieve stabilized occupancy	June 2019
Skilled Nursing Beds achieve stabilized occupancy	June 2019

Source: Management

Development of the Project

Eventus Development Consulting Agreement

The Sponsor and Eventus Strategic Partners (“Eventus”) entered into a Development Consulting Agreement in September 2011, as amended (the “Eventus Development Consulting Agreement”) to provide development consulting services related to the Project. Eventus’ responsibilities include providing services such as maintaining overall direction for the Project development and timeline; development planning; development team engagement and management; coordination of architectural, construction, and interiors plans; and the coordination and oversight of the approved Project operating and construction budget as well as financing activities.

As compensation for services rendered pursuant to the Eventus Development Consulting Agreement, Eventus has been and is to be paid a development consulting fee (the “Development Consulting Fee”) totaling approximately \$2,195,000.

The Corporation is also to reimburse Eventus for out-of-pocket expenses associated with the development consulting services provided.

Sponsor Development Agreement

The Corporation and the Sponsor have entered into a development services agreement effective upon permanent financing of the Project (the “Sponsor Development Agreement”) whereby the Sponsor is to provide co-development consulting and marketing services associated with the Project.

As compensation for services rendered, the Corporation is to pay a development fee (the “Sponsor Development Fee”) equal to \$3,880,000. The Corporation shall pay the Sponsor at a monthly rate of Twenty Thousand Dollars (\$20,000.00), paid in advance on the first day of each month for nineteen (19) months, commencing on the start of construction; the balance of the Sponsor Development Fee shall be evidenced by a subordinated promissory note in the amount of \$3,500,000 with interest accruing on such amount at the rate of 5 percent per annum (the “Deferred Sponsor Note”), issued at issuance of the Series 2014 Bonds. Payments under the Deferred Sponsor Note shall be deferred until certain payment conditions as defined in the Master Trust Indenture (“MTI”) are met with respect to the proposed payments of the Deferred Sponsor Note.

For purposes of the forecast, the principal portion of the Deferred Sponsor Note is assumed to be paid during the final year of the forecast and accrued interest is deferred and is assumed to be paid after the forecast period.

Management of the Project

The Corporation and the Sponsor entered into a management services agreement (the "Management Agreement"), effective upon Project opening (the "Commencement Date"), whereby the Sponsor is required to provide management services necessary to operate the Project, including but not limited to, financial management, marketing, purchasing, public relations, recruitment of personnel, and supervision of the day-to-day operations and programs of the Project.

As compensation for services rendered, the Corporation is to pay the Sponsor a monthly management fee (the "Management Fee"), equal to approximately 2.5 percent of the monthly operating expenses (excluding interest, depreciation, and amortization).

The term of the Management Agreement commenced upon execution and will terminate seven years after the Commencement Date. The Management Agreement will automatically renew for an additional five years after the initial term unless (a) either party provides written notice of the intent to terminate the Management Agreement or (b) the Management Agreement has been terminated in accordance to the terms and conditions contained within the Management Agreement. Management Fees assumed to be paid are as follows:

Table 3
Management Fees
(In Thousands)

Years Ending June 30,	2014	2015	2016	2017	2018	2019	2020
Management Fees	-	-	98 ⁽¹⁾	239	262	272	291

Source: Management

(1) Reflects Project opening date of December 2015.

LVMG Operating Support

The Sponsor is the sole member of Corporation. The Sponsor, the Corporation, and Manufacturers and Traders Trust Company (the "Master Trustee") will enter into an operating support agreement (the "Operating Support Agreement"), expected to be executed upon issuance of the Series 2014 Bonds, to provide liquidity support to the Corporation.

Under the Operating Support Agreement, the Sponsor is to deposit \$2,000,000 in a liquidity support fund (the "Liquidity Support Fund"), held by the Master Trustee on behalf of the Corporation, upon the issuance of the Series 2014 Bonds.

In addition to the Liquidity Support Fund, the Sponsor is to provide for additional funding up to \$5,000,000 for the sole benefit of the holders of the Series 2014B Bonds, Series 2014C Bonds, Series 2014D Bonds and Series 2014E Bonds, as defined later in the report. The Sponsor expects to provide (i) cash collateral in the amount of \$1,000,000 (held on the Sponsor's balance sheet unless and until advanced) to be provided for the benefit of the Corporation (any draws to be repaid with interest on a subordinated basis based upon payment conditions set forth the MTI) and (ii) a standby irrevocable letter of credit from Citizens Bank of Pennsylvania (the "Bank") in the stated amount of \$4,000,000 (the "Bank Letter of Credit") the beneficiary of which is expected to be the Master Trustee for the Project. The Sponsor will make the Bank Letter of Credit available to the Corporation as part of the working capital and liquidity support for the Corporation and the Project.

The moneys available under the Operating Support Agreement may be drawn upon by the Master Trustee for the benefit of the Corporation to pay for certain Project costs, interest related to the Project, or certain operating expenses, if no other funds related to the Project are available for those purposes (other than the Debt Service Reserve Fund) subject to provisions in the Operating Support Agreement.

Any draws on the Bank Letter of Credit or \$1,000,000 cash collateral made by the Sponsor to the Corporation, would constitute subordinate debt of the Corporation to be repaid to the Sponsor based upon payment conditions set forth in the MTI. In the aggregate, the working capital and liquidity support to the Corporation would be capped at \$7,000,000.

The Operating Support Agreement will also contain provisions which reduce the obligation once certain conditions and covenants have been met by the Corporation for a specified time period. No draws on the Operating Support Agreement are assumed to be required during the forecast period.

Land Acquisition

In 2005, the land was contributed to the Corporation by Grey Rock Community, Inc., currently valued at \$11,600,000. The President of Grey Rock Community, Inc. is also the current chair of the Board of Trustees at the Corporation.

Moderate Income Housing Unit Program

The Project is subject to the rules and regulations of Howard County, Maryland and the Howard County, Maryland Department of Housing and Community Development (collectively "Howard County"). Pursuant to the Rental Subsidy Agreement and Declaration of Covenants and Restrictions entered into on April 22, 2013 between the Corporation and Howard County (the "Rental Subsidy Agreement"), the Corporation agreed to the following terms and conditions:

- At least 10 percent of all dwelling units at the Project shall be moderate income housing units such that the units will be affordable to a household with an annual household income equal to or less than 60 percent of the median income (the "Moderate Income Housing Units" or "MIHU").
- The maximum Monthly Fee permitted to be charged for an Independent Living Unit under the MIHU Program will be determined and published by Howard County, from time to time, without a deduction for a utility allowance.
- Instead of providing a MIHU, a CCRC that is certified by the Maryland Department of Aging may establish a subsidy fund to be used to defray the Monthly Fee charged for the occupancy of the MIHU (the "Subsidy Fund").
- The Corporation shall make a good faith effort to market each MIHU and enter into a residency agreement with a MIHU resident (the "MIHU Resident") within 60 days of the time the Corporation begins to market the MIHUs (the "Priority Period"). If, despite its good faith efforts, the Corporation can demonstrate that it will not be able to enter into a residency agreement with a MIHU Resident for a MIHU, the unit may be offered to the general public without the Monthly Fee subsidy, provided that the Corporation shall offer the next available unit as a MIHU and shall continue to do so until the number of a MIHU equals the requirement set forth in the Rental Subsidy Agreement.

Summary of Financing

Total financial requirements for the Project are assumed to approximate \$162,695,000. The Corporation proposes to fund these financial requirements primarily through the issuance of \$129,280,000 The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.), Series 2014 (the "Series 2014 Bonds"). The Corporation is solely responsible for the payment of debt service on the Series 2014 Bonds. Management has assumed the following sources and uses of funds in preparing its financial forecast, based in part on information provided by the Corporation's underwriter, Herbert J. Sims & Co. (the "Underwriter"):

Table 4
Sources and Uses of Funds
(In Thousands)

Sources of Funds:	
Series 2014A Bonds ^(A)	\$61,260
Series 2014B Bonds ^(A)	6,770
Series 2014C Bonds ^(A)	21,250
Series 2014D Bonds ^(A)	15,000
Series 2014E Bonds ^(A)	25,000
<hr/>	
Total Series 2014 Bonds proceeds	\$129,280
Initial Entrance Fees ^(B)	15,000
Land Contribution ^(C)	11,600
Capital Contribution ^(D)	875
Liquidity Support Fund Obligation ^(E)	2,000
Interest Earnings on Trustee Held Funds ^(F)	440
Deferred Sponsor Note ^(G)	3,500
<hr/>	
Total Sources of Funds	\$162,695
<hr/>	
Uses of Funds:	
Direct construction costs ^(H)	\$ 73,814
Design and engineering costs ^(I)	6,324
Contingency ^(J)	4,217
Indirect construction costs ^(K)	6,394
Development costs ^(L)	6,411
Marketing costs ^(M)	6,975
Land ^(N)	11,600
<hr/>	
Total Project Related Costs	\$115,735
Liquidity Support Fund ^(O)	2,000
Working Capital Fund ^(P)	17,100
Pre-opening ^(Q)	650
Funded Interest Account ^(R)	13,859
Series 2014 Bonds Debt Service Reserve Fund - LT ^(S)	5,235
Series 2014 Bonds Debt Service Reserve Fund - ST ^(S)	2,532
Seed Money Interest ^(T)	1,400
Cost of issuance and other costs ^(U)	4,184
<hr/>	
Total Estimated Financing and Other Costs	\$46,960
Total Uses of Funds	\$162,695

Sources: Management and the Underwriter

- (A) According to the Underwriter, the following series of bonds are assumed to be issued:
- \$61,260,000 of non-rated tax-exempt fixed rate term bonds (the "Series 2014A Bonds");
 - \$6,770,000 of non-rated tax-exempt Entrance Fee Principal Reduction Bonds (EFPRB) (the "Series 2014B Bonds");
 - \$21,250,000 of non-rated tax-exempt Entrance Fee Principal Reduction Bonds (EFPRB) (the "Series 2014C Bonds");
 - \$15,000,000 of non-rated tax-exempt Entrance Fee Principal Reduction Bonds (EFPRB) (the "Series 2014D Bonds"); and
 - \$25,000,000 of tax exempt direct purchase bank revenue bonds (the "Series 2014E Bonds").
- (B) Management assumes that approximately \$15,000,000 of initial resident Entrance Fees are to be used to fund start-up losses and working capital reserves during fill-up of the Project.
- (C) A land contribution in the approximate amount of \$11,600,000 was provided by Grey Rock Community, Inc. to the Project.
- (D) A contribution in the approximate amount of \$875,000 was provided by Grey Rock Community, Inc. to fund certain development related project costs.
- (E) The Liquidity Support Fund is assumed to approximate \$2,000,000 and is being provided by the Sponsor.
- (F) Interest earnings in the approximate amount of \$440,000 are assumed to be earned on the Construction Fund at 0.35 percent, on the Funded Interest Fund at 0.35 percent, and 1.75 percent on the Series 2014 Debt Service Reserve Fund.
- (G) The Sponsor plans to defer a portion of the Development Fee in the approximate amount of \$3,500,000.
- (H) Construction costs, construction manager fees, site work, and other costs related to the construction of the Project is assumed to approximate \$73,814,000, based on two guaranteed maximum price contracts ("GMP") totaling \$71,200,000 provided by the Corporation's two general contractors, Harkins Builders, Inc. with a GMP totaling \$61,800,000 and Williamsburg Group, LLC with a GMP totaling \$9,400,000, (collectively the "General Contractor"). General Contractor's combined contingencies totaling \$1,241,000 have been included within the GMP. Included in the construction total above, Management has allowed for \$2,000,000 to be used for common area improvements.
- (I) Design and engineering costs are assumed to approximate \$6,324,000 based on a contractual agreement with the Corporation's architect, RLPS Architects, in addition to contractual agreements with the Corporation's interior designer and civil engineer.
- (J) Management has assumed a Project contingency outside the GMP for the Project to approximate \$4,217,000, approximately 4.0 percent of overall Project budget.
- (K) Indirect construction costs for the Project are assumed to approximate \$6,394,000 and include furniture and equipment costs (based on contractual arrangements and comparable projects) and fees and permits.
- (L) Development costs are assumed to approximate \$6,411,000 and include legal fees and project coordinator fees, through opening of the Project.
- (M) Marketing costs related to the initial marketing of the Project are assumed to approximate \$6,975,000 and include direct marketing costs, salaries, and other promotional materials.
- (N) Land costs for the Project are assumed to approximate \$12,860,000.
- (O) Upon the issuance of the Series 2014 Bonds the Sponsor plans to fund a \$2,000,000 Operating Support Agreement.
- (P) The deposit to the Working Capital Fund is assumed to approximate \$17,100,000 to provide working capital for the Project, including start-up costs and operating deficits during fill-up. At closing approximately \$2,100,000 is to be deposited into the account from bond proceeds. After opening of the Project, approximately \$15,000,000 is to be deposited into the account from initial Entrance Fee proceeds.
- (Q) Pre-opening costs are assumed to approximate \$650,000, and include costs of staffing and supplies prior to Project opening.
- (R) Interest costs of approximately \$13,859,000 (approximately 23 months) are assumed to be funded from the proceeds of the Series 2014 Bonds.
- (S) The deposits to the Series 2014 Debt Service Reserve Funds are assumed to approximate \$7,767,000 in total, comprised of short-term debt service of approximately \$2,532,000 and long-term debt service of approximately \$5,235,000.
- (T) Seed money interest represents interest paid by the Corporation on its preconstruction loan with Citizens Bank.
- (U) Costs of issuance related to the Series 2014 Bonds and other costs approximate \$4,184,000 and include Underwriter's discount, accounting fees, legal fees, the feasibility consulting fee, the bond issuance fees, the cost for the printing of the preliminary official statement and official statement, and other miscellaneous costs.

Description of the Residence and Care Agreement

Under the terms of the residence and care agreement (the "Residency Agreement"), the Corporation accepts persons at least 60 years of age at the time of occupancy, who are generally able to reside independently, with or without assistance, and are able to demonstrate the necessary financial resources to meet the Project's minimum financial requirements ("Residents"). Upon occupancy, a Resident is expected to pay any unpaid portion of the Entrance Fee and an ongoing Monthly Fee.

To reserve an Independent Living Unit, a prospective resident must execute a deposit agreement (the "Deposit Agreement"), provide a self-disclosure of his or her health and finances (which is to be confirmed by Management) and place a deposit equal to 10 percent of the Entrance Fee (the "Reservation Deposit") on the selected Independent Living Unit. The remaining 90 percent of the Entrance Fee is due on or before the occupancy date (the "Occupancy Date") of the Independent Living Unit. The Deposit Agreement reserves the right of the prospective resident placing a Reservation Deposit (the "Depositor") to choose the selected Independent Living Unit and indicate his or her intent to execute a Residency Agreement on the Occupancy Date.

Under the Residency Agreement, payment of the Entrance Fee and Monthly Fee entitles the Resident to occupy the selected Independent Living Unit and receive the following services and amenities, among others, at no additional charge:

- \$250 monthly meal allowance;
- Utilities (apartments only) and basic cable television;
- Building and residence maintenance including provided appliances;
- Planned activities;
- Local scheduled transportation;
- 24 hour security and emergency call services in each Independent Living Unit;
- Water, garbage and sewer service;
- Heating and air conditioning (apartments only);
- Use of common areas;
- Priority admission to and services provided in the health center;
- One reserved parking spot for each Independent Living Unit apartment resident and additional parking available for residents with more than one vehicle;
- Garage and driveway parking for Independent Living Unit cottage residents; and
- Property taxes.

In addition to the items included in the Monthly Fee, certain services such as housekeeping, additional resident and guest meals, barber and beauty services and occupational, physical and speech therapy are available to Residents at an additional cost.

The Monthly Fee may be revised based on the experience of the Corporation and estimates of its future costs, at its sole discretion. The Corporation does not expect to make such adjustments more than once per year and is required to provide 45 days' prior written notice of any such adjustments.

Entrance Fee Options

The entrance fee options, related health care benefit, amortization schedule and refund upon termination of the Residency Agreement for the Independent Living Units are as follows:

Table 5
Entrance Fee Plans

Entrance Fee Option	Health Care Benefit	Amortization Schedule
90% Refund Plan	Type B - Modified Lifecare Total of 60 days free health care Priority access into health care Offered for apartments only	Upon termination of the Residency Agreement and after the first 90 days of occupancy, the Resident's refund would be fixed at 90 percent.
50% Refund Plan (Effective May 1, 2013 and approximately 20 pre-sales since)	Type C - Fee-For-Service Priority access into health care Offered for apartments only	Upon termination of the Residency Agreement, the Resident's refund would equal the Entrance Fee paid, less 10 percent and less two percent (2%) of the total Entrance Fee paid for each month of the Resident's occupancy (beginning after the first 90 days of occupancy). There will be a 50 percent refund of the Entrance Fee after 23 months of occupancy.
Declining Balance Plan	Type B - Modified Lifecare Total of 60 days free health care Offered to a limited number of residents Priority access into health care Offered to limited number of residents based on a first-come, first-serve basis	Upon termination of the Residency Agreement, the Resident's refund would equal the original Entrance Fee paid, less two percent (2%) of the total Entrance Fee paid for each month of the Resident's occupancy (beginning after the first 90 days of occupancy). No refund is available after 53 months of occupancy.

Source: Management

As of July 21, 2014, the Corporation has 187 Depositors who have reserved 187 Independent Living Units. The following table summarizes the number of Depositors who have chosen each plan, based on Depositor information provided by Management.

Table 6
Utilization of Entrance Fee Options

Plan	As of July 21, 2014	Percentage of Deposits	Management's Forecast Assumption	Percent of Management's Assumption
90 Percent Refund Plan ⁽¹⁾	111	59.4%	128	57.7%
50 Percent Refund Plan ⁽¹⁾	73	39.0%	94	42.3%
Declining Balance Plan	3	1.6%	-	-
Total	187	100.0%	222	100.0%

Source: Management

- (1) Management assumes the apartment portion of the Independent Living Unit Entrance Fees to be split 50/50 between the 90 Percent Refund Plan and the 50 Percent Refund Plan. Additionally, Management assumes that 100 percent of the cottage Independent Living Unit Entrance Fees will be sold as 90 Percent Refund Plans.

Termination of the Deposit Agreement prior to Occupancy Date

Residents have the right to rescind the Deposit Agreement at any time after paying the Reservation Deposit and executing the Deposit Agreement prior to the Occupancy Date. The Resident will receive a full refund of any monies paid, with the exception of a non-refundable processing fee, monthly and ancillary fees and any additional costs for special modifications or customizations to the Independent Living Unit incurred by the Corporation ("Special Costs"), within 30 days of written notice by the Resident or the Corporation of termination.

Termination of the Residency Agreement after Occupancy Date

Within the first 90 days of occupancy – If a Resident terminates the Residency Agreement within the first 90 days of occupancy by providing written notice to the Corporation, the Resident will receive a full refund of any monies paid, with the exception of a non-refundable processing fee, monthly and ancillary fees and any additional costs for special modifications or customizations to the Independent Living Unit incurred by the Corporation. The Entrance Fee would be refunded based on the refund provisions described above. The applicable refund is to be paid to the Resident within 30 days of the earlier to occur of (1) the recontracting of the Resident's unit; and (2) the later to occur of (a) the 90th day after the written termination notice is given or of death; and (b) the day the independent living units at the Project have been operating at 95% of capacity for the previous six months.

After the first 90 days of occupancy – If a Resident terminates the Residency Agreement after the first 90 days of occupancy, the Entrance Fee would be refunded based on the provisions in the "Entrance Fee Options" applicable and paid to the Resident within 60 days provided that the Resident's unit has been vacated and all belongings removed and the Corporation has accepted and entered into a Residency Agreement with a new resident who has accepted and paid the Entrance Fee for the unit formerly assigned to the Resident. If the Resident occupied an Assisted Living Unit/Skilled Nursing Bed, the applicable refund would be paid to the Resident within 60 days provided that the last unit in which the Resident resided at the initial level of care on entering the Project has been occupied by, or reserved for, another resident who has paid an Entrance Fee.

Incentive Programs

The Corporation has offered certain incentive programs to Depositors upon execution of the Residency Agreement at various periods throughout marketing, to include the following:

- Three months of complimentary Monthly Fees – This incentive was offered from May 2012 to October 2013 and applies to either single or double occupants. Approximately 70 Independent Living Units have been reserved under this incentive.
- A \$500 Monthly Fee credit for 24 months - This incentive was offered in November 2013 and applies to either single or double occupants. One Independent Living Unit has been reserved under this incentive.
- Two months of complimentary Monthly Fees – This incentive was offered in February 2014 and applies to either single or double occupants. Approximately, eight Independent Living Units have been reserved under this incentive.
- One month of complimentary Monthly Fees – This incentive was offered in April 2014 and applies to either single or double occupants. Approximately, eight Independent Living Units have been reserved under this incentive.
- Miller's Grant Dollar Allowance, ranging from \$2,000 to \$7,000 per Independent Living Unit, which can be used for:
 - Premium interior finish upgrades;
 - Services such as spa, housekeeping and additional meals for up to one year;
 - Storage fee; or
 - Pet fee.

As of July 21, 2014, all 187 Independent Living Units have been reserved under this incentive.

- Referral Bonus, paid to both a Depositor making the referral and the new depositor being referred in the amount of a \$1,500 Monthly Fee credit. As of July 21, 2014, approximately 51 Depositors qualified for this incentive.

In all cases, in order for a Resident to receive the qualified incentive, a Resident must occupy his or her selected Independent Living Unit, pay the Entrance Fee and begin paying the Monthly Fee within 60 days of the selected Independent Living Unit's availability.

Characteristics of the Market Area

Assumptions for the future utilization of the Project were developed by Management based on analysis of the following factors that may affect the demand for the Project's accommodations and services:

- Site description and general area analysis;
- Defined primary market area for the Project;
- Demographic and socioeconomic characteristics of the defined primary market area;
- Estimated age- and income-qualified households within the primary market area;
- Description and utilization of existing and proposed comparable retirement communities within and near the primary market area;
- Management's ability to market the Independent Living Units and Assisted Living Units; and
- Penetration rates for independent living and assisted living services.

Each of the above factors and the resulting assumed utilization of the Project are described in the following sections.

Site Description

The Project is planned to be located on approximately 50 acres of land at the intersection of Frederick Road and Arcadia Drive in Ellicott City, Howard County, Maryland (the "Project Site").

General Area Analysis

Highways

The Project Site is approximately two and one-half miles south of the intersection of Interstate 70 ("I-70") and U.S. Route 29 ("US-29"). US-29 runs north/south from Pensacola, Florida and terminates in Ellicott City. I-70 runs east/west from Maryland to Utah and provides access to Interstate 695 ("I-695"). I-695 is approximately seven miles east of the Project Site and serves as a 51-mile beltway for suburban access around Baltimore, Maryland. U.S. Route 40 or "Baltimore National Pike" is located approximately one-half mile from the Project Site and runs east/west through downtown Baltimore providing access west to I-70 just west of Ellicott City northeast to Wilmington, Delaware.

Public Transportation

The Maryland Transit Administration ("MTA") operates local and commuter bus services, subway and light rail services in the Baltimore-Washington Metropolitan Area. The closest MTA bus stop to the Project Site is located at the adjacent Ellicott City Senior Center, providing transportation to downtown Baltimore. Passengers age 65 and older receive discounted rates on buses, subway and light rail services provided by MTA.

Airports

The closest airport providing commercial air services for the Ellicott City area is Baltimore/Washington International Airport ("BWI"). BWI is located approximately 17 miles southeast of the Project Site and provides service for approximately 13 airlines to more than 70 domestic and international locations.

Hospitals

Howard County General Hospital is a 256-bed hospital located approximately eight miles south of the Project Site. Howard County General Hospital is a general medical and surgical hospital located in Columbia that is known for three adult specialty areas - gastroenterology and GI surgery, orthopedics, and pulmonary medicine. Howard County General Hospital is a member of Johns Hopkins Medicine, headquartered in Baltimore, which operates six academic and community hospitals and four suburban health care and surgery centers.

Spring Grove Hospital is a 425-bed hospital located approximately seven miles east of the Project Site and offers inpatient psychiatric services to adults and adolescents. Spring Grove provides student teaching programs and serves as a training site for professional schools, including the University of Maryland.

Arts/Cultural

The Project is located within three miles of St. Johns Plaza, Normandy Shopping Center, and Chatham Station Shopping Center. The largest shopping center in the area is "The Mall" in Columbia, Maryland, which is located approximately eight miles south of the Project Site and offers over 200 retail and dining options. The Mall is currently undergoing an expansion which will include an open-air lifestyle center and 40,000 square feet of new retail and restaurant space.

The Project Site is located adjacent to the Miller Branch of the Howard County Library and the Ellicott City Senior Center. The Miller Library was named after Charles E. Miller, who donated the land upon which the library and senior center now stand. The Ellicott City Senior Center offers a wide variety of classes, activities and informational meetings to seniors in the community. Other attractions near the Project Site include Meyerhoff Symphony Hall, Hippodrome Theater, Camden Yards (baseball) and M&T Bank Stadium (football) in Baltimore and Merriweather Post in Columbia, Maryland.

The Fairway Hills Golf Club is an 18-hole private golf course located approximately four miles south of the Project Site. Turf Valley Golf and Country Club offers two 18-hole golf courses and is located approximately six miles northwest of the Project Site.

Primary Market Area of the Project

The primary market area for providers of senior living services is typically defined as the geographic area from which a majority of prospective residents reside prior to assuming occupancy at a senior living community. As of July 21, 2014, there were 187 Independent Living Units reserved by 187 Depositors out of the 241 available Independent Living Units, representing approximately 78 percent of the total Independent Living Units at the Project.

Based on the zip code origin of the Depositors, discussions with existing senior living providers in the area, and experience with similar communities, the primary market area has been defined to be a 14-zip code area surrounding the Project that lies primarily within Howard County and southeast Carroll County and includes the municipalities or towns listed in the table below (the "IL PMA"). The IL PMA spans approximately 24 miles from north to south at the longest points, and 20 miles from east to west at the widest points. The following table lists the 14 zip codes that comprise the IL PMA.

Table 7
Independent Living Depositor Origin Data

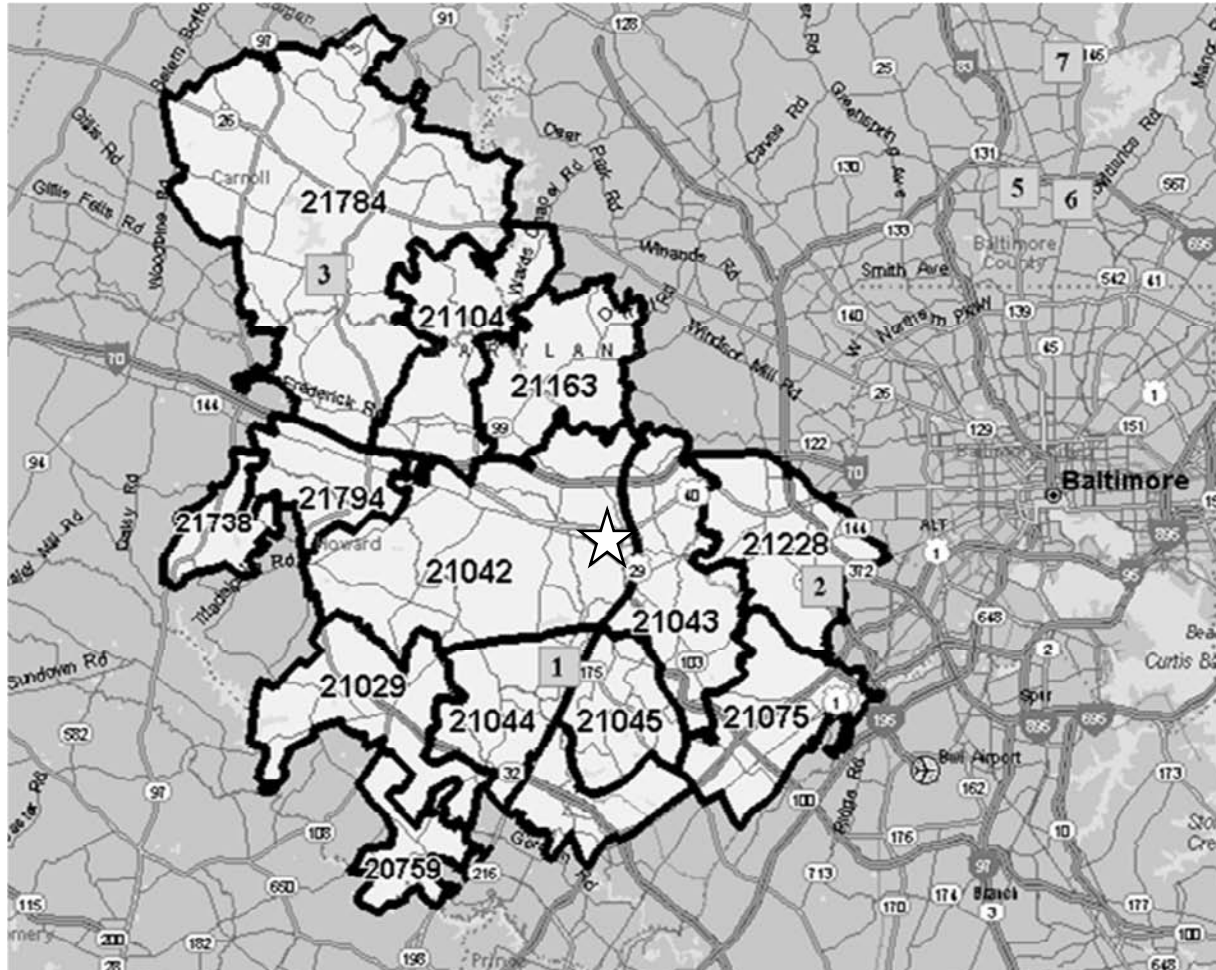
Zip Code	Town	Number of Depositors⁽¹⁾	Percentage of Total
21042 ⁽²⁾	Ellicott City	44	23.2%
21044	Columbia	26	13.8%
21045	Columbia	22	11.6%
21043	Ellicott City	14	7.9%
21228	Catonsville	6	3.7%
21784	Sykesville	6	3.2%
21029	Clarksville	5	2.6%
21075	Elkridge	5	2.6%
21046	Columbia	4	2.1%
21163	Woodstock	3	1.6%
20759	Elkridge	3	1.6%
21738	Glenwood	3	1.6%
21104	Eldersburg	2	1.1%
21794	West Friendship	1	0.6%
Total from IL PMA Zip Codes		144	77.0%
Other areas in Maryland		23	12.3%
Out of state		20	10.7%
Total		187	100.0%



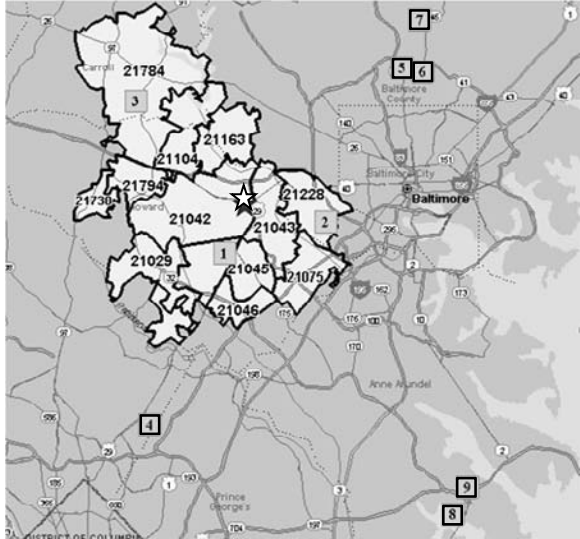
Source: Management

(1) Depositor information as of July 21, 2014.

(2) The Project is to be located in zip code 21042.

The following map depicts the Project, the eight other existing communities within and near the IL PMA, and a planned CCRC near the IL PMA.



<p>Legend</p> <ul style="list-style-type: none">  The IL PMA  The Project <p>CCRCs and Independent Living Within the IL PMA</p> <ul style="list-style-type: none"> 1 – Vantage House 2 – Charlestown 3 – Fairhaven <p>CCRCs and Independent Living Near the IL PMA (See Inset Map)</p> <ul style="list-style-type: none"> 4 – Riderwood 5 – Blakehurst 6 – Edenwald 7 – Mercy Ridge 8 – Ginger Cove <p>Planned CCRCs Near the IL PMA (See Inset Map)</p> <ul style="list-style-type: none"> 9 – Village at Crystal Springs 	<p>CCRCs Located Near the IL PMA</p> 
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Population

The age distribution of the population in a geographic area is a key factor in the determination of an area's retirement housing needs. The U.S. Census Bureau has compiled demographic data based on the 2010 census figures. The Nielsen Company, a firm that specializes in the analysis of demographic data, has extrapolated the 2010 census information to derive the estimated 2014 figures and forecasted statistics for 2019. The following table presents population data by age cohort and the anticipated average annual compounded percentage change between 2010 and 2014, and 2014 and 2019, in the IL PMA, the State of Maryland ("Maryland"), and the United States.

Table 8
Historical, Estimated and Projected IL PMA, Maryland and United States Populations

	2010 Population (Census)	2014 Population (Estimated)	2019 Population (Projected)	Compounded Annual Percentage Change 2010 – 2014	Compounded Annual Percentage Change 2014 – 2019
<u>IL PMA</u>					
Total Population	321,149	338,006	357,678	1.3%	1.1%
Age 65 to 74 Population	20,888	26,825	35,619	6.5%	5.8%
Age 75 to 84 Population	11,603	12,609	15,586	2.1%	4.3%
Age 85 Plus Population	5,671	6,383	6,817	3.0%	1.3%
Total 65 Plus	38,162	45,817	58,022	4.7%	4.8%
Total 75 Plus	17,274	18,992	22,403	2.4%	3.4%
<u>Maryland</u>					
Total Population	5,773,552	5,951,843	6,184,122	0.8%	0.8%
Age 65 to 74 Population	386,357	470,700	604,448	5.1%	5.1%
Age 75 to 84 Population	223,159	233,890	270,779	1.2%	3.0%
Age 85 Plus Population	98,126	106,696	113,291	2.1%	1.2%
Total 65 Plus	707,642	811,286	988,518	3.5%	4.0%
Total 75 Plus	321,285	340,586	384,070	1.5%	2.4%
<u>United States</u>					
Total Population	308,745,538	317,199,353	328,309,464	0.7%	0.7%
Age 65 to 74 Population	21,713,429	25,630,875	31,928,703	4.2%	4.5%
Age 75 to 84 Population	13,061,122	13,554,516	15,011,456	0.9%	2.1%
Age 85 Plus Population	5,493,433	5,972,019	6,338,467	2.1%	1.2%
Total 65 Plus	40,267,984	45,157,410	53,278,626	2.9%	3.4%
Total 75 Plus	18,554,555	19,526,535	21,349,923	1.3%	1.8%

Source: The Nielsen Company

The following table presents the percentage of total population by age group for the targeted age population in the IL PMA, Maryland, and the United States.

Table 9			
Percentage of Total Population by Age Cohort			
2010 (Census)			
	IL PMA	Maryland	United States
<u>Age Groupings</u>			
65 plus	11.9%	12.3%	13.0%
75 plus	5.4%	5.6%	6.0%
85 plus	1.8%	1.7%	1.8%
2014 (Estimated)			
	IL PMA	Maryland	United States
<u>Age Groupings</u>			
65 plus	13.6%	13.6%	14.2%
75 plus	5.6%	5.7%	6.2%
85 plus	1.9%	1.8%	1.9%
2019 (Projected)			
	IL PMA	Maryland	United States
<u>Age Groupings</u>			
65 plus	16.2%	16.0%	16.2%
75 plus	6.3%	6.2%	6.5%
85 plus	1.9%	1.8%	1.9%

Source: The Nielsen Company

Estimated Eligible Households within the IL PMA

In order to qualify for residency at the Project, a prospective Resident must be at least 60 years of age and demonstrate sufficient financial resources to pay the Entrance Fee, required Monthly Fee, and other expenses related to independent living services not provided for in the Residency Agreement. Accordingly, Management has established certain criteria to identify potential Residents who are eligible to reside in an Independent Living Unit. Management estimates that prospective independent living Residents should have a minimum monthly income of approximately 1.5 times the Monthly Fee and an asset level approximately 2.0 times the Entrance Fee required to become a Depositor. Management utilizes the software program "FinAid" developed by A.V. Powell & Associates, an actuarial firm headquartered in Atlanta, Georgia, for evaluating the future income and asset requirements of Depositors.

For purposes of quantifying the number of income-qualified households in the IL PMA, households with the head of household aged 75 or older are considered to be the most likely to establish residency in an Independent Living Unit. The composition of Depositors as of July 21, 2014 is described in the table below:

Age Group of Primary Depositors	Number of Depositors	Percentage
Under 75	49	26.5%
75 and older	136	73.5%
Total Primary Depositors on entry into the Project ⁽¹⁾	185 ⁽²⁾	100.0%

Source: Management

(1) Represents the age of primary Depositors upon entry into the Project in December 2015.

(2) Age information was not provided for two Depositors.

In addition, the following two annual household income scenarios are presented for estimating the number of income-qualified households in the IL PMA:

- Annual household income approximately \$50,000 or more based on the weighted average Monthly Fee of a one bedroom Independent Living Unit (\$2,851) at the Project; and
- Annual household income approximately \$75,000 or more based on the weighted average Monthly Fee of an Independent Living Cottage (\$3,890) at the Project.

Of the Depositors, the median annual income is approximately \$76,000 and the median net worth is approximately \$1,407,000 based on self-reported Depositor information provided by Management as of July 21, 2014. The average age of Depositors (first persons) upon entry to the Project approximates 79 years of age during the Project's first full year of occupancy in 2016.

The following table illustrates the 2014 estimated and the 2019 projected household income distribution for householders age 65 to 74 and 75 or over in the IL PMA.

Table 11			
Income Eligible Households for Independent Living Services Within the IL PMA			
	2014 (Estimated)		
	65 – 74	75+	Total
Total Households:	15,945	11,797	27,742
<u>Household Income</u>			
Under \$50,000	5,330	6,659	11,989
<u>\$50,000 and over</u>			
\$50,000 – 74,999	3,348	2,055	5,403
\$75,000 – 99,999	2,767	1,351	4,118
\$100,000 – 149,999	2,366	1,005	3,371
\$150,000 plus	2,134	727	2,861
Total \$50,000 and over	10,615	5,138	15,753
Percentage of Income Eligible Households to Total Households – \$50,000 and over	66.6%	43.6%	56.8%
Total \$75,000 and over	7,267	3,083	10,350
Percentage of Income Eligible Households to Total Households – \$75,000 and over	45.6%	26.1%	37.3%
	2019 (Projected)		
	65 – 74	75+	Total
Total Households:	20,851	13,670	34,521
<u>Household Income</u>			
Under \$50,000	5,998	6,978	12,976
<u>\$50,000 and over</u>			
\$50,000 – 74,999	4,005	2,319	6,324
\$75,000 – 99,999	3,507	1,669	5,176
\$100,000 – 149,999	3,468	1,405	4,873
\$150,000 plus	3,873	1,299	5,172
Total \$50,000 and over	14,853	6,692	21,545
Percentage of Income Eligible Households to Total Households – \$50,000 and over	71.2%	49.0%	62.4%
Total \$75,000 and over	10,848	4,373	15,221
Percentage of Income Eligible Households to Total Households – \$75,000 and over	52.0%	32.0%	44.1%

Source: The Nielsen Company

The following table compares the percentage of income-qualified households to total households for the \$50,000 and \$75,000 income qualification level for age 75 and above households within the IL PMA, Maryland, and the United States, projected in 2019 based on the 2010 Census.

Table 12
Comparison of Income-Qualified Households – 2019

	IL PMA	Maryland	United States
Percentage of Income Qualified Households to Total Households – \$50,000	49.0%	40.2%	25.9%
Percentage of Income Qualified Households to Total Households – \$75,000	32.0%	26.2%	14.1%

Source: The Nielsen Company

The following table estimates the number of age- and income-qualified households in the IL PMA as estimated in 2014, interpolated in 2016, and projected in 2019 based on the 2010 Census.

Table 13
Income Eligible Households for Independent Living Services
Within the IL Primary Market Area

	Age 75 and Above		
	2014	2016	2019
Total \$50,000 and over	5,138	5,759	6,692
Percentage of Income Eligible Households to Total Households – \$50,000 and over	43.6%	45.9%	49.0%
Total \$75,000 and over	3,083	3,599	4,373
Percentage of Income Eligible Households to Total Households – \$75,000 and over	26.1%	28.7%	32.0%

Source: Nielsen Claritas

Market Area Real Estate

The ability of potential residents to sell their home prior to assuming occupancy at a senior living community may have an impact on the ability of residents to pay the required fees. Often, entrance fees are paid with funds received through the sale of a prospective resident's home.

The following tables summarize the real estate statistics for residential home sales for each zip code within the IL PMA.

Table 14
Market Area Real Estate Trends for IL PMA

Zip Codes	Town	2012			2013			2014 ⁽¹⁾		
		Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market	Number of Homes Sold	Average Sales Price	Average Days on Market
20759	Fulton	60	\$577,570	95	71	\$638,699	53	22	\$629,619	57
21029	Clarksville	125	\$678,411	76	124	\$679,387	47	46	\$660,715	78
21042 ⁽²⁾	Ellicott City	429	\$536,015	75	513	\$541,353	47	141	\$609,415	77
21043	Ellicott City	424	\$397,501	70	503	\$419,746	48	174	\$438,191	61
21044	Columbia	431	\$343,414	80	462	\$342,442	58	163	\$339,044	56
21045	Columbia	443	\$283,938	75	452	\$303,085	48	181	\$310,784	48
21046	Columbia	175	\$315,867	73	237	\$325,190	38	67	\$323,994	52
21075	Elkridge	310	\$302,504	94	322	\$325,843	53	141	\$333,210	62
21104	Marriottsville	51	\$440,427	96	55	\$464,888	67	22	\$424,173	42
21163	Woodstock	90	\$412,946	74	103	\$416,709	47	38	\$412,492	29
21228	Catonsville	432	\$257,627	85	505	\$271,295	62	167	\$266,474	72
21738	Glenwood	42	\$720,522	110	37	\$698,160	120	15	\$695,920	172
21784	Sykesville	381	\$334,979	110	426	\$363,373	61	121	\$371,035	81
21794	West Friendship	20	\$697,615	171	22	\$670,227	68	10	\$648,666	150
Total/Weighted Avg.		3,413	\$376,079	83	3,832	\$390,527	53	1,308	\$395,988	64

Source: Real Estate Business Intelligence

(1) Reflects data through May 31, 2014.

(2) The Project is to be located in zip code 21042.

The following table summarizes the real estate statistics for residential homes for the IL PMA broken down by home sale price category.

Table 15
Residential Sales Within the IL PMA

Zip Codes	Town	Sale Price												Total		
		\$200,000 and Under			\$200,000 - \$399,999			\$400,000 - \$599,999			\$600,000 and Above			2012	2013	2014 ⁽¹⁾
		2012	2013	2014 ⁽¹⁾	2012	2013	2014 ⁽¹⁾	2012	2013	2014 ⁽¹⁾	2012	2013	2014 ⁽¹⁾	2012	2013	2014 ⁽¹⁾
20759	Fulton	-	-	-	3	7	1	38	28	8	19	36	13	60	71	22
21029	Clarksville	-	-	-	14	19	5	29	30	17	82	75	24	125	124	46
21042 ⁽²⁾	Ellicott City	9	8	8	85	91	19	217	244	62	118	170	52	429	513	141
21043	Ellicott City	30	32	10	213	217	71	131	173	61	50	81	32	424	503	174
21044	Columbia	74	75	26	222	268	96	106	81	28	29	38	13	431	462	163
21045	Columbia	83	77	24	291	290	121	68	83	36	1	2	-	443	452	181
21046	Columbia	17	24	7	119	151	38	39	62	22	-	-	-	175	237	67
21075	Elkridge	63	42	19	188	218	95	52	43	21	7	19	6	310	322	141
21104	Marriottsville	-	-	-	23	14	9	17	32	11	11	9	2	51	55	22
21163	Woodstock	2	4	-	41	42	19	38	41	14	9	16	5	90	103	38
21228	Catonsville	134	131	47	255	307	103	41	64	17	2	3	-	432	505	167
21738	Glenwood	-	-	-	1	-	1	15	16	4	26	21	10	42	37	15
21784	Sykesville	47	36	13	232	246	74	84	115	23	18	29	11	381	426	121
21794	West Friendship	-	-	-	1	1	2	5	6	2	14	15	6	20	22	10
Totals		459	429	154	1,688	1,871	654	880	1,018	326	386	514	174	3,413	3,832	1,308
Percentage of Total		13.4%	11.2%	11.8%	49.5%	48.8%	50.0%	25.8%	26.6%	24.9%	11.3%	13.4%	13.3%	100%	100%	100%

Source: Real Estate Business Intelligence

(1) Reflects data through May 31, 2014.

(2) The Project is to be located in zip code 21042.

Unemployment Trends

The unemployment trends for Howard County, the Baltimore MSA, the State of Maryland, and the United States are shown in the following table.

Table 16
Unemployment Trends

	2011	2012	2013	2014 ⁽¹⁾
Howard County	5.3%	5.0%	4.9%	4.2%
Baltimore MSA	7.6%	7.2%	6.8%	6.1%
State of Maryland	7.3%	6.9%	6.6%	5.7%
United States	8.9%	8.1%	7.4%	6.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics Data

(1) Unemployment data for 2014 is through March for Howard County, the Baltimore MSA, and the State of Maryland and through April for the United States.

The major employers in the greater Baltimore area are Giant Food Inc., The Johns Hopkins Medical Institutions, MedStar Health, Stanley Black & Decker, Inc., The Johns Hopkins University, Verizon Inc., and Northrop Grumman Corporation.

Continuing Care Regulatory Requirements

In Maryland, continuing care retirement communities ("CCRCs") are licensed and regulated by the Maryland Department of Aging (the "Department") under the Code of Maryland Regulations ("COMAR"), Title 32, Section 32.02.01, which is governed by the Annotated Code of Maryland (the "Annotated Code"), Human Services Article, Title 10, Subtitle 4, as amended (the "Department of Aging Statute"). The Department regulates CCRCs and congregate housing services for the elderly under the Department of Aging Statute. As defined in the Department of Aging Statute, "continuing care" means the furnishing of shelter and either medical and nursing services or other health related services to an individual 60 years of age or older, not related by blood or marriage to the continuing care provider, for the life of the individual or for a period in excess of one year under a written agreement that requires a transfer of assets or an entrance fee notwithstanding periodic charges.

A Maryland CCRC is required to renew its certificate of registration and submit a disclosure statement at least annually to the Department for its approval. The disclosure statement provides information to residents and prospective residents about the continuing care provider's organizational structure and management and provides a summary of services and rate structure and other material items including financial statements.

The Department of Aging Statute provides that no residents may be dismissed or discharged prior to the expiration of their continuing care contracts without just cause for such removal and advance notice of at least 60 days. In the event of any such termination of a resident, the provider must comply with specific refund provisions contained in the Department of Aging Statute.

Comparable Retirement Communities

Comparable communities include those offering independent living units and at least one level of health care services, such as assisted living and/or nursing care for age restricted seniors. Independent living units may be apartments, cottages, and/or free-standing homes where residents have access to on-site amenities, which typically include a choice of dining venues, library, lounge areas, fitness facilities, banking, game room, multi-purpose room, arts and crafts area, hair salon, a chapel, and more. Services typically include one meal per resident per day, weekly or bi-weekly housekeeping, all utilities except telephone, scheduled transportation, activities program, emergency call system in each residence, 24-hour security, interior and exterior maintenance, maintenance of grounds, and discounted health care services in on-site assisted living and nursing care facilities.

Comparable facilities are defined as those facilities that: (i) include independent living services; (ii) provide one or more other levels of care such as assisted living, dementia care and/or nursing care services; (iii) offer similar services and amenities within the IL PMA of the Project; and/or (iv) compete for similar age- and income-qualified residents.

CCRCs may provide a variety of contracts to residents. Generally, the major distinction in contract types relates to the health care benefit. The most common contract types are as follows:

Extensive or Life Care Contract ("Type A") - Under a Type A contract, a resident typically pays an upfront entrance fee and an ongoing monthly service fee in exchange for the right to lifetime occupancy of an independent living unit with certain services and amenities. Residents of independent living who require assisted living or nursing care may transfer to the appropriate level of care and continue to pay essentially the same monthly service fee they had been paying for their residence, or upon permanent transfer, the fee may be adjusted to the weighted average of all monthly service fees.

Modified Contract ("Type B") - Under a Type B contract, the resident also generally pays an upfront entrance fee and an ongoing monthly service fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under a Type B contract, the CCRC typically provides assisted living or skilled nursing care to residents either (a) at a discounted per diem rate, e.g., 20 percent discount; (b) a certain number of days per year or per lifetime, e.g., 60-90 days; or (c) a combination of the two.

Fee-for-Service Contract ("Type C") - Under a Type C contract, the resident also generally requires an upfront entrance fee and an ongoing monthly service fee for the right to lifetime occupancy of an independent living unit with certain services and amenities. However, under the Type C contract, residents who require assisted living or nursing care do not receive any discount on assisted living or skilled nursing services.

Rental Communities ("Rental") - Under a Rental contract, a resident signs a lease for the independent living unit selected and pays for various additional services utilized (including assisted living, memory support, or nursing) on a monthly or per diem basis at prevailing market rates. The resident is not required to pay an entrance fee and the contract term is typically on a month-to-month basis.

The following table profiles the Project and the three existing comparable retirement communities within the IL PMA with a combined weighted average occupancy of 92 percent.

Table 17
Comparable Retirement Communities Within the IL PMA – Entrance Fee Communities

	The Project	Vantage House	Charlestown	Fairhaven
Location	Ellicott City	Columbia	Catonsville	Sykesville
Miles from the Project	–	4.9	12.0	12.2
Sponsor/Developer	Carroll Lutheran Village	Columbia Vantage House Foundation	Erickson Living	Episcopal Ministries to the Aging
Year Opened	–	1990	1983	1980
Type of Contract	Modified/Fee-For-Service	Life Care	Fee-For-Service	Life Care/Fee-For-Service
For-Profit/Not-for-Profit	Not-for-Profit	Not-for-Profit	Not-for-Profit	Not-for-Profit
Unit Configuration				
<i>Independent Living Units (ILUs)</i>				
Studios	–	30	125	13
One-bedroom apartments	85	127	779	109
Two-bedroom apartments	120	67	587	44
Homes/Cottages	36	–	–	146
Total ILUs	241	224	1,491	312
<i>Assisted Living Units</i>	20 AL	26 AL	128 AL	35 AL
<i>Nursing Care Beds</i>	12	44	206	79
Independent Living				
<i>Square Footage</i>				
Studios	–	560	400 – 525	443
One-bedroom apartments	818 – 1,028	560 – 756	500 – 1,250	770 – 1,005
Two-bedroom apartments	1,172 – 1,709	1,000 – 1,600	1,000 – 1,700	904 – 1,562
Homes/Cottages	1,654 – 1,847	–	–	847 – 3,640
<i>Entrance Fees</i>				
Studios	–	\$172,569	\$72,000 – 124,000	\$218,000
One-bedroom apartments	\$271,405 – 412,650	\$186,105 – 249,461	\$124,000 – 370,000	\$302,000 – 328,000
Two-bedroom apartments	\$437,840 – 598,500	\$334,344 – 513,536	\$181,000 – 585,000	\$450,000 – 459,000
Homes/Cottages	\$657,360 – 761,950	–	–	\$270,000 – 540,000
2 nd Person Entrance Fee	–	\$17,046	–	\$33,000
<i>Monthly Fees</i>				
Studios	–	\$2,235	\$1,440 – 1,500	\$2,000
One-bedroom apartments	\$2,565 – 3,260	\$2,422 – 2,802	\$1,600 – 2,450	\$2,245 – 2,280
Two-bedroom apartments	\$3,476 – 4,149	\$3,738 – 4,884	\$1,870 – 2,570	\$3,740 – 5,010
Homes/Cottages	\$3,836 – 3,921	–	–	\$1,660 – 4,895
2 nd Person Monthly Fee	\$703	\$1,300	\$760	\$795
<i>Refund Options</i>	90% Refund	Declining Refund, 90% Refund (shown)	100% Refund	Declining Refund, 90% Refund (shown)
Assisted Living				
<i>Monthly Fee</i>	\$6,083 – 7,239	\$6,270	\$4,885 – 8,171	\$6,232
Nursing Care				
<i>Daily Rate</i>	\$328	–	\$345	\$365 – 392
Occupancy Rate				
<i>Independent Living</i>	–	82%	95%	90%
<i>Assisted Living</i>	–	96%	100%	94%
<i>Nursing Care</i>	–	98%	96%	90%

Source: Surveys conducted by Dixon Hughes Goodman LLP through May 2014.

Notes to Table:**The Project**

- (a) The Project's Entrance Fees and Monthly Fees for independent living are effective as of July 1, 2014.
- (b) The Entrance Fees shown for the Independent Living Units reflect the 90% Refund Contract (modified lifecare contract).
- (c) The Project also offers a 0% Refund Contract (modified lifecare contract) where Entrance Fees are approximately 20 percent lower than the 90% Refund Contract Entrance Fees shown.
- (d) A 50% Refund Contract (fee-for-service contract) is available for the apartments only in which Entrance Fees are approximately 35 percent lower than the 90% Refund Contract Entrance Fees shown.
- (e) Monthly Fees remain the same under all three contracts.
- (f) A \$15,000 Entrance Fee is required under the modified lifecare contracts for admission into the Assisted Living Units.

Vantage House

- (a) Vantage House is currently registered with the Department for 224 independent living units; however, some of the independent living units have been combined to accommodate the demand for larger units.
- (b) Entrance fees shown reflect the 90 percent refundable plan. In addition to the 90 percent refundable plan, Vantage House offers a 50-month declining refund plan, in which entrance fees are approximately 30 percent less than the 90 percent entrance fees shown in the table.
- (c) Vantage House is a lifecare community and rarely accepts admits into the assisted living or skilled nursing units at the community. The entrance fee for assisted living is \$28,000, which also guarantees a resident access to nursing care. Since direct admissions are rarely accepted into nursing care, management of Vantage House did not disclose private pay rates for direct admissions.

Charlestown

- (a) Monthly fees shown for assisted living are all-inclusive.
- (b) Direct admission into the Charlestown healthcare facilities requires a 100 percent refundable entrance fee, which ranges from \$58,000 to \$125,000 for assisted living depending on the type of unit occupied and \$78,500 for nursing care.

Fairhaven

- (a) Entrance fees and monthly fees shown for Fairhaven reflect the 90 percent refundable entrance fee plan with the lifecare health care option. Fairhaven also offers a standard entrance fee plan with a fee-for-service health care option. The entrance fees associated with the standard entrance fee plan with a fee-for-service health care option are approximately 40 percent lower than the entrance fees shown for the 90 percent refundable entrance fee plan with the lifecare health care option.
- (b) Assisted living and nursing care services are primarily reserved for the exclusive use of the lifecare residents at Fairhaven transferring internally through the continuum of care. Lifecare residents at Fairhaven permanently transferring to assisted living or nursing care continue to pay their monthly fee of their independent living unit plus the cost of two additional meals daily.
- (c) In order to be admitted into assisted living from outside the community, a resident must pay the entrance fee of \$125,000 upon entry and the ongoing monthly fee of \$6,232. According to management of Fairhaven, it is rare that an outside admission into health care occurs.
- (d) The assisted living monthly fee shown reflects the basic level of care. Two additional levels of care are available for \$1,368 and \$2,918 per month.
- (e) In order to be admitted into the health care center at Fairhaven from outside the community, a resident must pay the entrance fee of \$170,000 upon entry and the ongoing daily fee of \$392 for a private room and \$365 for a semi-private room.

Although located in Howard County, the Project is located near Baltimore County where there are many senior living options as well as a strong awareness of the CCRC product. According to Management, preferences for CCRCs located in an urban environment in the City of Baltimore differ from the preferences of residents seeking a suburban campus retirement lifestyle. Management has identified five CCRCs near the IL PMA that are considered the primary

comparable senior living options to the Project based on consumer preferences and similar target markets of age- and income-qualified households.

The following table profiles five existing comparable retirement communities identified by Management as comparable although they are located outside but near the IL PMA. These five communities are profiled for informational purposes only and due to the location of these units outside the IL PMA, the penetration rate analysis following does not include the independent living units associated with these comparable retirement communities.

Table 18
Comparable Retirement Communities Near the IL PMA – Entrance Fee Communities

	Riderwood	Blakehurst	Edenwald	Mercy Ridge	Ginger Cove
Location	Silver Spring	Towson	Towson	Timonium	Annapolis
Miles from the Project	18.5	21.4	21.7	22.8	33.8
Sponsor/Developer	Erickson Living	Blakehurst Senior Living	General German Aged People's Home of Baltimore	Mercy Health Services	Ginger Cove
Year Opened	2000	1993	1985	1952	1988
Type of Contract	Type C	Type A	Type A	Type C	Type A
For-Profit/Not-for-Profit	Not-for-Profit	For-Profit	Not-for-Profit	Not-for-Profit	Not-for-Profit
Unit Configuration					
<i>Independent Living Units (ILUs)</i>					
Studios	34	–	29	–	–
One-bedroom apartments	631	91	141	197	98
Two-bedroom apartments	1,259	186	119	211	145
Three-bedroom apartments	–	–	–	–	–
Homes/Cottages	–	–	–	–	–
Total ILUs	1,924	277	289	408	243
<i>Assisted/Memory Support</i>	54 AL/34 MS	24 AL	56 AL	35 AL/12 MC	30 AL
<i>Nursing Care Beds</i>	117	44	72	386	61
Independent Living					
<i>Square Footage</i>					
Studios	568	–	485 – 530	–	–
One-bedroom apartments	701 – 1,040	640 – 927	620 – 1,340	786 – 1,001	740 – 890
Two-bedroom apartments	924 – 1,497	1,028 – 1,566	975 – 1,805	1,109 – 1,603	1,040 – 1,340
Three-bedroom apartments	–	–	–	–	–
Homes/Cottages	–	–	–	–	–
<i>Entrance Fees</i>					
Studios	\$128,000 – 137,000	–	\$225,500 – 254,000	–	–
One-bedroom apartments	\$168,000 – 283,000	\$314,000 – 466,000	\$368,000 – 943,000	\$215,000 – 260,000	\$235,531 – 321,914
Two-bedroom apartments	\$237,000 – 625,000	\$505,000 – 906,000	\$627,500 – 1,148,000	\$290,000 – 426,000	\$393,225 – 589,500
Three-bedroom apartments	–	–	–	–	–
Homes/Cottages	–	–	–	–	–
2 nd Person Entrance Fee	–	\$22,500	\$72,000	\$16,000	\$16,301
<i>Monthly Fees</i>					
Studios	\$1,673	–	\$2,525	–	–
One-bedroom apartments	\$1,818 – 2,138	\$3,244 – 3,611	\$3,035 – 4,810	\$2,158 – 2,690	\$3,286 – 3,686
Two-bedroom apartments	\$2,045 – 2,954	\$3,667 – 5,102	\$3,900 – 5,280	\$3,083 – 3,878	\$3,955 – 4,697
Three-bedroom apartments	–	–	–	–	–
Homes/Cottages	–	–	–	–	–
2 nd Person Monthly Fee	\$800	\$1,394	\$1,345	\$813	\$1,970
<i>Refund Options</i>	100% Refund	90% Refund	100% Refund	100% Refund	90% Refund
Assisted Living					
<i>Monthly Fee</i>	\$4,720 – 8,890	\$8,998	\$4,710	\$4,676 – 5,919	\$3,286
Nursing Care					
<i>Daily Rate</i>	\$351	\$250	\$275 – 305	\$263 – 375	\$247
Occupancy Rate					
<i>Independent Living</i>	95%	97%	93%	97%	100%
<i>Assisted Living</i>	95%	97%	96%	97%	100%
<i>Nursing Care</i>	100%	97%	89%	92%	100%

Source: Surveys conducted by Dixon Hughes Goodman LLP through July 2014.

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Notes to the Table:

Riderwood

- (a) Monthly fees shown for assisted living are all-inclusive.
- (b) Direct admission into the Riderwood healthcare facilities requires a 100 percent refundable entrance fee, which ranges from \$99,000 to \$175,000 for assisted living depending on the type of unit occupied and \$99,000 for nursing care.

Blakehurst

- (a) Blakehurst was completed in three phases with the initial phase completed in 1990. The remaining two phases were completed in 1997 and 1999, respectively.
- (b) Entrance fees shown reflect the 90 percent refund plan. In addition to the 90 percent refund plan, Blakehurst offers an 80 percent plan that is on average \$60,000 lower than the 90 percent refund plan.
- (c) Independent living residents that move to other levels of care continue to pay the monthly fee associated with their independent living unit plus the cost of one meal per day.
- (d) In December 2014, Blakehurst is planning to remodel the health center and designate 10 of the 44 skilled nursing beds as memory support.
- (e) Due to high internal demand, Blakehurst is currently not accepting non-lifecare residents into assisted living or skilled nursing.

Edenwald

- (a) Entrance fees shown reflect the 100 percent refund plan. In addition to the 100 percent refund plan, Edenwald offers a 50 percent refund plan, 50 month declining plan and a non-refundable plan. The entrance fees associated with the 50 percent refund plan are 60 percent lower than the 100 percent refund plan. The entrance fees associated with the 50 month declining plan are 118 percent lower than the 100 percent refund plan. The entrance fees associated with the non-refundable plan are 140 percent lower than the 100 percent refund plan.
- (b) Assisted living and nursing care services are reserved for the exclusive use of the life care residents at Edenwald transferring internally through the continuum of care. Life care residents at Edenwald permanently transferring to assisted living or nursing care continue to pay their monthly fee of their independent living unit.
- (c) Twenty-four of the 72 skilled nursing beds at Edenwald are dementia care beds.

Mercy Ridge

- (a) The assisted living monthly fees shown reflect the basic level of care. Three additional levels of care are available for \$608, \$1,062 and \$1,516 per month.
- (b) The all-inclusive monthly fee for memory care at Mercy Ridge is \$6,991.

Ginger Cove

- (a) Assisted living and nursing care services are reserved for the exclusive use of the life care residents at Ginger Cove transferring internally through the continuum of care. Life care residents at Ginger Cove permanently transferring to assisted living or nursing care continue to pay their monthly fee of their independent living unit. In order to be admitted into assisted living or nursing care from outside the community, a resident must pay the entrance fee of the smallest one-bedroom unit (\$235,531) upon entry. In addition, direct admissions must pay the ongoing monthly fee for the smallest one-bedroom unit of \$3,286 for assisted living or pay a daily rate of \$247 for nursing care. Therefore, it is rare that an outside admission into health care occurs.
- (b) Management of Ginger Cove would not disclose the specific occupancy rate in independent living. Occupancy percentage reported is based on current discussions with management of Ginger Cove and their historical occupancy experience.

Comparable Retirement Communities Planned or Under Development in the IL PMA

Based on discussions with representatives of the local city and county planning and permitting agencies and interviews with management at existing and planned retirement communities, there are no retirement community developments or independent living expansion projects identified within the IL PMA, except for the Project.

Comparable Retirement Communities Planned or Under Development near the IL PMA

There is one proposed retirement community located near the IL PMA under development in Annapolis called The Village of Crystal Springs that Management considers comparable. The Village of Crystal Springs is expected to have approximately 224 independent living units and approximately 52 healthcare units. The Village of Crystal Springs is currently going through licensure with the Maryland Department of Aging and has not been approved to accept 10 percent deposits.

Summary of Independent Living Units

There are a total of 2,027 existing independent living units at the three existing comparable retirement communities located within the IL PMA. Including the 241 Independent Living Units at the Project, the total number of existing and planned comparable independent living units within the IL PMA is 2,268. The weighted average occupancy of the independent living units located within the IL PMA is 92 percent.

Table 19
Summary of Comparable Independent Living Units Withi the IL PMA

Comparable Retirement Communities	Existing	Planned	Total
<i>Within the IL PMA:</i>			
Vantage House	224	–	224
Charlestown	1,491	–	1,491
Fairhaven	312	–	312
Total Units Within the IL PMA	2,027	–	2,027
The Project	–	241	241
Total Comparable Independent Living Units	2,027	241	2,268

Source: Surveys conducted by Dixon Hughes Goodman LLP through May 2014.

Independent Living Penetration Analysis

Penetration rates are one measure of the degree to which the IL PMA is either under-served or saturated. As penetration rates increase, units may become more difficult to fill. However, higher penetration rates may not necessarily be an indication of the difficulty in achieving expected occupancy levels. Some markets may have a higher acceptance level for senior living housing options and may support higher penetration rates. Three penetration rate calculations are shown in the following tables:

Project Penetration Rate – The Project Penetration Rate is the percentage of age- and income-qualified households in the IL PMA the **Project** is expected to capture in order to achieve stabilized occupancy in the year of opening. The Project Penetration Rate is calculated by dividing the number of Independent Living Units at the Project by the number of age- and income-qualified households in the IL PMA. Seniors currently living in competitive independent living units in the IL PMA are subtracted from the pool of age- and income-qualified households. Although the Project is anticipated to open in December 2015, calculations are based on demographics interpolated for the first full year the Project is expected to be available for occupancy (2016).

Net Market Penetration Rate (Absorption Rate) – The Net Market Penetration Rate is the percentage of age- and income-qualified households the **available units in the market** are expected to capture in order for the entire market to achieve stabilized occupancy in the year of opening. The Net Market Penetration Rate is calculated by dividing the number of available independent living units in the IL PMA by the number of age- and income-qualified households in the IL PMA. Available units include planned units of the Project, proposed units at other communities, and units becoming available due to attrition. This calculation is of particular significance when more than one project is entering the market during the same timeframe. Calculations are based on demographics interpolated for the first full year the Project is expected to be available for occupancy (2016).

Gross Market Penetration Rate – The Gross Market Penetration Rate is the percentage of age- and income-qualified households that the **total market** must absorb for the entire market to achieve stabilized occupancy. Market penetration is calculated by dividing the total number of existing and planned independent living units in the IL PMA by the number of age- and income-qualified households in the IL PMA. Calculations are based on the demographics projected for the current year and the year the Project is expected to achieve stabilized occupancy (assuming the Project represents the “newest” units in the market).

In all three calculations, the total independent living units are adjusted to reflect assumptions about the percentage of units expected to be filled from qualified households in the IL PMA and occupancy.

These rates should be considered in conjunction with each other and other market factors such as occupancy levels at existing communities within and near the IL PMA, the number of proposed facilities in the IL PMA, the design of the units and project spaces at the Project, alternatives for potential residents, and marketing plans and efforts of Management.

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As indicated earlier, there are three existing comparable retirement communities located within the IL PMA with a combined total of 2,027 independent living units, including Charlestown, the Erickson community with 1,491 units. Based on DHG's experience with the Erickson communities' resident draw percentages, as well as industry articles written on the geographic market areas of the large Erickson properties that include an explanation of the large adult care giver influence on these communities, Charlestown is assumed to draw only approximately 50 percent of its residents from the IL PMA. Therefore, for purposes of the following Project, Net Market and Gross Market penetration rate analysis, 50 percent or 746 independent living units from the Charlestown community are considered to be competitive for a total of 1,282 independent living units among the three comparable communities located within the IL PMA.

The following table represents the Project Penetration Rates which represent the percentage of age- and income-qualified households in the IL PMA the Project is expected to capture upon opening in order to achieve stabilized occupancy, assuming annual household incomes of \$50,000 and over and \$75,000 and over, based upon demographic projections for 2016.

	Age 75+ and Incomes of \$50,000 and Above	Age 75+ and Incomes of \$75,000 and Above
Planned units at the Project	241	241
Percentage of units to be filled from the IL PMA ⁽¹⁾	80%	80%
Planned units to be filled from the IL PMA	193	193
Percentage of units to be filled by age 75 and older ⁽¹⁾	75%	75%
Planned units to be filled by age 75 and older	145	145
Total units at the Project to be filled at 95% occupancy (a)	138	138
Number of age- and income-qualified households ⁽²⁾	5,759	3,599
Less: Existing inventory of available comparable units ⁽³⁾	(1,179)	(1,179)
Net number of age- and income-qualified households (b)	4,580	2,420
Project Penetration Rate (a/b)	3.0%	5.7%

Source: Management and The Nielsen Company

(1) Based upon Depositor information provided by Management as of July 21, 2014.

(2) Interpolated using 2014 estimated and 2019 projected population statistics as provided by The Nielsen Company.

(3) Reflects the 1,282 existing comparable units in the IL PMA based on 92 percent current weighted average occupancy in the IL PMA (1,179 units).

The following table presents the Net Market Penetration Rate for the year of the Project's planned opening and indicates the percentage of the age- and income-qualified households in the IL PMA that must be absorbed in order to fill the available units during that year, based upon demographic projections for 2016.

Table 21
Net Market Penetration Rate – 2016

	Age 75 and Above with Income \$50,000 and Above	Age 75 and Above with Income \$75,000 and Above
Planned units in the IL PMA:		
The Project	241	241
Other planned units ⁽¹⁾	–	–
Total planned units	241	241
Percent of units to be occupied by age 75 and older ⁽²⁾	75%	75%
Total planned units to be occupied by age 75 and older	181	181
Total planned units to be filled from the IL PMA at 95% occupancy	172	172
Unoccupied existing comparable units to be filled within the IL PMA⁽³⁾	40	40
Total existing units available due to attrition⁽⁴⁾	155	155
Total units to be occupied	367	367
Percent of units to be occupied from the IL PMA ⁽²⁾	80%	80%
Total units to be occupied from within the IL PMA by 75 and older (a)	294	294
Estimated number of age- and income-qualified households ⁽⁵⁾	5,759	3,599
Less: Existing inventory of available comparable units ⁽⁶⁾	(1,179)	(1,179)
Estimated number of age- and income-qualified households (b)	4,580	2,420
Net Market Penetration Rate (a/b)	6.4%	12.1%

Source: Management and The Nielsen Company

- (1) There are no planned independent living units located within the IL PMA.
- (2) Based upon Depositor information provided by Management as of July 21, 2014.
- (3) Based on the weighted average occupancy of approximately 92 percent within the IL PMA, there are 40 additional existing units that would need to be filled to achieve 95 percent occupancy at comparable existing communities in the IL PMA.
- (4) Reflects the 1,282 existing comparable entrance fee units assuming 92 percent occupancy and assuming 13.1 percent attrition (155 units) (Source: The State of Seniors Housing 2012).
- (5) Interpolated using 2014 estimated and 2019 projected population statistics as provided by The Nielsen Company.
- (6) Reflects the 1,282 existing comparable units in the IL PMA based on 92 percent current weighted average occupancy in the IL PMA (1,179 units).

The following table presents the Gross Market Penetration Rate, which represents the percentage of age- and income-qualified households in the IL PMA that the entire market is expected to capture when the entire market has reached stabilized occupancy, based upon demographic projections for 2014 and 2019.

Table 22
Gross Market Penetration Rate
Age 75 and Above

	Income \$50,000 and Above		Income \$75,000 and Above	
	2014	2019	2014	2019
Market inventory of retirement communities:				
The Project	–	241	–	241
Comparable retirement communities				
Existing units ⁽¹⁾	1,282	1,282	1,282	1,282
Proposed units	–	–	–	–
Total units in the IL PMA	1,282	1,523	1,282	1,523
Percent of units to be occupied from the IL PMA ⁽²⁾	80%	80%	80%	80%
Total units to be occupied from the IL PMA	1,026	1,218	1,026	1,218
Total units to be filled at 95% occupancy (a)	975	1,157	975	1,157
Number of age- and income-eligible households (b)	5,138	6,692	3,083	4,373
Market Penetration Rate (a/b)	19.0%	17.3%	31.6%	26.5%

Source: Management and Nielsen Claritas

(1) Reflects the 1,282 existing comparable units located within the IL PMA.

(2) Based upon Depositor information provided by Management as of July 21, 2014.

Marketing the Project

The success of the Project is dependent, in part, on Management's ability to achieve specified pre-sales, fill-up rates, and turnover rates for Independent Living Units. Management began sales and marketing efforts for the Project in August 2008. As of July 21, 2014, 187 Depositors have reserved 187 Independent Living Units (net of cancellations) out of the 241 total Independent Living Units at the Project, or 78 percent reserved. The following table presents the total number of Independent Living Units reserved by month and year out of the 241 Independent Living Units available as of July 21, 2014.

Table 23
Marketing of the Project

Year	Number of Units Reserved	Number of Cancellations/ Refunds	Net Reservations for Month/Year	Cumulative Units Reserved	Cumulative Percentage of Total Units
Prior to 2011: ⁽¹⁾	50	(33)	17	17	7.1%
2011: ⁽¹⁾	54	(15)	39	56	23.2%
2012:					
January	2	(1)	1	57	23.7%
February	5	(2)	3	60	24.9%
March	4	(1)	3	63	26.1%
April	5	–	5	68	28.2%
May	1	(1)	–	68	28.2%
June	5	(3)	2	70	29.0%
July	3	(2)	1	71	29.5%
August	2	(2)	–	71	29.5%
September	2	–	2	73	30.3%
October	3	(1)	2	75	31.1%
November	7	(1)	6	81	33.6%
December	10	(1)	9	90	37.3%
2013:					
January	6	(4)	2	92	38.2%
February	5	(4)	1	93	38.6%
March	10	(5)	5	98	40.7%
April	5	(2)	3	101	41.9%
May	22	(7)	15	116	48.1%
June	10	(4)	6	122	50.6%
July	6	(2)	4	126	52.3%
August	10	(4)	6	132	54.8%
September	13	(7)	6	138	57.3%
October	11	(4)	7	145	60.2%
November	7	(4)	3	148	61.4%
December	7	(2)	5	153	63.5%
2014:					
January	7	(3)	4	157	65.1%
February	14	(3)	11	168	69.7%
March	11	(5)	6	174	72.2%
April	7	–	7	181	75.1%
May	5	(3)	2	183	75.9%
June	8	(2)	6	189	78.4%
July ⁽²⁾	1	(3)	(2)	187	77.6%
Total	318	(131)	187	187	77.6%

Source: Management

(1) Approximately 9 Depositors remain from the Prior 2011 total and approximately 43 Depositors remain from the 2011 total.

(2) As of July 21, 2014.

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The following table presents the total number and type of Independent Living Units available at the Project in relation to the Independent Living Units reserved with a 10 percent deposit as of July 21, 2014.

Table 24
Inventory of Independent Living Units Sold

Description	Unit Type	Square Footage	Total Units	Number of ILUs Reserved	Percentage of Available Units Reserved
One Bedroom Units:					
Oakland	1 BR Apt	818	20	16	80.0%
Oakland II	1 BR Deluxe Apt	1,028	2	2	100.0%
Snowden	1 BR Den Apt	915	63	50	78.1%
Two Bedroom Units:					
Dayton I, II, III, IV, V	2 BR Apt	1,172 - 1,302	91	58	63.7%
Clark	2 BR Den Apt	1,480	12	11	91.7%
Clark II	2 BR Den Apt	1,601	4	2	50.0%
Glenwood	2 BR Den Apt	1,678	12	12	100.0%
Highland	2 BR Den Apt	1,709	1	1	100.0%
Total IL Apartments			205	152	74.1%
Cottages:					
Woodstock – D	2 BR Den Duplex	1,654	12	11	91.7%
Woodstock – S	2 BR Den Cottage	1,654	1	1	100.0%
Elkridge	2 BR Den Cottage	1,724	7	7	100.0%
Elkridge – Basement	2 BR Den Cottage	1,847	5	5	100.0%
Ridge Home	2 BR Den Cottage	1,724	5	5	100.0%
Ridge Home – Basement	2 BR Den Cottage	1,847	6	6	100.0%
Total IL Cottages			36	35	97.2%
Total ILUs			241	187	77.6%

Source: Management

Independent Depositor Confirmation

An independent confirmation process was performed by Dixon Hughes Goodman LLP through the mailing of a questionnaire to the 187 Depositors (reserving 187 Independent Living Units) as of July 21, 2014. As of July 22, 2014, 177 of the 187 Depositors (94.7 percent) had completed the questionnaire. The following information was compiled for the 177 completed questionnaires.

- 177 (100 percent) of the respondents indicated that they had paid a Deposit for their Independent Living Unit.
- 165 (93 percent) indicated that they intend to reside at the Project and 12 (seven percent) were uncertain as to whether they would reside at the Project.
- 76 (43 percent) indicated that they expect to reside alone, 100 (56 percent) indicated that they expect to reside with a spouse, relative or friend, and one person (one percent) did not respond.
- 166 (94 percent) indicated that they currently own their home, 10 (five percent) indicated that they rent, and one person (one percent) did not respond.
- 110(62 percent) indicated that they will use a combination of cash, the sale of investments and the sale of their home to pay the balance of their Entrance Fee upon moving into the Project, 50 (28 percent) of respondents indicated that they expect to use the proceeds from the sale of their home, 15 (nine percent) indicated they plan to use cash savings and two (one percent) of respondents indicated they would use other means and did not specify how they plan to pay the balance of their Entrance Fee upon moving into the Project
- 21 (12 percent) of the respondents indicated they had reserved an independent living unit or were on a waiting list of a competitive project; 11 of these respondents indicated that they intend to reside in an Independent Living Unit at the Project, seven indicated that they were unsure where they would reside and three did not indicate a response as to where they intend to reside.

Respondents indicated the following as to how soon they intended to move into their Independent Living Unit after it becomes available:

Table 25
Move-ins After Unit Becomes Available

	Number of Respondents	Percentage of Respondents
1 – 30 days	31	17.5%
31 – 60 days	24	13.6%
61 – 90 days	13	7.3%
Upon the sale of home	86	48.6%
Other/did not respond	23	13.0%
Total	177	100.0%

Source: Questionnaire responses

Respondents indicated their primary reason(s) for choosing the Project were as follows:

Table 26
Project Suitability

	Number of Respondents ⁽¹⁾	Percentage of Respondents
Geographic location	152	85.9%
Proximity to friends and relatives	139	78.5%
Access to health care	97	54.8%
Reputation of Lutheran Village	81	45.8%
Social activities	73	41.2%
New Community	71	40.1%
Other	13	7.3%

Source: Questionnaire responses

(1) Respondents were given the option of choosing more than one reason for choosing the Project.

The following table presents information regarding the self-reported net worth (including home values) before payment of the Entrance Fee and estimated annual income of the 187 Depositors as of July 21, 2014.

Table 27
Reported Annual Income and Net Worth of Depositors

Annual Income	Net Worth					Total	Percent of Total
	Assets not available	Less than \$499,999	\$500,000 to \$999,999	\$1,000,000 to \$1,999,999	\$2,000,000 and greater		
Income not available	3 ⁽¹⁾	–	–	–	–	3	1.6%
Less than \$50,000	–	5	12	22	6	45	24.1%
\$50,000 to \$74,999	–	2	18	15	11	46	24.6%
\$75,000 to \$99,999	–	2	12	18	7	39	20.8%
\$100,000 and above	–	–	8	14	32	54	28.9%
Total ⁽²⁾	3	9	50	69	56	187	100.0%
Percent of Total	1.6%	4.8%	26.7%	36.9%	30.0%		

Source: Depositor applications

(1) Financial information has not yet been reported for three of the 187 Depositors as of July 21, 2014.

(2) The median net asset amount of the 184 Depositors who reported their financial information is approximately \$1,407,000 and the median annual income amount is approximately \$76,000.

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Depositor File Vouching

Dixon Hughes Goodman LLP read Management's policies and procedures for accepting Depositors and confirmed that each Depositor met Management's criteria. Dixon Hughes Goodman LLP performed the following procedures regarding the 187 Depositors (187 Independent Living Units) for the Project through July 21, 2014:

- Confirmed 100 percent to have a Deposit Agreement executed by both the Depositor(s) and the Corporation;
- Confirmed 100 percent to include copies of a deposit check equal to the Entrance Fee Deposit for the selected Independent Living Unit and plan;
- Confirmed 100 percent that the amount of the Entrance Fee and the Monthly Fee matched the Independent Living Unit and plan selected; and
- Based on reported income and asset levels, confirmed that 100 percent of the 184 Depositors who reported their financial information either met Management's asset and income qualification test, or displayed sufficient financial resources as approved by Management.

In addition to the above, Dixon Hughes Goodman LLP reconciled the Entrance Fee Deposits to an escrow account statement through April 30, 2014.

Description and Utilization of Assisted Living

Assisted Living Facilities are licensed in the State of Maryland by the Office of Health Care Quality of the Maryland Department of Health and Mental Hygiene ("DHMH"). An "assisted living program" is a residential or facility-based program that provides housing and supportive services, supervision, personalized assistance, health-related services or a combination of these services to meet the needs of residents who are unable to perform, or who need assistance in performing, the activities of daily living in a way that promotes optimum dignity and independence for the residents. Assisted living licenses are based upon the levels of care provided and are valid for one year from the date of issuance, unless suspended or revoked. DHMH may issue a provisional license under certain circumstances.

DHMH requires assisted living programs to include certain disclosures in the resident admission agreement and, for facilities with an Alzheimer's special care unit or program, requires additional disclosures about such unit or program.

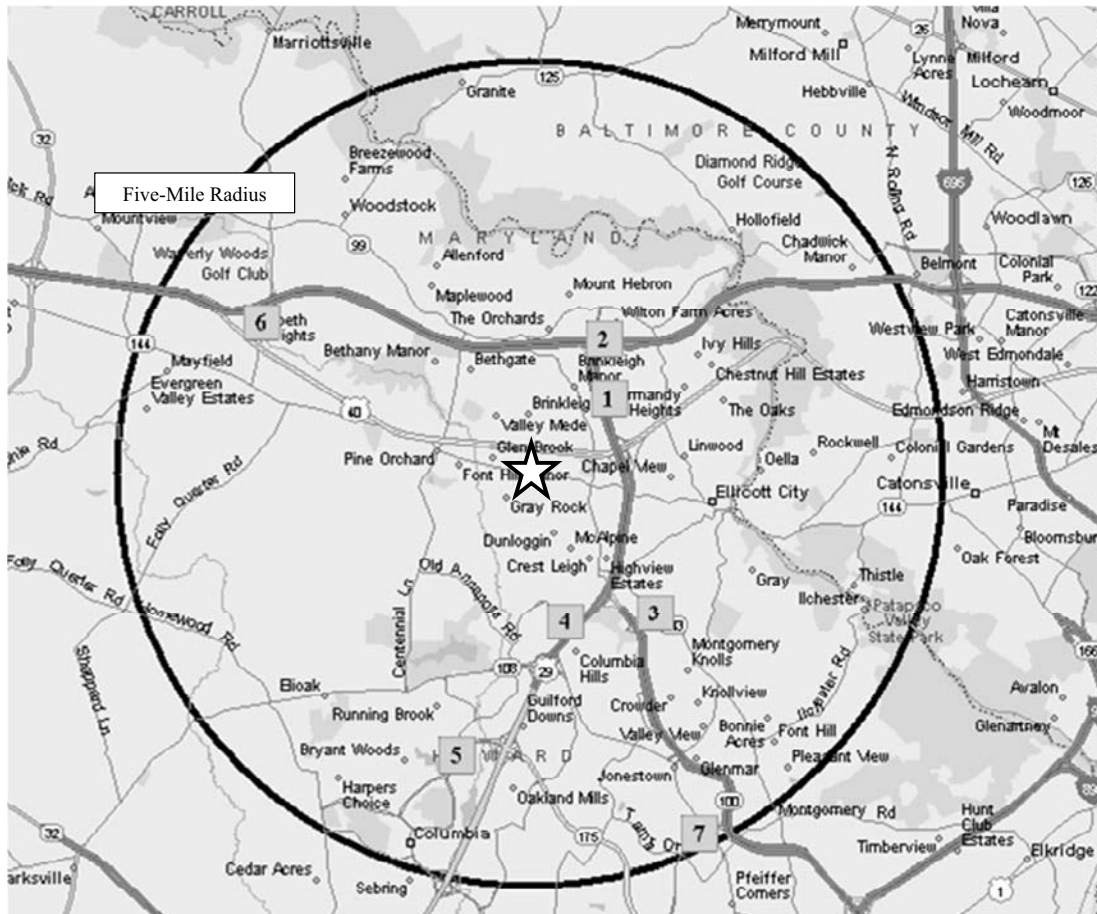
Under Maryland law, assisted living services are not covered health care services and, accordingly, no certificate of need is required in connection with the construction or renovation of assisted living units.

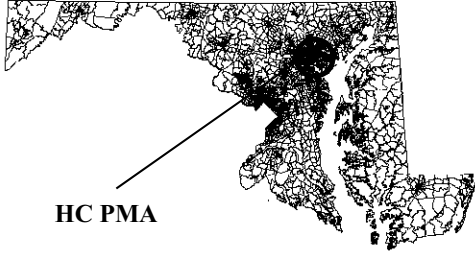
The Assisted Living Facilities with a majority of residents receiving subsidies and facilities with a capacity of less than 20 units are not considered to be comparable with the Project due to the small size of these facilities and their typically low fee structure.

Primary Market Area for Healthcare PMA

Seniors requiring assisted living or nursing care services generally originate from within a smaller geographic area due to the immediate, need-driven nature of these services. Based on discussions with existing senior living providers in the area and experience with similar communities, the primary market area for assisted living and skilled nursing services has been defined to be a five-mile radius surrounding the Project (the "HC PMA").

The following map depicts the Project and the seven existing assisted living facilities within the HC PMA.



<p>Legend</p> <p>○ The HC PMA ☆ The Project</p> <p>Existing Communities within the HC PMA</p> <ul style="list-style-type: none"> 1 – Lighthouse Senior Living Ellicott City 2 – Heartlands Senior Village 3 – Shangri-La Assisted Living 4 – Morningside House of Ellicott City 5 – Vantage House 6 – Encore at Turf Valley 7 – Somerford Place – Columbia 	<p>Maryland</p>  <p>Source: Microsoft MapPoint and MapInfo</p>
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Existing Comparable Assisted Living Facilities

Management has identified seven comparable existing assisted living facilities with a combined total of 464 units within the HC PMA. The following table summarizes the number of units, the percentage occupied and current monthly fees of the comparable existing assisted living facilities (CCRC-based or stand-alone facilities with 20 or more beds) located within the HC PMA, based on surveys conducted through May 2014.

Table 28
Existing Assisted Living Facilities Within the HC PMA

Facility Name	Driving Miles from Project	Year Opened	Number of Assisted Living Units	Number of Specialty Care Units	Square Footage	Occupancy Percentage	Assisted Living Monthly Fees	Specialty Care Monthly Fees	Level of Care Fees
The Project	–	2016	20	–	388 – 559	–	\$6,083 – 7,239	–	–
Lighthouse Senior Living Ellicott City	2.3	1999	40	20	250 – 350	87%	\$2,900 – 3,750	\$3,300 – 4,250	Level I: \$600 Level II: \$1,000 Level III: \$1,500 Level IV: \$2,000
Heartlands Senior Village	2.5	1987	70	–	390	92%	\$4,256 – \$6,080	–	Level I: \$243 Level II: \$486 Level III: \$730 Level IV: \$912
Shangri-La Assisted Living	2.8	2006	60	–	500	80%	\$2,400 – 3,240	–	Level I: \$600 Level II: \$750 Level III: \$1,050
Morningside House of Ellicott City	4.6	1992	66	28	286 – 572	90%	\$3,040 – 4,530	\$5,138	–
Vantage House	5.2	1990	26	–	560	96%	\$6,270	–	–
Encore at Turf Valley	5.3	2010	94	–	300-400	84%	\$3,600 – \$4,950	–	Level I: \$450 Level II: \$750 Level III: \$1,350 Level IV: \$1,800
Somerford Place Columbia	6.9	2001	–	60	500	100%	–	\$5,077 – 5,989	Level I: \$243 Level II: \$517 Level III: \$669 Level IV: \$973
Total Existing Units within the HC PMA (excluding the Project)			356	108					–
Weighted Average Occupancy of Existing Units (excluding the Project)						89%			

Source: Management and surveys conducted by Dixon Hughes Goodman LLP through May 2014.

- (1) **The Project**
 - (a) The Monthly Service Fees are shown in fiscal year 2014 dollars and are considered an all-inclusive rate.
 - (b) A \$15,000 Entrance Fee is required under the modified lifecare contracts for admission into the Assisted Living Units.
- (2) **Lighthouse Senior Living Ellicott City (“Lighthouse”)**
 - (a) Lighthouse requires a one-time, non-refundable community fee of \$4,000 for assisted living and memory care.
 - (b) The second person monthly fee is \$1,200 for assisted living and memory support.

See Independent Accountants’ Examination Report

- (c) The additional level of care fees shown in the table above are the same for assisted living and memory care.
- (3) **Heartlands Senior Village ("Heartlands")**
 - (a) Heartlands requires a one-time non-refundable community fee of \$6,000.
 - (b) The second person fee at Heartlands ranges from \$3,344 to \$6,080 per month.
- (4) **Shangri-La Assisted Living ("Shangri-La")**
 - (a) Shangri-La requires a one-time non-refundable community fee for couples of \$3,000.
 - (b) The second person monthly service fee is \$1,000.
- (5) **Morningside House of Ellicott City ("Morningside")**
 - (a) Morningside requires a one-time non-refundable community fee of \$2,250.
 - (b) Companion suites are available in traditional assisted living for \$3,450 per month and in memory care for \$3,750 per month.
 - (c) The second person fee for traditional assisted living is \$750 per month.
- (6) **Encore at Turf Valley ("Encore")**
 - (a) Encore requires a one-time, non-refundable community fee of \$3,000 for assisted living.
 - (b) The second person monthly fee at Encore is \$3,000.
- (7) **Somerford Place Columbia ("Somerford")**
 - (a) Somerford requires a one-time, non-refundable community fee of \$3,000 for memory care.

Assisted Living Developments Planned and Under Construction

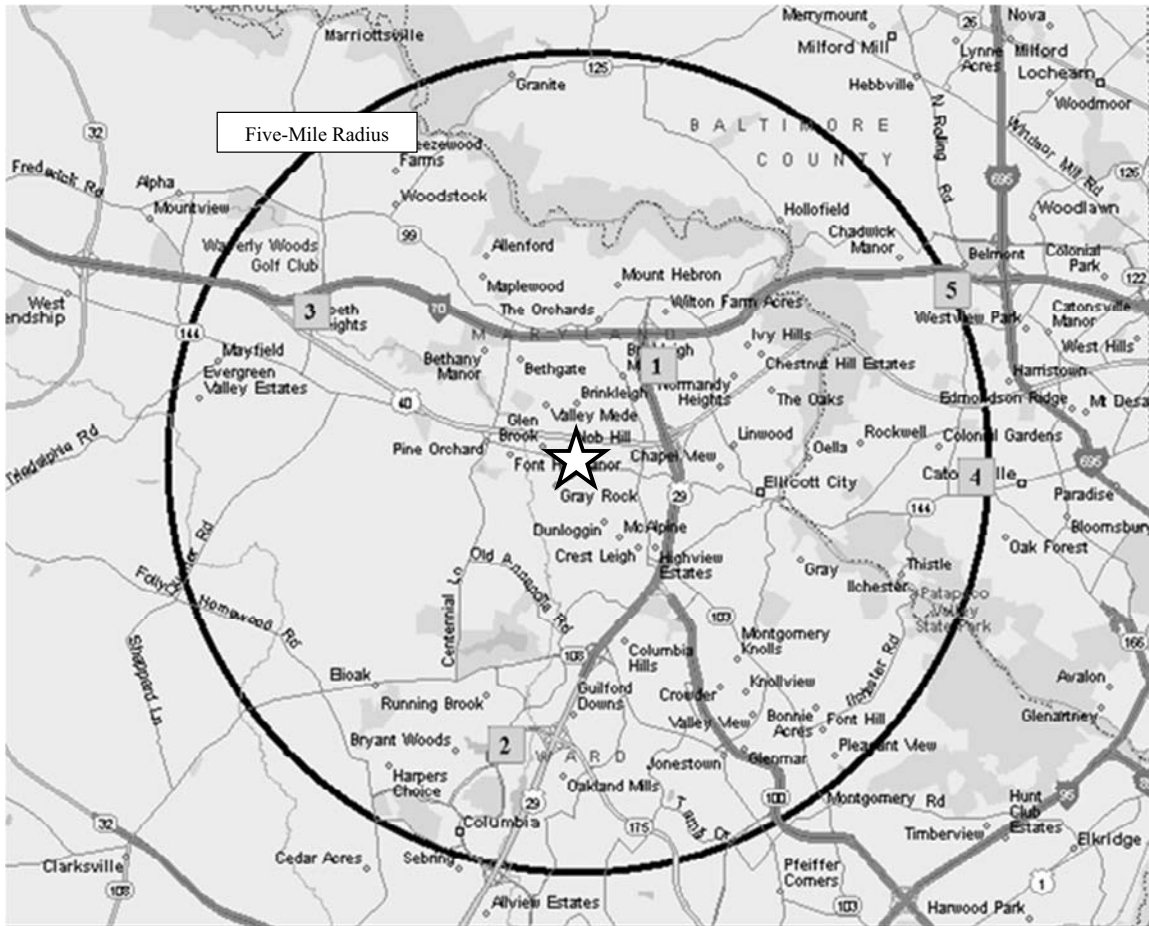
Based on discussions with representatives of the local planning and permitting agencies and interviews with management at existing retirement communities, there are no assisted living or memory care units planned or under development within the HC PMA.

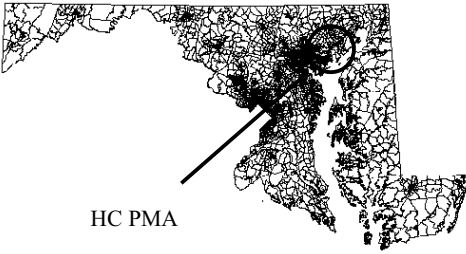
Description and Utilization of Nursing Care

Under current law, a person or non-federal health care facility in the State of Maryland may not develop, operate or participate in a covered health care project unless the Maryland Health Care Commission (the "Commission") has issued a certificate of need (a "CON") for the project. A CON is a written certification by the Commission that the proposed health care project is in the public need and is in accordance with applicable state law. A CON is a prerequisite to obtaining a license to operate such a health care project if an exemption is not available.

Licensure as a comprehensive care (skilled nursing) facility is also required through DHMH. A "comprehensive care facility" is a facility which admits patients suffering from disease or disabilities or advanced age, requiring medical service and nursing service rendered by or under the supervision of a registered nurse.

The following map depicts the Project and the five existing skilled nursing facilities located within the HC PMA.



<p>Legend</p> <p>○ HC PMA</p> <p>★ The Project</p> <p>Existing Skilled Nursing Facilities within the HC PMA</p> <p>1 – Ellicott City Health and Rehabilitation 2 – Vantage House 3 – Encore at Turf Valley 4 – Summit Park Health and Rehabilitation Center 5 – ManorCare Health Services – Woodbridge Valley</p>	<p>Maryland</p>  <p>HC PMA</p> <p>Source: Microsoft MapPoint</p>
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Existing Comparable Nursing Facilities

The following table summarizes the number of nursing beds, daily charges and occupancy rates of the nursing care providers located within the HC PMA.

Table 29
Nursing Facilities in the HC PMA

	Driving Miles from the Project	Year Opened	Total Nursing Beds	Percent Occupied	Daily Fees	
					Private	Semi- Private
The Project	–	2016	12	–	\$328	–
Ellicott City Health and Rehabilitation	3.2	1984	183	89%	\$315	\$282
Vantage House	5.2	1990	44	98%	–	–
Encore at Turf Valley	5.3	2010	63	86%	\$400	\$350
Summit Park Health and Rehabilitation Center	6.1	1999	134	84%	\$254	\$242
ManorCare Health Services – Woodbridge Valley	7.1	2004	120	94%	\$315	\$293
Total/Weighted Average (excluding the Project)			544	89%		

Source: Management and surveys conducted through May 2014.

(1) **The Project**

(a) Daily Service Fees are shown in fiscal year 2014 dollars.

(2) **Vantage House**

(a) Vantage House is a lifecare community that rarely accepts direct admissions into nursing care and therefore management of Vantage House did not disclose its private pay rate.

(3) **Summit Park Health and Rehabilitation Center**

(a) A private suite is available for \$519 per day.

Planned Nursing Developments

Based on discussions with representatives of the local planning agencies and interviews with existing nursing facilities and retirement communities, there were no planned nursing beds identified within the HC PMA of the Project.

Assumed Independent Living Units Utilization

The Independent Living Units are assumed to achieve and maintain a 93 percent occupancy level in November 2018 and remain at that level throughout the forecast period. The following table summarizes the assumed utilization of the Independent Living Units.

Year Ending June 30,	Average Units Occupied	Units Available	Average Occupancy Percentage
2016 ⁽¹⁾	39.0	241.0	16.2%
2017	136.6	241.0	56.7%
2018	199.9	241.0	82.9%
2019	221.8	241.0	92.0%
2020	224.1	241.0	93.0%

Source: Management

- (1) The Independent Living Units are expected to become available for occupancy in December 2015 and fill to a 93.0 percent occupancy level over a 36-month period at an average of approximately 6.2 units per month.

Residents are assumed to begin moving into the Independent Living Units beginning in December 2015. The assumed monthly move-in pattern is summarized below.

Table 31
Assumed Monthly Move-in for the Independent Living Units (Net of Move-Outs)

Fiscal Year/Month	Monthly Total	Cumulative Total	Cumulative Percentage
2016			
December - 2015	6.0	6.0	2.5%
January - 2016	13.0	19.0	7.9%
February	13.0	32.0	13.3%
March	13.0	45.0	18.7%
April	13.0	58.0	24.1%
May	13.0	71.0	29.5%
June	13.0	84.0	34.9%
2017			
July	13.0	97.0	40.2%
August	8.0	105.0	43.6%
September	8.0	113.0	46.9%
October	8.0	121.0	50.2%
November	8.0	129.0	53.5%
December - 2016	8.0	137.0	56.8%
January -2017	8.0	145.0	60.2%
February	8.0	153.0	63.5%
March	8.0	161.0	66.8%
April	8.0	169.0	70.1%
May	7.0	176.0	73.0%
June	6.0	182.0	75.5%
2018			
July	5.0	187.0	77.6%
August	3.0	190.0	78.8%
September	3.0	193.0	80.1%
October	3.0	196.0	81.3%
November	3.0	199.0	82.6%
December - 2017	2.0	201.0	83.4%
January - 2018	2.0	203.0	84.2%
February	2.0	205.0	85.1%
March	2.0	207.0	85.9%
April	2.0	209.0	86.7%
May	2.0	211.0	87.6%
June	2.0	213.0	88.4%
2019			
July	2.0	215.0	89.2%
August	2.0	217.0	90.0%
September	3.0	220.0	91.3%
October	2.0	222.0	92.1%
November	2.1	224.1	93.0%
Total	224.1		93.0%

Source: Management

Assumed Independent Living Turnover

The assumed turnover for the Independent Living Units due to death, withdrawal, or transfer to the Assisted Living Units, and double occupancy of the Independent Living Units has been based on the report of CCRC Actuaries, LLC (the "Actuary").

Refunds of Entrance Fees are generated upon death or termination of the Residency Agreement and withdrawal from the Project, subject to the re-occupancy of the vacated Independent Living Units. Entrance Fees may be generated from Independent Living Units turning over without a corresponding refund because the Resident has not withdrawn from the Project, but has permanently transferred to the Assisted Living Units or Skilled Nursing Beds. The assumed number of and amount of refunds for the Independent Living Units is provided by the Actuary.

The following table presents the assumed initial and attrition Entrance Fees received and the total Entrance Fee refunded.

	For the Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Number of Entrance Fees Received (Initial)	-	84.0	98.0	31.0	11.0	-
Entrance Fees Received (Initial)	\$ -	\$ 33,272	\$ 39,983	\$ 12,955	\$ 4,616	\$ -
Number of Entrance Fees Received (Attrition)	-	0.6	3.9	8.7	11.9	14.0
Entrance Fees Received (Attrition)	\$ -	\$ 219	\$ 1,610	\$ 3,686	\$ 5,192	\$ 6,674
Total Number of Entrance Fees Refunded:	-	0.6	3.9	8.7	11.9	14.0
Total Entrance Fees Refunded:	\$ -	\$ (178)	\$ (1,268)	\$ (2,709)	\$ (3,598)	\$ (4,209)
Entrance Fees Received, Net of Refunds	\$ -	\$ 33,313	\$ 40,325	\$ 13,932	\$ 6,210	\$ 2,465

Source: Management and the Actuary

Entrance Fees are assumed to increase by 2.0 percent during construction and 3.5 percent annually beginning July 1, 2017. Management has assumed an average entrance fee of approximately \$405,000 for the first generation of the Residents of the Independent Living Units.

Management is currently offering the 90 Percent Refundable Plan and the 50 Percent Refundable Plan to first generation Residents of the Independent Living Units. For the purposes of Management's forecast, 55 percent of second-generation Residents of the Independent Living Units are assumed to utilize the 90 Percent Refundable Plan and 45 percent are assumed to utilize the 50 Percent Refundable Plan.

The average double occupancy percentage in the Independent Living Units is assumed to be 46.0 percent in fiscal year 2016 decreasing to 36.0 percent, based upon Management's assumptions and information provided by the Actuary.

Assumed Assisted Living Utilization

The Project is planned to have accommodations, equipment, staffing, programs, services, and supervision necessary for the Assisted Living Units, which are available to Residents of the Independent Living Units on a priority basis.

The Assisted Living Units are assumed to achieve and maintain a 95.5 percent occupancy level in Fiscal Year 2020. The following table summarizes the assumed utilization of the Assisted Living Units during the forecast period.

Table 33
Utilization of Assisted Living Units

Year Ending June 30,	Average Number of Units Occupied			Average Number of		Average Occupancy Percentage
	Free Days	Permanent Transfer	Direct Admit	Assisted Living Units Occupied	Assisted Living Units Available	
2016 ⁽¹⁾	-	-	0.1	0.1	20.0	0.5%
2017	0.2	1.0	5.3	6.5	20.0	32.5%
2018	0.4	3.8	8.6	12.8	20.0	64.0%
2019	0.6	8.3	6.6	15.5	20.0	77.5%
2020	0.7	13.4	5.0	19.1	20.0	95.5%

Source: Management and the Actuary

(1) The Assisted Living Units are assumed to be available for occupancy in June 2016.

Assumed Skilled Nursing Beds Utilization

Nursing service fees are based on the assumed occupancy of the Skilled Nursing Beds and are assumed to be generated from services provided to residents transferring from the Independent Living Units and Assisted Living Units. Residents permanently transferring from the Independent Living Units and Assisted Living Units to the Skilled Nursing Beds are to pay the then-current daily fee for their Residence plus the cost of two additional meals daily.

Management assumes Skilled Nursing Bed fees for private beds to increase 4.0 percent annually beginning July 2016 and annually thereafter.

The following table summarizes the assumed utilization of the Skilled Nursing Beds.

Table 34
Skilled Nursing Beds Utilization

Year Ending June 30	Average Number of Residents			Average Number of		Average Occupancy Percentage ⁽²⁾
	AL Direct Admit Transfers	Permanent Transfer	Temp. Transfer	Beds Occupied	Beds Available	
2016 ⁽¹⁾	0.0	0.1	0.0	0.1	12.0	0.8%
2017	0.2	0.8	0.5	1.5	12.0	12.5%
2018	0.7	2.9	1.0	4.6	12.0	38.3%
2019	1.0	5.9	1.4	8.3	12.0	69.2%
2020	0.9	9.3	1.6	11.8	12.0	98.3%

Source: Management

- (1) The Skilled Nursing Beds are assumed to be available for occupancy in June 2016.
- (2) Management plans to manage the future increased utilization such that the occupancy does not exceed 100% by providing community based services that will allow residents to stay longer in their Independent Living Unit and achieve shorter nursing care stays.

Summary of Significant Accounting Policies(a) Basis of Accounting

The Corporation maintains its accounting and financial records according to the accrual basis of accounting.

(b) Deferred Costs

The marketing costs incurred by the Corporation in connection with acquiring initial entrance fee contracts are capitalized and amortized on a straight-line basis over a period approximating the average life expectancy of the initial Residents occupying the Independent Living Units.

Costs associated with the issuance of the Series 2014 Bonds are assumed to be capitalized and amortized over the expected life of the Series 2014 Bonds using the effective interest method.

(c) Property, Equipment and Depreciation Expense

Property and equipment are recorded at cost. Depreciation expense is calculated on the straight-line method over the estimated useful lives of depreciable assets. The cost of maintenance and repairs is charged to operations as incurred, whereas significant renewals and betterments are capitalized.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts on deposit in banks and highly liquid securities with an original maturity of 90 days or less when purchased, excluding amounts whose use is limited or investments.

(e) Investments

Investments include cash and cash equivalents, mutual funds, and fixed income funds in the form of U.S. Government and corporate obligations. Management assumes no material changes in fair values that result in material net realized or unrealized gains or losses during the forecast period.

(f) Assets Limited as to Use

Assets limited as to use are comprised of prospective resident deposits held in an escrow account and consist of cash and cash equivalents. They are assumed to be carried at fair value, which, based on the nature of the underlying securities (assumed to be high-grade debt securities), is assumed to approximate historical cost. Management assumes no material changes in fair values that result in material net realized or unrealized gains or losses during the forecast period.

(g) Investment Income

Investment income, other than that capitalized as part of project costs, is reported as operating revenue unless restricted by donor or law. Management does not project any unrealized gains or losses on investments.

(h) Costs of Borrowing

Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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(i) Deferred Revenue from Entrance Fees

The non-refundable portion of an Entrance Fee is amortized into income over the estimated remaining life expectancy of a Resident in an Independent Living Unit.

(j) Refundable Entrance Fees

The refundable portion of the Entrance Fee is maintained as a liability, reflecting the Corporation's future obligation for payment.

(k) Obligation to Provide Future Services

The Actuary has calculated the present value of the net cost of future services and the use of facilities to be provided to current Residents and compares that amount with the balance of deferred revenue from Entrance Fees. The obligation to provide future services to Residents represents the estimated net future costs to serve Residents, net of revenue from those Residents, who were parties to a Residency Agreement on the Corporation's fiscal year end. If the present value (discounted at 5.0 percent) of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded.

(l) Taxes

Management has included a provision for property taxes in its forecast.

Revenue

Independent Living Monthly Service Fees

Resident service revenue is based upon the Monthly Fees for services provided to residents of the Independent Living Units and the assumed occupancy of the respective units. Management assumes the Monthly Fees for the Independent Living Units to increase 4.0 percent in July 2017 and annually thereafter.

Assisted Living Monthly Service Fees

Assisted Living Units monthly service fees are based on the assumed occupancy of the respective units and are assumed to be generated from services provided to Residents transferring from the Independent Living Units, as well as direct admissions from the local surrounding area. Residents permanently transferring from the Independent Living Units to the Assisted Living Units in addition to direct admits are assumed to pay the then-current Monthly Fee for an Assisted Living Unit less a seven percent discount. Management assumes the Assisted Living Units Monthly Fees to increase 4.0 percent in July 2017 and annually thereafter.

Earned Entrance Fees

Earned Entrance Fees are based on the non-refundable portion of the Entrance Fees received each year amortized over the life expectancy of each Resident in the Independent Living Units throughout the forecast period. The refundable portion of the Entrance Fee is not amortized into income, and is maintained as a liability on the Corporation's balance sheet.

Turnover of the Independent Living Units has been estimated by Management from information provided by the Actuary and based upon its experience with comparable facilities and the Project's existing market and Depositor information. Entrance Fees for the Independent Living Units are assumed to increase 3.5 percent annually beginning July 2017.

Investment Income

Management assumes an assumed average annual rate of return of 1.5 percent annually on the Corporation's cash and assets limited as to use accounts. Based upon information provided by the Underwriter, Management has assumed a 0.35 percent average annual rate of return on the Construction Fund and the Funded Interest Account of the Construction Fund and a 1.75 percent average annual rate of return on the Series 2014 Debt Service Reserve Funds.

Other Revenue

Other revenue consists of revenues from additional Resident meals and snacks, guest meals, guest apartment rentals, barber and beauty fees, and other miscellaneous sources totaling approximately 4.5 percent of total resident revenue. These revenues are based upon the assumed occupancies at the Project. Charges for other revenues are assumed to increase 4.0 percent annually beginning July 2017.

Operating Expenses

Operating expenses are estimated by Management based on its experience with the development and operation of other similar retirement communities. Staff salaries and benefits are estimated based on prevailing local salary and wage rates and are assumed to increase 4.0 percent annually throughout the forecast period. The costs of employee fringe benefits are assumed to approximate 24 percent of salaries and wages. The following table summarizes the assumed staffing levels for all departments.

Table 35
Schedule of Assumed Staffing Levels– FY 2020

Department	FTE Totals
Administrative and general	7.1
Dining services	27.4
Healthcare services	24.8
Maintenance	10.7
Resident services and activities	4.5
Environmental services	8.8
Marketing	3.0
Total FTEs	86.3

Source: Management

Other non-salary operating expenses are assumed to include ongoing marketing costs, raw food costs, utilities, supplies, maintenance and security contracts, building and general liability insurance, legal and accounting fees, property taxes and other miscellaneous expenses. The cost of these non-salary operating expenses is assumed by Management to increase 4.0 percent annually throughout the forecast period.

Assets Limited as to Use

Permanent financing for the Project is assumed to be obtained from the issuance of the Series 2014 Bonds. The Master Trustee and the Bond Trustee are assumed to maintain the following funds and accounts for the Series 2014 Bonds in the name of the Corporation under the terms of the Master Indenture and the Bond Trust Indenture:

- (1) Construction Fund, to be gross funded at closing from Series 2014 Bonds proceeds to be used to pay construction costs to complete the Project.
- (2) Funded Interest Account of the Construction Fund, net funded from Series 2014 Bonds proceeds to be used to fund interest costs for approximately 23 months.
- (3) Debt Service Reserve Funds, to be established at closing from Series 2014 Bonds proceeds. According to the Underwriter, each account in the Debt Service Reserve Fund established for Series A, B, C, and D 2014 Bonds is to be released and available to pay debt service in the year that the respective series of the Series 2014 Bonds is repaid in full.
- (4) Bond Fund, which contains the bond principal and interest payments to be used for payment of debt service on the Series 2014 Bonds.
- (5) Entrance Fee Fund, to be funded with initial Entrance Fees from the Project, available to: pay Entrance Fee refunds; fund the Working Capital Fund and the Statutory Operating Reserve Fund; redeem the Series 2014 Bonds; and reimburse any amounts advanced for Project costs.
- (6) Working Capital Fund, to be funded with \$17,100,000 from initial Entrance Fees received and Series 2014 Bond proceeds, to pay for certain development fees, debt service payments, project costs, operating expenses, or capital expenditures as needed.
- (7) Liquidity Support Fund, to be initially funded with \$2,000,000 from a contribution from the Sponsor, and subject to replenishment. The Liquidity Support Fund is to be available to pay debt service, additional limited project costs, operating expenses, or capital expenditures as needed.
- (8) Renewal and Replacement Fund, to be funded beginning with the first full fiscal year in which the aggregate annual occupancy of the Independent Living Units are equal to or greater than 85 percent and all of the Series B, C, D, and E 2014 Bonds have been repaid. The Corporation is required to make monthly deposits until the balance reaches approximately \$2,000,000.

Other Assets Limited as to Use:

The Corporation maintains the following fund and account based on restrictions of the Board, outside donors, state regulations, or other legal requirements (collectively defined as "Other Assets Limited as to Use") and include the following:

- (1) Statutory Operating Reserve Fund, the Department reserve requirement: Assets restricted to meet the requirement of the Department for organizations to maintain an operating reserve equal to 15 percent of a facility's net operating expenses related to continuing care contracts.

Property and Equipment and Depreciation Expense

Management anticipates that the Corporation is to incur routine capital additions during the forecast period that are to be capitalized as property and equipment. Depreciation expense for all capital assets is computed based on the straight-line method for buildings and equipment over estimated average useful lives of 40 and 10 years, respectively. Construction-related costs as well as routine capital additions during the forecast period are summarized in the table below.

Table 36
Schedule of Property and Equipment
(In Thousands)

Years Ending June 30,	2015	2016	2017	2018	2019	2020
Property and equipment, gross Beginning balance	\$ 23,185	\$ 71,034	\$ 120,380	\$ 120,645	\$ 120,935	\$ 121,255
Project costs	41,005	45,877	-	-	-	-
Capitalized interest	6,844	3,344	-	-	-	-
Routine capital additions	-	125	265	290	320	350
Property and equipment, gross	71,034	120,380	120,645	120,935	121,255	121,605
Accumulated depreciation	-	(1,541)	(4,637)	(7,761)	(10,915)	(14,103)
Property and equipment, net Ending balance	\$ 71,034	\$ 118,839	\$ 116,008	\$ 113,174	\$ 110,340	\$ 107,502

Source: Management

Long-Term Debt and Interest Expense

Existing Line of Credit

The Corporation has a \$13,900,000 line of credit at LIBOR plus 3.00%, with the Bank. The line of credit is secured by a first lien on and security interest in all property of the Corporation, and a first lien on and security interest in all the property of the Sponsor. The outstanding balance was \$8,764,000 as of June 30, 2013. Management expects the outstanding principal balance of the line of credit to be approximately \$12,914,000 for the fiscal year ending June 30, 2014. The balance is assumed to be paid off at the closing of the Series 2014 Bonds.

The Series 2014 Bonds

The Mayor and Common Council of Westminster plans to issue \$129,280,000 of non-rated tax-exempt bonds, the proceeds of which are to be lent to the Corporation to pay for the Project construction and other project-related costs. The Series 2014 Bonds are assumed to consist of:

- \$61,260,000 of non-rated tax-exempt, fixed rate Series 2014A Bonds;
- \$6,770,000 of non-rated tax-exempt, fixed rate Entrance Fee Principal Reduction Bonds (EFRPB) Series 2014B Bonds;
- \$21,250,000 of non-rated tax-exempt, fixed rate Entrance Fee Principal Reduction Bonds (EFRPB) Series 2014C Bonds;
- \$15,000,000 of non-rated tax-exempt, fixed rate Entrance Fee Principal Reduction Bonds (EFRPB) Series 2014D Bonds; and
- \$25,000,000 of tax exempt direct purchase bank revenue bonds Series 2014E Bonds.

The Series 2014A Bonds are assumed to consist of \$61,260,000 of non-rated, tax-exempt fixed rate term bonds, with interest rates ranging from 6.50 to 7.375 percent per annum. Interest on the Series 2014A Bonds is to be payable January 1 and July 1 of each year beginning January 1, 2015. Principal on the Series 2014A Bonds is to be paid annually commencing July 1, 2019 with a final maturity on July 1, 2044.

The Series 2014B Bonds are assumed to consist of \$6,770,000 of non-rated, tax-exempt Entrance Fee Principal Reduction Bonds (EFRPB), which are assumed to be issued with an average interest rate of 6.375 percent per annum. Interest on the Series 2014B Bonds is to be payable January 1 and July 1 of each year beginning January 1, 2015. The Series 2014B Bonds are anticipated to be redeemed in full upon approximately 81 percent initial occupancy of the Independent Living Units from entrance fee proceeds. Principal on the Series 2014B Bonds is assumed to be paid quarterly commencing October 1, 2017 with a final maturity of July 1, 2023.

The Series 2014C Bonds are assumed to consist of \$21,250,000 of non-rated, tax-exempt Entrance Fee Principal Reduction Bonds (EFRPB), which are assumed to be issued with an average interest rate of 6.0 percent per annum. Interest on the Series 2014C Bonds is to be payable January 1 and July 1 of each year beginning January 1, 2015. The Series 2014C Bonds are anticipated to be redeemed in full upon approximately 75 percent initial occupancy of the

See Independent Accountants' Examination Report

Independent Living Units from entrance fee proceeds. Principal on the Series 2014C Bonds is assumed to be paid quarterly commencing April 1, 2017 with a final maturity of July 1, 2019.

The Series 2014D Bonds are assumed to consist of \$15,000,000 of non-rated, tax-exempt Entrance Fee Principal Reduction Bonds (EFPRB), which are assumed to be issued with an average interest rate of 5.5 percent per annum. Interest on the Series 2014D Bonds is to be payable January 1 and July 1 of each year beginning January 1, 2015. The Series 2014D Bonds are anticipated to be redeemed in full upon approximately 55 percent initial occupancy of the Independent Living Units from entrance fee proceeds. Principal on the Series 2014D Bonds is assumed to be paid quarterly commencing October 1, 2016 with a final maturity of July 1, 2021.

The Series 2014E Bonds are assumed to consist of \$25,000,000 tax exempt direct purchase bank revenue bonds advanced on a draw down basis with an interest rate of 5.0 percent per annum. Interest on the Series 2014E Bonds is to be payable monthly beginning October 1, 2014. The Series 2014E Bonds are anticipated to be redeemed in full upon approximately 41 percent the initial occupancy of the Independent Living Units. Principal on the Series E Bonds is assumed to be paid monthly commencing April 1, 2016 with a final maturity on December 31, 2017.

The following table presents the assumed annual debt service for the Series 2014 Bonds during the forecast period.

Year Ending June 30,	Principal	Interest	Total Debt Service
2015	\$ -	\$ 6,532	\$ 6,532
2016	16,500	7,874	24,374
2017	33,500	6,309	39,809
2018	18,020	4,668	22,688
2019	-	4,404	4,404
2020	830	4,377	5,207

Source: Management and the Underwriter

Liquidity Support Fund Obligation

As noted earlier, the Sponsor, the Corporation, and the Master Trustee will enter into a Operating Support Agreement, expected to be executed upon closing of the Series 2014 Bonds, to provide liquidity support to the Corporation. Under the Operating Support Agreement, the Sponsor is to deposit \$2,000,000 in the Liquidity Support Fund, held by the Master Trustee on behalf of the Corporation, upon the issuance of the Series 2014 Bonds.

The moneys provided under the Operating Support Agreement will be evidenced by a subordinated promissory note to the Sponsor ("Liquidity Support Fund Obligation"). The Liquidity Support Fund Obligation calls for interest payments to be paid on a portion of the principal balance. The Operating Support Agreement also contains provisions which require repayment of the Liquidity Support Fund Obligation once certain payment conditions under the MTI have been met by the Corporation for a specified time period. For purposes of the forecast, Management has not assumed draws on the Operating Support Agreement. The Liquidity Support Fund Obligation is assumed to be repaid to the Sponsor during the year of stabilization.

Deferred Sponsor Note

Approximately \$3,500,000 of the Sponsor Development Fee shall be evidenced by a subordinated promissory note with interest accruing on such amount at the rate of 5 percent per annum beginning at the closing of the Series 2014 Bonds (the "Deferred Sponsor Note"). The Deferred Sponsor Note shall be deferred until certain payment conditions as defined in the MTI are met with respect to the proposed payments of the Deferred Sponsor Note. For purposes of the forecast, principal payments of the Deferred Sponsor Note is assumed to occur during the year of stabilization and the accrued interest is assumed to be deferred and paid after the forecast period.

Deferred Sponsor Fees

As noted earlier under the Operating Support Agreement, the Sponsor is reserving an additional \$1,000,000 on its balance sheet for future advances to the Corporation and is providing a Bank Letter of Credit in the amount of \$4,000,000 for the sole benefit of the bond holders of the Series 2014B Bonds, Series 2014C Bonds, Series 2014D Bonds, and Series 2014E Bonds. The Sponsor plans to charge the letter of credit fees associated with the Bank Letter of Credit to the Corporation. The letter of credit fees payable to the Sponsor are assumed to be deferred (the "Deferred Sponsor Fees") until certain payment conditions, as defined in the MTI, are met with respect to the proposed payments. For purposes of the forecast, payment of the Deferred Sponsor Fees are assumed to be paid after the forecast period.

Current Assets and Current Liabilities

Operating expenses exclude amortization, depreciation, other non-cash expenses, and interest expense. Operating revenues include Independent Living Unit Monthly Fees, Assisted Living Unit Monthly Fees and Skilled Nursing Bed fees. Working capital components have been estimated based on industry standards and Management’s historical experience as follows:

Accounts receivable	15	days of operating revenues
Inventory	2	days of operating expenses
Prepaid expenses	11	days of operating expenses
Accounts payable	30	days of operating expenses
Other accrued liabilities	14	days of operating expenses

Source: Management

(1) No operating revenues or operating expenses are assumed during construction of the Project. Management has not assumed current assets and current liabilities related to construction costs, funded from Series 2014 Bond proceeds maintained in the Construction Fund.



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

INDEPENDENT ACCOUNTANTS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
The Lutheran Village at Miller's Grant
Westminster, Maryland

Our examination of the financial forecast presented in the preceding section of this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and that the underlying assumptions provide a reasonable basis for the forecast. The study was undertaken to evaluate the Corporation's ability to generate sufficient funds to meet its operating expenses, working capital needs and other financial requirements, including the debt service requirements associated with the proposed Series 2014 Bonds based on Management's assumptions of future operations of the Corporation. However, future events could occur which could adversely affect the financial forecast of the Corporation and its ability to meet debt service requirements. These factors include, among others, legislation and regulatory action, changes in assumptions concerning occupancy, the rate of entrance fee producing unit turnover, per diem rates, financing, and operating costs.

The accompanying sensitivity analysis is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it.

The following supplemental analyses are presented for the purpose of demonstrating the significance of certain assumptions and are not to be considered an all-inclusive list.

Dixon Hughes Goodman LLP

Atlanta, Georgia
July 24, 2014

Sensitivity Analysis I – Occupancy

Occupancy rates can vary depending upon economic conditions, the competitive environment, and Management's ability to execute the marketing and sales plan. The Community's residents are to begin moving into the Independent Living Units in December 2015. Management expects the Community to achieve a 93 percent occupancy level in November 2018 and remain at that level throughout the forecast period.

Sensitivity Analysis IA

The period of time it takes to achieve and maintain stabilized occupancy could be longer than Management's forecast. The data presented in the table below demonstrate the impact of an extension in the assumed move-in period of the Independent Living Units from 36 months to 60 months.

Sensitivity Analysis IB

The data presented in the table below also provide a "Breakeven Analysis" assuming that the Community's stabilized occupancy percentage decreased to a breakeven point such that the Corporation's Maximum Annual Debt Service Coverage Ratio would approximate near 1.00x. In the Breakeven Analysis, the Community's Independent Living Units stabilized occupancy was reduced to "Breakeven" while occupancy in the Assisted Living Units, and the Skilled Nursing Beds remained as originally forecasted. For purposes of this analysis, certain fixed operating expenses, staffing expenses and forecasted repayment of the Series 2014 Bonds have not been adjusted for reductions of the occupancy of the Independent Living Units.

Sensitivity Analysis IC

The data presented in the table below demonstrates the impact of assuming no direct admits into the Assisted Living Units and the Skilled Nursing Beds during the forecast period. For purposes of this analysis, certain fixed operating expenses, staffing expenses and forecasted repayment of the Series 2014 Bonds have not been adjusted for reductions of the occupancy of the Assisted Living Units and the Skilled Nursing Beds.

Table I
Sensitivity Analysis – I
Estimated Financial Information
For the Year Ending June 30, 2020

	As Forecasted	Sensitivity IA (2)(3)	Sensitivity IB (2)(3)	Sensitivity IC ⁽⁴⁾
<i>Independent Living Units:</i>				
Months of Move-in Period	36 months	60 months	24 months	36 months
Stable Occupancy Achieved	November 2018	November 2020	November 2017	November 2018
Occupancy at June 30, 2020	93.0%	90.9%	82.0%	93.0%
Average Move-ins per Month	6.2	3.7	8.1	6.2
<i>Assisted Living Units:</i>				
Occupancy at August 31, 2020	95.3%	95.3%	95.3%	91.4%
<i>Skilled Nursing Beds:</i>				
Occupancy at August 31, 2020	98.2%	98.2%	98.2%	90.6%
Max. Annual Debt Service Cov. Ratio	1.39x	1.23	1.00x	1.28x
Days Cash on Hand ⁽¹⁾	250	270	35	250

Source: Management

- (1) The sensitivity in the liquidity ratios is due to the extended move-in occupancy of the Independent Living Units without a corresponding adjustment to certain fixed operating expenses, staffing expenses or an adjustment to the repayment of the Series 2014 Bonds.
- (2) Sensitivity IA and IB fill-up assumes the same fill-up assumption during the first 18 months of the forecast.
- (3) For the purpose of the Sensitivity IA and IB, the Sponsor funds are assumed to not be repaid due to missing the occupancy requirements for release.
- (4) For the purpose of Sensitivity IC, a portion of the Sponsor funds are assumed to be repaid due to meeting the occupancy requirements for release.

Sensitivity Analysis II – Entrance Fee Cash Flow Predictability

Actual net Entrance Fee cash flow receipts from turnover may vary from Management's assumptions included in the forecast. Estimates regarding turnover of the Independent Living Units are based on average age, percentage of couples, morbidity tables, assumed transfer rates to other levels of care, the historical experience of Management and estimates from the Actuary. Assumptions regarding the timing of Entrance Fee refunds and pricing are also subject to variances. Accordingly, the following analyses have been presented for the purpose of demonstrating the significance of Entrance Fee cash flow assumptions on the financial forecast.

Sensitivity Analysis IIA

The data presented in the table below is provided to demonstrate the impact of assuming no turnover Entrance Fee cash flow receipts or refunds in the stabilized year of 2020.

Sensitivity Analysis IIB

The data presented in the table below is provided to demonstrate the impact of assuming a 25 percent reduction in turnover Entrance Fees received. For purposes of this analysis, the number of turnover Entrance Fees received and number and amount of Entrance Fees refunds paid have not been adjusted.

Sensitivity Analysis IIC

The data presented in the table below is provided to demonstrate the impact of assuming a 10 percent reduction in Entrance Fee pricing, assumed to occur after the opening of the Community in 2016 (and after the initial fill up of approximately 65% or 158 of the Independent Living Units). For the purposes of this analysis, no Entrance Fee or Independent Living Monthly Fee inflation is assumed throughout the remainder of the forecasted years, and the number of turnover Entrance Fees received and number and amount of Entrance Fees refunds paid have not been adjusted.

Table II
Sensitivity Analysis – II
Estimated Financial Information
For the Year Ending June 30, 2020
(In Thousands)

	As Forecasted	Sensitivity IIA	Sensitivity IIB	Sensitivity IIC
Turnover Entrance Fee Received	\$6,674	\$ -	\$5,006	\$5,576
Entrance Fee Refunds Paid	(\$4,209)	\$ -	(\$4,209)	(\$4,209)
Net Entrance Fees Received	\$2,465	\$ -	\$ 797	\$1,367
Maximum Annual Debt Service Coverage Ratio	1.39x	0.92x	1.07x	0.70x
Days Cash on Hand ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	250	197	154	136

Source: Management

- (1) For Sensitivity IIA, the sensitivity in the liquidity ratios is due to the assumption of no turnover Entrance Fee cash flow receipts or refunds in the stabilized year of 2020.
- (2) For Sensitivity IIB, the sensitivity in the liquidity ratios is due to the 25 percent reduction in turnover Entrance Fees received in each of the forecasted years.
- (3) For Sensitivity IIC, the sensitivity in the liquidity ratios is due to a 10 percent reduction to Entrance Fee pricing after opening in 2016 with no Entrance Fee and no inflation after opening in 2016 on the Entrance Fee and Independent Living Monthly Feethroughout the remainder of the forecasted years.
- (4) For purposes of Sensitivity IIC, the Sponsor funds are assumed to not be repaid.

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APPENDIX C
COPIES OF PROPOSED FORMS OF PRINCIPAL FINANCING DOCUMENTS

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MASTER TRUST INDENTURE
 between
THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.,
 as the Initial Obligated Group Member
 and as the Obligated Group Representative,
 and
MANUFACTURERS AND TRADERS TRUST COMPANY,
 as Master Trustee

Dated as of August 1, 2014

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EXHIBIT A – EXISTING LIENS

MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE, dated as of August 1, 2014 (this “Master Indenture”), is between THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC., a Maryland nonstock corporation, as the initial Obligated Group Member and as the Obligated Group Representative (the “Obligor”), and MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation with trust powers in the State of Maryland, as master trustee (the “Master Trustee”).

WITNESSETH:

WHEREAS, the Obligor is authorized and deems it necessary and desirable to enter into this Master Indenture for the purpose of providing for the issuance from time to time by the Obligor or other Persons electing to become Obligated Group Members (as defined herein) of Master Obligations (as defined herein) to finance or refinance the acquisition or betterment of retirement facilities, including independent living, assisted living and skilled nursing facilities or other facilities or for other lawful and proper purposes; and

WHEREAS, all acts and things necessary to constitute this Master Indenture a valid indenture and agreement according to its terms have been done and performed, the Obligor has duly authorized the execution and delivery of this Master Indenture, and the Obligor, in the exercise of the legal right and power invested in it, executes this Master Indenture and proposes to make, execute, issue and deliver Master Obligations hereunder; and

WHEREAS, the Master Trustee agrees to accept and administer this Master Indenture upon the terms set forth herein,

GRANTING CLAUSES

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH that, to secure the payment of the principal of (and premium, if any) and interest on the Outstanding Master Obligations (hereinafter defined) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Master Obligations are secured, and in consideration of the premises, of the purchase of the Master Obligations by the Holders thereof, and of the sum of One Dollar (\$1.00) to the Obligated Group Members in hand paid by the Master Trustee at or before the execution and delivery hereof, the receipt and sufficiency of which are hereby acknowledged, the Obligated Group Members by these presents and the Deed of Trust (as defined herein) do hereby grant, bargain, sell, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Master Trustee, forever, all and singular the following described properties, and grant a security interest therein for the purposes herein expressed, to wit:

GRANTING CLAUSE FIRST

All revenue, accounts receivable and Gross Revenues of the Obligated Group Members, including, without limitation, rights to receive payments from third party payors such as Medicare and Medicaid, but except and excluding all such items, whether now owned or hereafter acquired by the Obligated Group Members, which by their terms or by reason of applicable law would become void or voidable if granted, assigned or pledged hereunder by the

Obligated Group Members, or which cannot be granted, pledged or assigned hereunder without the consent of other parties whose consent is not secured, or without subjecting the Master Trustee to a liability not otherwise contemplated by the provisions hereof, or which otherwise may not be, or are not, hereby lawfully and effectively granted, pledged and assigned by the Obligated Group Members, provided that the Obligated Group Members may subject to the lien hereof any such excepted property, whereupon the same shall cease to be excepted property; and

GRANTING CLAUSE SECOND

The Mortgaged Property (as defined herein);

GRANTING CLAUSE THIRD

All of the rights, titles, interests and estates, now owned or hereafter acquired by the Obligated Group Members, in and to any and all accounts, chattel paper, goods, documents, instruments, general intangibles, deposit accounts, investment property, equipment, inventory, fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the Maryland Uniform Commercial Code, including the supporting obligations thereof, proceeds and products of and from any and all of such personal property used in connection with or arising out of the operation and use of the improvements located on the Premises and any substitutions or replacements therefor; and

GRANTING CLAUSE FOURTH

Any amounts on deposit from time to time in any fund or account created hereunder, subject to the provisions of this Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

GRANTING CLAUSE FIFTH

Any and all property that may, from time to time hereinafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by the Obligated Group Members or by anyone on its behalf (and the Master Trustee is hereby authorized to receive the same at any time as additional security hereunder), which property provided as additional security may be made subject to any reservations, limitations or conditions which shall be set forth in a written instrument executed by the grantor or the person so acting in its behalf or by the Master Trustee respecting the use and disposition of such property or the proceeds thereof;

TO HAVE AND TO HOLD, IN TRUST, all said property, rights, privileges and franchises of every kind and description, real, personal, or mixed, hereby and by the Deed of Trust and hereafter (by supplemental instrument or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges and franchises, including any cash and securities hereafter deposited or required to be deposited with the Master Trustee (other than any such cash which is specifically stated herein not to be deemed part of the Trust Estate), being herein collectively referred to as the "Trust Estate") unto the Master Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the Permitted Encumbrances (as defined herein);

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of all the Outstanding Master Obligations without any priority of any such Master Obligations over any other such Master Obligations except as herein otherwise expressly provided;

UPON CONDITION that, if the Obligated Group Members or their successors or assigns shall well and truly pay, or cause to be paid, the principal of (and premium, if any) and interest on the Outstanding Master Obligations according to the true intent and meaning thereof, or there shall be deposited with the Master Trustee such amounts in such form in order that none of the Master Obligations shall remain Outstanding as herein defined and provided, and shall pay or cause to be paid to the Master Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, the rights, titles, liens, security interests and assignments herein granted shall cease, determine and be void and this grant shall be released by the Master Trustee in due form at the expense of the Obligated Group Members, except only as herein provided; otherwise this grant to be and shall remain in full force and effect;

UPON FURTHER CONDITION as to any property included in the Trust Estate that, upon Request of the Obligated Group Representative accompanied by an Officer's Certificate and an Opinion of Counsel to the effect that the conditions precedent for the disposition of such property set forth in Section 4.19 hereof have been satisfied, the rights, titles, liens, security interests and assignments herein granted shall cease, determine and be void as to such property only and this grant shall be released by the Master Trustee as to such property in due form at the expense of the Obligated Group Members;

ALL THINGS NECESSARY to make this Master Indenture a valid agreement and contract for the security of the Master Obligations in accordance with the terms of such Master Obligations and this Master Indenture have been done;

IT IS HEREBY COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Master Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, and the Obligated Group Members do hereby covenant and agree to and with the Master Trustee, for the equal and proportionate benefit of all Holders of the Master Obligations except as herein otherwise expressly provided; and

THIS MASTER INDENTURE FURTHER WITNESSETH and it is expressly declared that all Master Obligations issued and secured hereunder are to be issued, authenticated and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed and the Obligated Group Members have agreed and covenanted, and do hereby agree and covenant, with the Master Trustee for the equal and proportionate benefit of the respective holders from time to time of the Master Obligations except as herein otherwise expressly provided as follows:

ARTICLE I
DEFINITION OF TERMS, CONSTRUCTION
AND CERTAIN GENERAL PROVISIONS

Section 1.01. Definition of Terms. For all purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(i) “This Indenture” or “this Master Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof;

(ii) All references in this instrument designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision;

(iii) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular number; and

(iv) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP applied in accordance with Section 1.02 of this Master Indenture.

“Accountant” means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to any Member or its Affiliates (but who or which may be regularly retained by a Member or its Affiliates).

“Act” when used with respect to any Holder of Obligations has the meaning specified in Section 1.04.

“Additional Indebtedness” means Indebtedness incurred by any Member subsequent to the issuance of the Series 2014 Master Obligations.

“Additional Master Obligation” means any evidence of Indebtedness or evidence of any payment obligation under any Interest Rate Agreement issued after the issuance of the Series 2014 Master Obligations, which is authorized to be issued by a Member pursuant to this Master Indenture and which has been authenticated by the Master Trustee pursuant to Section 2.03 hereof.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract or

otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Payments” means regularly scheduled periodic fees payable by the Obligor or any other Member of the Obligated Group pursuant to any agreements from time to time between any Obligated Group Member and an Affiliate that is not otherwise part of the Obligated Group, provided that (a) fees and expenses due and owing by the Obligor to CLV pursuant to the Development Services Agreement during the construction period for the Project and not evidenced by a Subordinated Obligation and (b) fees and expenses due and owing by the Obligor to CLV pursuant to the Management Agreement shall not constitute Affiliate Payments.

“Affiliate Subordinated Indebtedness” means the Subordinated Obligations, fees and other amounts due to an Affiliate of a Member of the Obligated Group for money borrowed, credit extended or payments which are deferred pursuant to Section 3.06(a) hereof or not yet payable at the time of calculation and which are subordinate to payments due on all Master Obligations issued hereunder in accordance with the written agreements between the Member of the Obligated Group and the Affiliates made in favor of the Master Trustee. The Series 2014F Subordinated Obligation and the Series 2014G Subordinated Obligation constitute Affiliate Subordinated Indebtedness.

“Affiliation” means any arrangement with an unrelated Person or group of Persons that would result in the Obligated Group being directly or indirectly controlled by or under direct or indirect common control with such Person or group of Persons.

“Annual Budget” means the annual budget of the Obligated Group required to be provided by the Obligated Group Representative pursuant to Section 4.15 hereof.

“Assisted Living Units” means the 20 assisted living units that are part of the Project.

“Authorized Representative” means, with respect to the Obligated Group Representative and each Obligated Group Member, its respective chief executive officer or president or any other person or persons designated an Authorized Representative thereof by an Officer’s Certificate of the Obligated Group Representative or the Obligated Group Member signed by the respective Designated Officer and delivered to the Master Trustee.

“Balloon Indebtedness” means Long-Term Indebtedness, (a) 25% or more of the original principal of which matures during any consecutive 12 month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such 12 month period so that, following such amortization, the principal amount maturing during such 12-month period will be less than 25% of such original principal amount; and (b) any portion of the original principal amount which (i) may be tendered for purchase or redemption prior to maturity at the option of the owner thereof (including any such Indebtedness which is payable on demand within 365 days from the date of incurrence), or (ii) is required to be tendered for purchase or redemption (other than for mandatory sinking fund redemption) prior to maturity thereof.

“Board Resolution” of any specified Person means a copy of a resolution certified by the Person responsible for maintaining the records of the Governing Body of such Person to have

been duly adopted by the Governing Body of such Person and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

“Bond Counsel” means Whiteford, Taylor & Preston L.L.P. or any other attorney at law or firm of attorneys of nationally recognized experience in matters pertaining to the validity of, and exclusion from gross income for federal income tax purposes of interest on, the obligations of states and their political subdivisions as may be selected by the Obligated Group Representative but is reasonably acceptable to each issuer of the Related Bonds.

“Bond Trustee” means Manufacturers and Traders Trust Company, as trustee under the Series 2014 Bond Indenture and any successor in trust appointed pursuant to the Series 2014 Bond Indenture.

“Book Value” means, when used with respect to Property of a Member, the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of such Member that have been prepared in accordance with GAAP, and, when used with respect to Property of all Members, the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent audited combined financial statements of the Obligated Group prepared in accordance with GAAP, provided that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

“Business Day” means any day other than (a) a Saturday, a Sunday or, in the City of New York, New York, or in Baltimore, Maryland (or, if different, in the city in which the designated corporate trust office of the Related Bond Trustee is located), a day on which banking institutions are authorized or required by law or executive order to close, or (b) a day on which the New York Stock Exchange is closed.

“Capital Additions” means all property or interests in property, real, personal and mixed, (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Mortgaged Property and (b) the cost of which is properly capitalized under GAAP.

“Capitalized Lease” means any lease of real or personal property which, in accordance with GAAP, is required to be capitalized on the balance sheet of the lessee.

“Capitalized Rentals” means, as of the date of determination, the amount at which the aggregate Net Rentals due and to become due under a Capitalized Lease under which a Person is a lessee would be reflected as a liability on the balance sheet of such Person.

“Cash and Investments” means the sum of cash, cash equivalents and marketable securities of the Obligated Group Members, including, without limitation, board-designated assets, and any amounts, if any, on deposit in the Working Capital Fund, the Operating Reserve Fund, the Renewal and Replacement Fund and the Liquidity Support Fund, but excluding (a) trustee-held funds other than those described above in this definition, (b) donor-restricted funds and (c) any funds pledged or otherwise subject to a security interest for debt other than the Master Obligations, as shown on the most recent audited or unaudited financial statements of the Obligated Group. For the purposes of calculations hereunder, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the

Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Closing Date” means the date of the initial delivery of the Series 2014 Master Obligations.

“CLV” means Carroll Lutheran Village, Inc., a Maryland nonstock corporation.

“CLV Subordinated Obligations” means the Subordinated Obligations issued by the Obligated Group to CLV pursuant to and described in the Initial Supplemental Indenture.

“Code” means the Internal Revenue Code of 1986, as amended from time to time and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

“Collateral Assignment of Contracts” means the Collateral Assignment of Contracts dated as of August 1, 2014 between the Obligor and the Master Trustee.

“Consent,” “Order” and “Request” of any specified Person mean, respectively, a written consent, order or request signed in the name of such Person by the Chairman of the Governing Body, the President, a Vice President, the Treasurer, an Assistant Treasurer or the Chief Financial Officer of such Person or any other person or persons designated by an Officer’s Certificate and delivered to the Master Trustee.

“Construction Index” means the most recent issue of the “Dodge Construction Index for U.S. and Canadian Cities” with reference to the city in which the subject property is located (or, if such Index is not available for such city, with reference to the city located closest geographically to the city in which the subject property is located) or, if such Index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Obligated Group Representative in an Officer’s Certificate delivered to the Master Trustee and which other index is acceptable to the Master Trustee.

“Construction Monitor” means zumBrunnen and its successors and assigns.

“Consultant” means a professional consulting, accounting, investment banking or commercial banking firm or individual selected by the Obligated Group Representative having the skill and experience necessary to render the particular report required and having a favorable reputation for such skill and experience, which firm or individual does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof.

“Continuing Care Act” means Sections 10-401 through 10-499 of the Human Services Article of the Annotated Code of Maryland, as amended.

“Contributions” means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by any Person in the applicable fiscal year of such Person and any such contributions, grants, gifts, bequests and devises originally received in a form other than cash or marketable securities by any Person which are converted in such fiscal year to cash or marketable securities.

“Corporate Trust Office” of the Master Trustee shall be the office of the Master Trustee at which this Master Indenture shall be principally administered, which at the date hereof is Manufacturers and Traders Trust Company, 25 South Charles Street, 11th Floor MC MD2-CS58, Baltimore, Maryland 21201, Attention: Corporate Trust Department, or such other address as to which the Master Trustee may give notice to the Obligated Group.

“Credit Facility” means any Liquidity Facility, letter of credit, bond insurance policy, standby purchase agreement, guaranty, line of credit, surety bond or similar credit or liquidity facility securing any Indebtedness of any Obligated Group Member.

“Credit Facility Agreement” means any agreement between the Obligated Group Representative and the provider of a Credit Facility relating to the issuance of a Credit Facility.

“Cumulative Cash Operating Loss” means, commencing with the earliest date a resident has taken physical possession of one of the Independent Living Units included in the Project, the sum, on a cumulative basis, of resident service revenues (excluding amortization of Entrance Fees), plus other operating revenues, plus Unrestricted Contributions, plus Entrance Fees (excluding Initial Entrance Fees), plus investment earnings minus (a) Entrance Fees refunded to residents and (b) the aggregate of all Operating Expenses and capital expenditures which are not part of the Project and are paid from moneys other than proceeds of the Series 2014 Bonds excluding (i) depreciation and amortization and other non-cash expenses, and (ii) any cost, fee or expense paid from the proceeds of Series 2014 Bonds or interest earnings thereon to the extent not otherwise deducted.

“Current Value” means (a) with respect to Property, Plant and Equipment: (i) the aggregate fair market value of such Property, Plant and Equipment as reflected in the most recent written report of an appraiser selected by the Obligated Group Representative and, in the case of real property, who is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Master Trustee (which report shall be dated not more than three years prior to the date as of which Current Value is to be calculated) increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated, minus the fair market value (as reflected in such most recent appraiser’s report) of any Property, Plant and Equipment included in such report but disposed of since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such report to the date as of which Current Value is to be calculated; plus (ii) the Book Value of any Property, Plant and Equipment acquired since the last such report increased or decreased by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from the date of such acquisition to the date as of which Current Value is to be calculated, minus (iii) the Book Value of any such Property, Plant and Equipment acquired since the last such report but disposed of; and (b) with respect to any other Property, the fair market value of such Property.

“Days’ Cash on Hand” means, as of the date of calculation, the amount determined by dividing (a) the amount of Cash and Investments on such date by (b) the quotient obtained by dividing Operating Expenses (excluding provisions for bad debt, amortization, depreciation or any other non-cash expenses) for the trailing twelve months for the periods ending June 30 and December 31, as derived from unaudited quarterly financial statements delivered pursuant to

Section 4.15(a)(ii) hereof (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year), by 365.

“Debt Service Coverage Ratio” means, for any period, the ratio of (a) Income Available for Debt Service received during such period to (b) the Maximum Annual Debt Service Requirement on the date of calculation on Long-Term Indebtedness, other than Subordinated Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period during which the interest on any Long-Term Indebtedness is being funded from the proceeds thereof, the Maximum Annual Debt Service Requirement for such Indebtedness shall be disregarded for such period, and the Income Available for Debt Service shall not include interest on any funds (other than any Debt Service Reserve Fund) established with the proceeds of such Indebtedness. For the purposes of calculating the Debt Service Coverage Ratio for any period which includes the last date to which interest on such Long Term Indebtedness is being capitalized under GAAP or is being paid from the proceeds thereof (the “Capitalized Interest End Date”), the numerator and the denominator of the Debt Service Coverage Ratio shall be calculated as the aggregate of the amounts determined in accordance with the provisions hereof for the respective periods before and after the Capitalized Interest End Date. Such calculation shall be based on unaudited quarterly financial statements delivered pursuant to Section 4.15(a)(ii) hereof (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year).

“Debt Service Requirements” means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of (a) principal of Long-Term Indebtedness (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise), (b) interest on outstanding Long-Term Indebtedness and (c) Capitalized Lease Payments; provided that: (i) the amount of such payments for a future period shall be calculated in accordance with the assumptions contained in Section 4.18 hereof; (ii) interest shall be excluded from the determination of the Debt Service Requirements to the extent that Funded Interest is available to pay such interest; (iii) principal of Indebtedness shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal; (iv) principal of Indebtedness due in its final year shall be excluded from the determination of Debt Service Requirements to the extent moneys were initially deposited and are on deposit as of the date of calculation in a debt service reserve fund which required that moneys on deposit in the debt service reserve fund be used to pay a principal payment in the final year of such Indebtedness, and except for the payment to be received from such debt service reserve fund, the Indebtedness would have had approximately level debt service; and (v) principal and interest payments on Subordinated Indebtedness shall be excluded from Debt Service Requirements.

“Debt Service Reserve Fund” means the debt service reserve fund established in any Related Bond Indenture to secure payment of any series of Related Bonds.

“Deed of Trust” means, initially, the Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014 from the Obligor to the individual trustees named therein for the benefit of the Related Issuer and its assigns, together with any similar deeds of trust to secure

debt executed and delivered in connection with any Additional Indebtedness or admission of any Obligated Group Member.

“default” means any event that with the passage of time or the giving of notice or both would be an Event of Default.

“Defeasance Obligations” means:

(a) Direct obligations of the United States of America or obligations to the full and prompt payment of which the full faith and credit of the United States of America is pledged or evidences of ownership of proportionate interests in future interest and principal payments on such obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on such obligations, and which underlying obligations are not available to satisfy any claim of the custodian or any Person claiming through the custodian or to whom the custodian may be obligated;

(b) Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (i) Federal Home Loan Bank System;
- (ii) Export-Import Bank of the United States;
- (iii) Federal Financing Bank;
- (iv) Federal Home Loan Mortgage Company;
- (v) Federal Housing Administration;
- (vi) Federal National Mortgage Association; and
- (vii) Any other agency or instrumentality of the United States of America created by an Act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; and

(c) Obligations described in Section 103(a) of the Code, provision for the payment of the principal of (and premium, if any) and interest on which shall have been made by the irrevocable deposit at least 123 days preceding the date of determination with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of money, or obligations described in clause (a) above, the maturing principal of and interest on which, when due and payable, without reinvestment will provide money, sufficient to pay when due the principal of (and premium, if any) and interest on such obligations, and which money, or obligations described in clause (a) above, are not available to satisfy any other claim, including any claim of the trustee or escrow agent or any claim of any Person claiming through the trustee or escrow agent or any claim of any Person to whom the Person on whose behalf such irrevocable deposit was made, the trustee or the escrow agent may be obligated, whether arising out of the insolvency of the Person on whose behalf such irrevocable deposit was made, the trustee or escrow agent or otherwise.

“Designated Officer” means the Chairperson of the Governing Body, President, any Vice President, the Treasurer, Assistant Treasurer, Secretary or Assistant Secretary of the Obligated Group Representative or any other person or persons so designated by an Officer’s Certificate delivered to the Master Trustee.

“Development Services Agreement” means the Development Services Agreement dated as of [August 1, 2014] between the Obligor and CLV pursuant to which CLV has agreed to provide development services to the Obligor with respect to the Project.

“Entrance Fee Escrow Account” means the account maintained pursuant to the Entrance Fee Escrow Agreement in order to satisfy the requirements of the Continuing Care Act. Any funds on deposit in such account shall not be subject to any liens, charges, judgments, garnishments or creditors’ claims against the Obligated Group including, without limitation, holders of Master Obligations issued hereunder, except as provided in the Continuing Care Act.

“Entrance Fee Escrow Agent” means initially Branch Banking and Trust Company, as escrow agent for the Entrance Fee Escrow Account, required to be maintained pursuant to the Continuing Care Act.

“Entrance Fee Escrow Agreement” means the Lutheran Village at Miller’s Grant Deposit and Entrance Fee Escrow Agreement dated as of July 24, 2008, by and between the Obligor and the Entrance Fee Escrow Agent.

“Entrance Fee Fund” means the fund created by Section 2.01 of the Initial Supplemental Indenture.

“Entrance Fees” means fees, other than security deposits, monthly rentals or monthly service charges, paid to a Member by residents of Independent Living Units for the purpose of obtaining the right to reside in those units, including, without limitation, any refundable resident deposits described in any lease or similar Residency Agreements with respect to those units, but shall not include any such amounts held in escrow or otherwise set aside pursuant to the requirements of any such agreement prior to the occupancy of the unit covered by such Residency Agreement or pursuant to the Continuing Care Act (which amounts shall be included if and when occupancy occurs and such set-aside is no longer required).

“Environmental Laws” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, Public Law No. 96-510, 94 Stat. 1613, the Resource Conservation and Recovery Act, the National Environmental Policy Act of 1969 (42 U.S.C. § 4321 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 et seq.), the Toxic Substance Control Act (15 U.S.C. § 2601 et seq.), the Clean Water Act, the Clean Air Act (42 U.S.C. § 7401 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Federal Coastal Zone Management Act (16 U.S.C. § 1451 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300(f) et seq.) and any other federal, state or local law, statute, ordinance and regulation, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including, without limitation, any applicable judicial or administrative order, consent

decree or judgment applicable to the Premises relating to the regulation and protection of human health and safety and/or the environment and natural resources (including, without limitation, ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and/or vegetation), including all amendments to such Acts, and any and all regulations promulgated thereunder, and all analogous local or state counterparts or equivalents, and any transfer of ownership notification or approval statutes, and any federal, state or local statute, law, ordinance, code, rule, regulation, order or decree, regulating, relating to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including, but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas, products and/or hazardous substance or material, toxic or dangerous waste, substance or material, pollutant or contaminant, as may now or at any time hereafter be in effect.

“Event of Default” has the meaning set forth in Article VII hereof.

“Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) interest on Long-Term Indebtedness, (b) depreciation and amortization, (c) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (d) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (e) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (f) non-cash expenses or losses and (g) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Facilities” means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Maryland Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

“Feasibility Report” means a report prepared and signed by a Consultant, who is an Accountant, setting forth for a forecast period not exceeding five Fiscal Years from the later of the date of the issuance of the Long-Term Indebtedness in question, or the completion of the Capital Additions financed with such Long-Term Indebtedness: (a) forecasted financial statements prepared on the same basis as the Obligated Group’s audited financial statements; and (b) a full explanation of the assumptions and rationale used in preparing such forecasts, including that such forecasts have taken into account the projected utilization of the Obligated Group’s Facilities, the rates and charges to patients and residents and such other data and information as may be necessary to support the forecasted financial statements; such report shall be accompanied by an opinion of such Consultant that the underlying assumptions provide a reasonable basis for such forecast.

“Fiscal Year” means any 12-month period beginning on July 1 of any calendar year and ending on June 30 of the following calendar year, or such other consecutive 12-month period selected by the Obligated Group Representative as the fiscal year for the Members.

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

“Funded Interest” means amounts irrevocably deposited in an escrow or other trust account to pay interest on Long-Term Indebtedness or Related Bonds and interest earned on amounts irrevocably deposited in an escrow or other trust account to the extent such interest earned is required to be applied to pay interest on Long-Term Indebtedness or Related Bonds.

“GAAP” means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting which have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented or amended.

“Governing Body” means, with respect to a Member, the board of directors, the board of trustees or similar group in which the right to exercise the powers of corporate directors or trustees is vested.

“Government Obligations” means direct obligations of the United States of America or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by the United States of America.

“Gross Revenues” means all receipts, revenues, rentals, income, insurance proceeds (including, without limitation, all Medicaid, Medicare and other third party payments), condemnation awards, Entrance Fees and other moneys received by or on behalf of any Obligated Group Member, including, without limitation, revenues derived from (a) the ownership, operation or leasing of any portion of the Facilities (including, without limitation, fees payable by or on behalf of residents of the Facilities) and all rights to receive the same (other than the right to receive Medicaid and Medicare payments), whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts, general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (b) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Obligated Group Member incurred in the financing, operation, maintenance or repair of any portion of the Facilities; provided, however, that there shall be excluded from Gross Revenues (i) any amounts received by an Obligated Group Member as a billing agent for another entity, except for fees received for serving as billing agent, (ii) gifts, grants, bequests, donations and contributions to an Obligated Group Member heretofore or hereafter made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use as payments required under this Master Indenture, (iii) any moneys received by any Obligated Group Member from prospective residents or commercial tenants in order to pay for customized improvements to those Independent Living Units or other areas of the Facilities to be occupied or leased to such residents or tenants, (iv) all deposits made pursuant to Residency Agreements to be held in escrow under the Continuing

Care Act, and (v) all deposits and/or advance payments made in connection with any leases of the Independent Living Units and received prior to receipt of such certificate and licenses.

“Guaranty” means all obligations of a Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any Primary Obligor in any manner, whether directly or indirectly, including, without limitation, obligations incurred through an agreement, contingent or otherwise, by such Person: (a) to purchase such Indebtedness or obligation or any Property constituting security therefor; (b) to advance or supply funds: (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition; (c) to purchase securities or other Property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the Primary Obligor to make payment of the Indebtedness or obligation; or (d) otherwise to assure the owner of such Indebtedness or obligation against loss in respect thereof.

“Hazardous Materials” means petroleum, petroleum byproducts (including, but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products and/or any hazardous substance or material, waste, pollutant or contaminant, defined as such in (or for the purposes of) the Environmental Laws.

“Historical Pro Forma Debt Service Coverage Ratio” means, for any period of time, the ratio consisting of a numerator equal to the amount determined by dividing Income Available for Debt Service for that period by the Maximum Annual Debt Service Requirement for the Indebtedness then outstanding (other than any Indebtedness being refunded with the Indebtedness then proposed to be issued) and the Indebtedness then proposed to be issued and a denominator of one.

“Holder” means a bearer of any Master Obligation issued in bearer form, and the registered owner of any Master Obligation issued in registered form.

“Income Available for Debt Service” means, for any period, the excess of Revenues over Expenses of the Person or group of Persons involved.

“Indebtedness” means, for any Person, (a) all Guaranties by such Person, (b) all liabilities (exclusive of reserves such as those established for deferred taxes or litigation) recorded or required to be recorded as such on the audited financial statements of such Person in accordance with GAAP and (c) all obligations for the payment of money incurred or assumed by such Person (i) due and payable in all events or (ii) if incurred or assumed primarily to assure the repayment of money borrowed or credit extended, due and payable upon the occurrence of a condition precedent or upon the performance of work, possession of Property as lessee, rendering of services by others or otherwise; provided that Indebtedness shall not include Indebtedness of one Member to another Member, any Guaranty by any Member of Indebtedness of any other Member, the joint and several liability of any Member on Indebtedness issued by another Member, Interest Rate Agreements or any obligation to repay Entrance Fees or moneys deposited by residents or others with a Member as security for or as prepayment of the cost of care or any rights of residents of life care, elderly housing or similar facilities to endowment or similar funds deposited by or on behalf of such residents.

“Independent Living Units” means, collectively, the 241 independent living units that are part of the Project and any additional independent living units that are part of any Capital Additions.

“Initial Entrance Fees” means Entrance Fees received upon the initial occupancy of any Independent Living Unit not previously occupied.

“Initial Supplemental Indenture” means Supplemental Indenture Number 1, dated as of August 1, 2014, between the Obligated Group Representative and the Master Trustee.

“Initial Underwriter” means Herbert J. Sims & Co., Inc., as the initial underwriter of the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds.

“Insurance and Condemnation Fund” means the fund created by Section 3.02 hereof.

“Insurance Consultant” means a person or firm who, in the case of an individual, is not an employee or officer of any Member and which, in the case of a firm, does not control any Member of the Obligated Group or any Affiliate thereof and is not controlled by or under common control with any Member of the Obligated Group or an Affiliate thereof, appointed by the Obligated Group Representative, qualified to survey risks and to recommend insurance coverage for continuing care and retirement communities and services of the type involved, and having a favorable reputation for skill and experience in such surveys and such recommendations, and which may include a broker or agent with whom any Member transacts business.

“Interest Payment Date” means the Stated Maturity of an installment of interest on the Master Obligations.

“Interest Rate Agreement” means an interest rate exchange, hedge or similar agreement, expressly identified in an Officer’s Certificate of the Obligated Group Representative delivered to the Master Trustee as being entered into in order to hedge the interest payable on all or a portion of any Indebtedness, which agreement may include, without limitation, an interest rate swap, a forward or futures contract or an option (e.g. a call, put, cap, floor or collar) and which agreement does not constitute an obligation to repay money borrowed, credit extended or the equivalent thereof. An Interest Rate Agreement shall not constitute Indebtedness hereunder.

“Lien” means any mortgage, pledge or lease of, security interest in or lien, charge or encumbrance on any Property of the Person involved in favor of, or which secures any obligation to, any Person other than any Member, and any Capitalized Lease under which any Member is lessee and the lessor is not another Member.

“Liquidity Facility” means a written commitment to provide money to purchase or retire any Indebtedness if (a) on the date of delivery of such Liquidity Facility, the unsecured Long-Term Indebtedness or claims paying ability of the provider of such Liquidity Facility or its parent holding company or other controlling entity is rated at least “A” by at least one of the Rating Agencies and (b) as of any particular date of determination, no amount realized under such Liquidity Facility for the payment of the principal or the purchase or redemption price of such Indebtedness (exclusive of amounts realized for the payment of accrued interest on such

Indebtedness) shall be required to be repaid by the obligor on such Long-Term Indebtedness for a period of at least one year.

“Liquidity Requirement” has the meaning given such term in Section 4.21 hereof.

“Liquidity Support Agreement” means the Operating Support Agreement dated as of August 1, 2014 among the Obligor, CLV and the Master Trustee.

“Liquidity Support Fund” means the fund created under Section 2.05 of the Initial Supplemental Indenture.

“Loan and Financing Agreement” means the Loan and Financing Agreement dated as of July 1, 2014 among the Mayor and Common Council of Westminster, as issuer, the Obligor, as borrower, and Branch Banking and Trust Company, as lender, pursuant to which the Series 2014E Bonds were issued.

“Long-Term Indebtedness” means, with respect to any Person, (a) all Indebtedness of such Person for money borrowed or credit extended, incurred or assumed which is not Short Term; (b) the Person’s Guaranties of Indebtedness which are not Short Term; and (c) Capitalized Rentals under Capitalized Leases entered into by the Person; provided, however, that Indebtedness that could be described by more than one of the foregoing categories shall not in any case be considered more than once for the purpose of any calculation made pursuant to this Master Indenture.

“Management Agreement” means the Management Services Agreement dated as of August 1, 2014 between the Obligor and CLV, as amended from time to time, pursuant to which CLV provides management services to the Obligor.

“Manager” shall initially mean CLV and any entity succeeding to its responsibilities in regard to the Project.

“Marketing Consultant” shall mean any Consultant assuming such responsibilities in regard to the Project.

“Marketing Requirements” has the meaning given such term in Section 4.22 hereof.

“Master Indenture” means this Master Indenture, as supplemented or amended by all Supplements authorized and executed pursuant to the terms of this Master Indenture, including, without limitation, the Initial Supplemental Indenture.

“Master Obligation” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation of any Obligated Group Member which is authenticated and delivered pursuant to this Master Indenture and which is entitled to the benefits of this Master Indenture.

“Master Obligation Register” means the register of ownership of the Master Obligations to be maintained pursuant to this Master Indenture.

“Master Trustee” means Manufacturers and Traders Trust Company, a New York banking corporation, as master trustee hereunder, until a successor replaces it in accordance with the applicable provisions of Article VIII hereof, and thereafter any successor in trust appointed pursuant to Article VIII hereof.

“Maturity” when used with respect to any Indebtedness means the date on which the principal of such Indebtedness or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise.

“Maximum Annual Debt Service Requirement” means the largest total Debt Service Requirements for the current or any succeeding Fiscal Year; provided that, for purposes of determining the Maximum Annual Debt Service Requirement, debt service on the final maturity of any Long-Term Indebtedness shall be excluded to the extent such debt service is less than or equal to an amount on deposit in any debt service reserve fund related to such debt; provided, further, that for purposes of determining the Debt Service Requirements for variable rate debt for which a Credit Facility is provided, if the reimbursement agreement for such Credit Facility provides for scheduled redemptions of such variable rate debt, such scheduled redemptions shall be taken into account in determining principal due under such variable rate debt. For the purpose of determining the interest rate on any Long-Term Indebtedness which bears interest at a variable rate, such interest rate shall be assumed in accordance with Section 4.18(a) hereof, plus Credit Facility and remarketing fees; however, for the purpose of any historical Maximum Annual Debt Service Requirement, the actual interest paid for the period of determination.

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

“Mortgaged Property” means the real property and personal property of the Members of the Obligated Group which is subject to the Deed of Trust.

“Net Proceeds” means, when used with respect to any insurance (other than the proceeds of business interruption insurance) or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect to which that term is used less all expenses (including attorneys’ fees, adjuster’s fees and any expenses of the Obligated Group or the Master Trustee) incurred in the collection of such gross proceeds.

“Net Rentals” means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the Property other than upon termination of the lease for a default thereunder) payable under a lease or sublease of real or personal Property, excluding any amounts required to be paid by the lessee (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes and similar charges. Net Rentals for any future period under any so called “percentage lease” shall be computed on the basis of the amount reasonably estimated to be payable thereunder for such period, but in any event not less than the amount paid or payable thereunder during the

immediately preceding period of the same duration as such future period; provided that the amount estimated to be payable under any such percentage lease shall in all cases recognize any change in the applicable percentage called for by the terms of such lease.

“Nursing Beds” means the 12 skilled nursing beds that are part of the Project.

“Obligated Group” means, collectively, all of the Obligated Group Members.

“Obligated Group Member” or “Member” means the Obligor and any other Person who has satisfied the requirements set forth in this Master Indenture for becoming an Obligated Group Member and its successors until any such Person or a successor or transferee Person satisfies the requirements set forth in this Master Indenture for ceasing to be an Obligated Group Member.

“Obligated Group Representative” means the Obligor, or any successor Obligated Group Representative appointed pursuant to Section 6.04 hereof.

“Obligated Group Representative Request” means a written order or request of the Obligated Group or any Member signed by an Authorized Representative and delivered to the Master Trustee.

“Occupancy Requirement” has the meaning given such term in Section 4.23 hereof.

“Occupied” means an Independent Living Unit for which a Residency Agreement has been executed and all related Entrance Fees have been paid.

“Officer’s Certificate” means a certificate signed, in the case of a certificate delivered by a Member of the Obligated Group, by the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Vice President, the Director of Finance or any other Authorized Representative of any Member of the Obligated Group or, in the case of a certificate delivered by any other corporation, by the President, any Vice President, the Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or the chief financial officer of such other Person, in either case whose authority to execute such certificate shall be evidenced to the satisfaction of the Master Trustee.

“Operating Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) depreciation and amortization, (b) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (c) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (d) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (e) non-cash expenses or losses and (f) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Operating Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Operating Reserve Fund” means the fund created under Section 2.03 of the Initial Supplemental Indenture.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel who may (except as otherwise expressly provided herein) be counsel to any Obligated Group Member or other counsel reasonably acceptable to the Master Trustee.

“Organizational Documents” of any corporation means the articles of incorporation, certificate of incorporation, corporate charter or other document pursuant to which such corporation was organized, and its bylaws, each as amended from time to time, and as to any other Person, means the instruments pursuant to which it was created and which govern its powers and the authority of its representatives to act on its behalf.

“Outstanding” when used with respect to Master Obligations means, as of the date of determination, all Master Obligations theretofore authenticated and delivered under this Master Indenture, except:

(a) Master Obligations theretofore cancelled and delivered to the Master Trustee or delivered to the Master Trustee for cancellation;

(b) Master Obligations for whose payment or redemption money (or Defeasance Obligations to the extent permitted by Section 10.02 of this Master Indenture) shall have theretofore been deposited with the Master Trustee or any Paying Agent for such Master Obligations in trust for the Holders of such Master Obligations pursuant to this Master Indenture; provided, that, if such Master Obligations are to be redeemed, notice of such redemption has been duly given or waived pursuant to this Master Indenture or irrevocable provision for the giving of such notice satisfactory to the Master Trustee has been made pursuant to this Master Indenture; and

(c) Master Obligations upon transfer of or in exchange for or in lieu of which other Master Obligations have been authenticated and delivered pursuant to this Master Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Master Obligations have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Master Obligations owned by any Obligated Group Member or any Affiliate of any Obligated Group Member shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Master Obligations that the Master Trustee knows to be so owned shall be so disregarded. Master Obligations so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Master Trustee the pledgee’s right so to act with respect to such Master Obligations and that the pledgee is not an Obligated Group Member or an Affiliate of any Obligated Group Member.

“Paying Agent” means any Person authorized by the Obligated Group Representative to pay the principal of, premium, if any, or interest on any Master Obligations on behalf of the Obligated Group.

“Permitted Encumbrances” means this Master Indenture, the Deed of Trust, any Related Loan Agreement, any Related Bond Indenture and, as of any particular date:

(a) Liens arising by reason of good faith deposits with a Member in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges; any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements;

(b) any Lien described in Exhibit A which is existing on the date of execution of this Master Indenture provided that no such Lien may be extended, renewed or modified to apply to any Property of a Member of the Obligated Group not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Encumbrance;

(c) any Lien on the Property of any Member granted in favor of or securing Indebtedness to any other Member;

(d) this Master Indenture, the Deed of Trust and any other Lien on Property if such Lien equally and ratably secures all of the Master Obligations and only the Master Obligations;

(e) Liens granted to secure Indebtedness, as permitted by Section 4.17;

(f) leases which relate to Property of the Obligated Group which is of a type that is customarily the subject of such leases, such as office space for physicians and educational institutions, food and beverage service facilities, gift shops, commercial, beauty shop, banking, radiology, other similar specialty services, pharmacy and similar departments or employee rental apartments; and any leases, licenses or similar rights to use Property under which a Member is lessee, licensee or the equivalent thereof upon fair and reasonable terms no less favorable to the lessee or licensee than would obtain in a comparable arm’s length transaction;

(g) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested in accordance with Section 4.05 hereof;

(h) utility, access and other easements and rights of way, restrictions, encumbrances and exceptions which do not materially interfere with or materially impair the operation of the Property affected thereby (or, if such Property is not being then operated, the operation for which it was designed or last modified);

(i) any mechanic’s, laborer’s, materialman’s, broker’s, appraiser’s, supplier’s or vendor’s Lien or right in respect thereof if payment is not yet due under the contract in question or has been due for less than 60 days, or if such Lien is being contested in accordance with the provisions of this Master Indenture;

(j) such Liens, defects, irregularities of title and encroachments on adjoining property as normally exist with respect to property similar in character to the Property involved and which do not materially adversely affect the value of, or materially impair, the Property affected thereby for the purpose for which it was acquired or is held by the owner thereof;

(k) zoning laws and similar restrictions which are not violated by the Property affected thereby;

(l) statutory rights under Section 291, Title 42 of the United States Code, as a result of what are commonly known as Hill Burton grants, and similar rights under other federal statutes or statutes of the state in which the Property involved is located;

(m) all right, title and interest of the state where the Property involved is located or any political subdivision thereof or the public in and to tunnels, bridges and passageways over, under or upon a public way;

(n) Liens on or in Property given, granted, bequeathed or devised by the owner thereof existing at the time of such gift, grant, bequest or devise, provided that (i) such Liens consist solely of restrictions on the use thereof or the income therefrom, or (ii) such Liens secure Indebtedness which is not assumed by any Member and such Liens attach solely to the Property (including the income therefrom) which is the subject of such gift, grant, bequest or devise;

(o) Liens of or resulting from any judgment or award, the time for the appeal or petition for rehearing of which shall not have expired, or in respect of which any Member shall at any time in good faith be prosecuting an appeal or proceeding for a review and in respect of which a stay of execution pending such appeal or proceeding for review shall be in existence;

(p) Liens on moneys deposited by patients or others with a Member as security for or as prepayment of the cost of patient care or any rights of residents of life care, elderly housing or similar facilities to endowment, prepayment or similar funds deposited by or on behalf of such residents;

(q) Liens on Property due to rights of third party payors for recoupment of excess reimbursement paid;

(r) any security interest in a rebate fund, any depreciation reserve, debt service or interest reserve, debt service, construction fund or any similar fund established pursuant to the terms of any Supplement, Related Bond Indenture or Related Loan Agreement in favor of the Master Trustee, a Related Bond Trustee or the holder of the Indebtedness issued pursuant to such Supplement, Related Bond Indenture or Related Loan Agreement;

(s) any Lien on any Related Bond or any evidence of Indebtedness of any Member acquired by or on behalf of any Member which secures an obligation of such Member to the provider of a Credit Facility or Liquidity Facility;

(t) any Lien on Property acquired by a Member which Lien secures Indebtedness issued, incurred or assumed by any Member in connection with and to effect such acquisition or existing Indebtedness which will remain outstanding after such acquisition which Lien encumbers Property other than Property that is pledged pursuant to Granting Clause Second of

this Master Indenture, if in any such case the aggregate principal amount of such Indebtedness does not exceed the fair market value subject to such Lien as determined in good faith by the Governing Body of the Member;

(u) such Liens, covenants, conditions and restrictions, if any, which do not secure Indebtedness and which are other than those of the type referred to above, and which (i) in the case of Property owned by the Obligated Group on the date of execution of this Master Indenture, do not and will not, so far as can reasonably be foreseen, materially adversely affect the value of the Property currently affected thereby or materially impair the same, and (ii) in the case of any other Property, do not materially impair or materially interfere with the value, operation or usefulness thereof for the purpose for which such Property was acquired or is held by a Member; or

(v) such Liens as are required to be granted by the Continuing Care Act.

“Permitted Investments” means dollar denominated investments, to the extent permitted by law, in any of the following:

(a) Government Obligations;

(b) Debt obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (ii) at the time of purchase, rated by any Rating Agency in one of the three highest categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(c) Any bond, debenture, note, participation certificate or other similar obligation which is either (i) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank Association, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit accounts, certificates of deposit and banker’s acceptances with domestic commercial banks, including the Master Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which mature not more than 360 days after the date of purchase;

(e) Commercial paper which is rated at the time of purchase within the classification or higher “A-1” by Standard & Poor’s, “F-1” by Fitch or “P-1” by Moody’s, and which matures not more than 270 days after the date of purchase;

(f) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(g) Investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the three highest rating categories assigned by such Rating

Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (i) all of the unsecured, direct long-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (ii) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by such Rating Agency; provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the provider of the investment agreement must immediately notify the Master Trustee and the investment agreement must, within 30 days, either (A) be assigned to a provider rated in one of the three highest rating categories or (B) be secured by the provider with collateral securities the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; investment agreements with banks or non-bank financial institutions shall not be permitted if no rating is available with respect to debt of the investment agreement provider or the related guarantor of such provider;

(h) Repurchase agreements with respect to and secured by Government Obligations or by obligations described in clauses (b) or (c) above, which agreements may be entered into with a bank (including, without limitation, a Related Bond Trustee or the Master Trustee), a trust company, financial services firm or a broker dealer, provided that (i) the Master Trustee or a custodial agent of the Master Trustee has possession of the collateral and the collateral is, to the knowledge of the Master Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than weekly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (v) such obligations must be held in the custody of a Related Bond Trustee or the Master Trustee’s agent; and

(i) Shares of a money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least \$100,000,000 and having a rating AAAM or AAAM-G by a Rating Agency, including money market mutual funds from which the Master Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

The Master Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter (even if any rating is downgraded), absent receipt by a Responsible Officer of the Master Trustee of written notice or actual information to the contrary. To the extent such investment is no longer a Permitted Investment, the Obligated Group Representative shall promptly provide the Master Trustee an Obligated Group Representative Request with respect to any such investment pursuant to Section 3.03 herein.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Place of Payment” for a series of Master Obligations means a city or political subdivision designated as such pursuant to this Master Indenture or a Supplement.

“Premises” means the real property described in Exhibit A to the Deed of Trust, as it may be amended from time to time.

“Primary Obligor” means the Person who is primarily obligated on an obligation which is guaranteed by another Person.

“Project” means Miller’s Grant, a continuing care retirement community initially consisting of (a) the Premises, (b) 241 Independent Living Units, 20 assisted living units and 12 skilled nursing beds, and related common areas, (c) necessary or useful furnishings, equipment and machinery, and (d) such interests in land as may be necessary or suitable for the foregoing, including roads and rights of access, utilities and other necessary site preparation facilities.

“Property” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired by a Person.

“Property, Plant and Equipment” means all Property of each Member which is classified as property, plant and equipment under GAAP.

“Rating Agency” means Moody’s, Standard & Poor’s or Fitch.

“Related Bond Indenture” means the Series 2014 Bond Indenture, the Loan and Financing Agreement and any other indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued.

“Related Bond Trustee” means the Series 2014 Bond Trustee and the trustee and its successor in the trust created under any other Related Bond Indenture.

“Related Bonds” means the Series 2014 Bonds and any other revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (“governmental issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to any Obligated Group Member in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“Related Issuer” means the governmental issuer of any Related Bonds.

“Related Loan Agreement” means the Series 2014 Loan Agreement, the Loan and Financing Agreement and any other loan agreement, financing agreement, credit agreement or other comparable instrument entered into in connection with a series of Related Bonds.

“Renewal and Replacement Fund” means the fund created under Section 2.04 of the Initial Supplemental Indenture.

“Required Information Recipient” means the Master Trustee, each Related Bond Trustee, the Initial Underwriter, the Electronic Municipal Market Access System (“EMMA”) maintained by the Municipal Securities Rulemaking Board and all Bondholders who hold \$500,000 or more of Related Bonds and request such reports in writing (which written request shall include a certification as to such ownership).

“Reserved” means an Independent Living Unit (a) which is Occupied or (b) for which a Member of the Obligated Group has received a deposit equal to not less than 10% of the Entrance Fee related to such Independent Living Unit.

“Residency Agreement” means each and every contract, including, without limitation, any “Reservation Agreement” or “Residency Agreement”, as amended from time to time, between an Obligated Group Member and a resident of the Obligated Group’s Facilities, including the Project, giving the resident certain rights of occupancy in the Facilities, including, without limitation, the Independent Living Units, assisted living units or skilled nursing beds and providing for certain services to such resident.

“Responsible Officer” when used with respect to the Master Trustee means the officer in the corporate trust department or comparable department of the Master Trustee at its Corporate Trust Office having direct responsibility for administration of this Master Indenture and also means, with respect to a particular corporate trust matter, any other officer of the Master Trustee to whom such matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“Revenue Fund” means the fund created by Section 3.01 hereof.

“Revenues” means, for any period, (a) in the case of any Person providing health care services and/or senior living services, the sum of (i) net patient service revenues and resident service revenues, plus (ii) other operating revenues, plus (iii) non-operating revenues (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain from the extinguishment of debt or other extraordinary item, earnings which constitute Funded Interest or earnings on amounts which are irrevocably deposited in escrow to pay the principal of or interest on Indebtedness, but including investment income), plus (iv) Unrestricted Contributions, plus (v) Entrance Fees (other than Initial Entrance Fees) received, minus (A) Entrance Fees amortized during such Fiscal Year and (B) Entrance Fees refunded to residents; and (b) in the case of any other Person, gross revenues less sale discounts and sale returns and allowances, as determined in accordance with GAAP; but excluding in either case (i) any unrealized gain or loss resulting from changes in the valuation of investment securities or unrealized changes in the value of derivative investments, (ii) any gains on the sale or other disposition of fixed or capital assets not in the ordinary course, (iii) earnings resulting from any reappraisal, revaluation or write up of fixed or capital assets, (iv) any revenues recognized from deferred revenues related to Entrance Fees and (v) insurance (other than business interruption) and condemnation proceeds; provided, however, that if such calculation is being made with respect to the Obligated Group, such calculation shall be made in such a manner so as to exclude any revenues attributable to transactions between any Member and any other Member. For

purposes of calculations under this Master Indenture, an Unrestricted Contribution from an Affiliate shall be treated as being made during the period of such calculation so long as the Unrestricted Contribution is made prior to the date the applicable certificate is required to be delivered with respect to such calculation.

“Series 2014 Bonds” means the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds.

“Series 2014 Bond Indenture” means the Bond Trust Indenture dated as of August 1, 2014, between The Mayor and Common Council of Westminster and the Bond Trustee, relating to the Series 2014 Bonds.

“Series 2014 Loan Agreement” means the Loan Agreement dated as of August 1, 2014, between The Mayor and Common Council of Westminster and the Obligated Group, relating to the Series 2014 Bonds.

“Series 2014A Bonds” means The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014A.

“Series 2014B Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B.

“Series 2014C Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C.

“Series 2014D Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D.

“Series 2014E Bond” means The Mayor and Common Council of Westminster Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E.

“Series 2014 Master Obligations” means the Series 2014A Master Obligation, the Series 2014B Master Obligation, the Series 2014C Master Obligation, the Series 2014D Master Obligation, the Series 2014E Master Obligation, the Series 2014F Subordinated Obligation and the Series 2014G Subordinated Obligation issued by the Obligated Group pursuant to and described in the Initial Supplemental Indenture.

“Short Term,” when used in connection with Indebtedness, means having an original maturity less than or equal to one year and not renewable at the option of the debtor for a term greater than one year beyond the date of original issuance.

“Stable Occupancy” means the first full month following the first full Fiscal Year in which all these conditions have been met: (a) the aggregate average annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) all the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bonds have been paid in full and are no longer outstanding.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State

of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative, with written notice to the Master Trustee.

“State” means the State of Maryland.

“Stated Maturity” when used with respect to any Indebtedness or any installment of interest thereon means any date specified in the instrument evidencing such Indebtedness or such installment of interest as a fixed date on which the principal of such Indebtedness or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Subordinated Indebtedness” means (a) Affiliate Subordinated Indebtedness and (b) any promissory note, guaranty, lease, contractual agreement to pay money or other obligation meeting the requirements of Section 4.16(a)(viii).

“Subordinated Obligation” means a Master Obligation that evidences Subordinated Indebtedness.

“Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

“Tax Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxes under Section 501(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect.

“Threshold Amount” means the greater of (a) 3% of Book Value or, at the option of the Obligated Group Representative, the Current Value of the Property, Plant and Equipment of the Obligated Group or (b) \$1,000,000 plus an amount equal to \$1,000,000 multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of July 1, 2014.

“Trust Estate” has the meaning given such term in the Granting Clauses hereof.

“Unrestricted Contributions” means Contributions which are not restricted in any way that would prevent their application to the payment of debt service on Indebtedness of the Person receiving such Contributions.

“Working Capital Fund” means the fund created under Section 2.02 of the Initial Supplemental Indenture.

Section 1.02. Compliance Certificates and Reports.

Whenever the amount or date of any of the following is a condition to the taking of any action permitted hereby,

(a) Estimated Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any future Fiscal Year shall be established by a certificate or

report of a Consultant stating the amount of such estimated item based upon assumptions provided by such Person and stating that such assumptions are, in the opinion of the Consultant, reasonable;

(b) Any of:

(i) Revenues, Expenses, Cash and Investments and Income Available for Debt Service of any Person for any prior Fiscal Year or period,

(ii) Maximum Annual Debt Service of any Person, and

(iii) principal of and interest on any Indebtedness

shall be established by an Officer's Certificate of the Obligated Group Representative stating the amount of such item and that such amounts have been derived from either the most recent financial statements of the Obligated Group delivered to the Master Trustee pursuant to Section 4.15 hereof or, for any period other than a prior Fiscal Year, from the internally prepared financial statements of the Obligated Group for such period;

(c) The anticipated date of completion of any construction project of any Person shall be established by an Officer's Certificate of the Obligated Group Representative; and

(d) Securities shall include any amounts invested in marketable securities, whether classified as short term or long term assets.

All calculations required to be made hereunder with respect to the Obligated Group shall be made after elimination of intercompany items on a combined basis. The character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes hereof shall be determined or made in accordance with GAAP in effect on the date hereof or, at the option of the Obligated Group Representative, at the time in effect (provided that such GAAP are applied consistently with the requirements existing either on the date hereof or at the time in effect), except that assets, liabilities, items of income and expenses of Affiliates which are not included in the Obligated Group shall not be taken into account, and except where such principles are inconsistent with the requirements of this Master Indenture; provided, however, that there shall not be included in any calculation any item otherwise required to be included in such calculation with respect to any Person which has withdrawn or is withdrawing from the Obligated Group.

Section 1.03. Form of Documents Delivered to Master Trustee.

Upon any request or application by the Obligated Group to the Master Trustee to take any action under this Master Indenture, the Obligated Group shall furnish to the Master Trustee (a) an Officer's Certificate stating that, in the opinion of the signer, all conditions precedent and covenants, if any, provided for in this Master Indenture relating to the proposed action have been satisfied; and (b) an Opinion of Counsel stating that, in the opinion of such counsel (who may rely upon an Officer's Certificate as to matters of fact), all such conditions precedent and covenants have been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel or Opinion of Bond Counsel may be based, in so far as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Master Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04. Acts of Holders of Master Obligations.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Master Indenture to be given or taken by Holders of Master Obligations may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders of Master Obligations in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Master Trustee, and, where it is hereby expressly required, to the Obligated Group Representative. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders of Master Obligations signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of unregistered Obligations, shall be sufficient for any purpose of this Master Indenture and conclusive in favor of the Master Trustee and the Obligated Group Members, if made in the manner provided in this Section. The Obligated Group may establish a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Master Indenture.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

The amount of Master Obligations in bearer form held by any Person executing any such instrument or writing as a Holder of Master Obligations, the numbers of such Master Obligations, and the date of his holding the same, may be proved by the production of such Master Obligations or by a certificate executed, as depository, by any trust company, bank, banker or member of a national securities exchange (wherever situated), if such certificate is in form satisfactory to the Master Trustee, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Master Obligations held in bearer form therein described; or such facts may be proved by the certificate or affidavit of the Person executing such instrument or writing as a Holder of Master Obligations, if such certificate or affidavit is in form satisfactory to the Master Trustee. The Master Trustee and the Obligated Group Members may assume that such ownership of any Master Obligation held in bearer form continues until (i) another certificate bearing a later date issued in respect of the same Master Obligation is produced, or (ii) such Master Obligation is produced by some other Person, or (iii) such Master Obligation is registered as to principal or is surrendered in exchange for a Master Obligation in registered form, or (iv) such Master Obligation is no longer Outstanding.

(c) The fact and date of execution of any such instrument or writing and the amount and numbers of Master Obligations in bearer form held by the Person so executing such instrument or writing may also be proved in any other manner which the Master Trustee deems sufficient; and the Master Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(d) The ownership of Master Obligations in registered form shall be proved by the Obligation Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Master Obligation shall bind every future Holder of the same Master Obligation and the Holder of every Master Obligation issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Master Trustee or the Obligated Group Members in reliance thereon, whether or not notation of such action is made upon such Master Obligation.

Section 1.05. Notices, etc. to Master Trustee and Obligated Group Members. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders of Master Obligations or other document provided or permitted by this Master Indenture to be made upon, given or furnished to, or filed with:

(a) The Master Trustee by any Holder of Master Obligations or by any specified Person shall be sufficient for every purpose hereunder if actually received by Manufacturers and Traders Trust Company, 25 South Charles Street, 11th Floor, MC MD2-CS58, Baltimore, Maryland 21201, Attention: Corporate Trust Department or at any other address previously furnished in writing to the Obligated Group Representative by the Master Trustee;

(b) The Obligated Group Members by the Master Trustee or by any Holder of Master Obligations shall be sufficient for every purpose hereunder if in writing and mailed, registered or certified first class postage prepaid, to the Obligated Group Representative addressed to it *c/o* Carroll Lutheran Village, Inc., 300 St. Luke's Circle, Westminster, Maryland 21158, Attention:

President, or at any other address previously furnished in writing to the Master Trustee by the Obligated Group Representative.

Notwithstanding the above, in the case of any notice given by the Master Trustee by electronic mail pursuant to the provisions of this Master Indenture, the Master Trustee shall have no duty or obligation to verify or confirm receipt by the person to whom the notice is directed; provided, however, the Master Trustee shall (i) verify that the electronic mail address matches an electronic mail address previously provided to the Master Trustee by such recipient in writing other than by electronic mail, and (ii) ensure that no error message is received by the Master Trustee indicating a delivery delay or failure has resulted, in which case the notice shall be given by means other than electronic mail. Further, the Master Trustee shall have no duty or obligation to verify or confirm that the person who sent any instructions or directions to the Master Trustee by electronic mail is, in fact, a person authorized to give instructions or directions on behalf of the sender (other than to verify that the sender purports to be a person authorized to give instructions and directions on behalf of the entity); and the Master Trustee shall have no liability for any losses, liabilities, costs or expenses incurred or sustained by the Obligated Group as a result of such reliance upon or compliance with such instructions or directions. The Obligated Group agrees to assume all risks arising out of the use of electronic mail or facsimile transmission to submit instructions and directions to the Master Trustee, including, without limitation, the risk of the Master Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

Section 1.06. Notices to Holders of Obligations; Waiver. Where this Master Indenture provides for notice to Holders of Master Obligations of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Holder of such Master Obligations, at its address as it appears on the Master Obligation Register, not later than the latest date, and not earlier than the earliest date, prescribed for the transmission of such notice; provided, however, if notice is permitted by the terms of this Master Indenture to be sent by electronic mail, the provisions of Section 1.05 hereof shall apply. Where this Master Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Master Obligations shall be filed with the Master Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.07. Notices to Rating Agencies. If any of the Series 2014 Bonds are then rated by a Rating Agency, the Obligated Group Representative shall give prompt notice to such Rating Agency of any of the following events:

- (a) any Event of Default hereunder;
- (b) the incurrence by any Obligated Group Member of any Long-Term Indebtedness;
- (c) any addition to or withdrawal from the Obligated Group; and
- (d) any Interest Rate Agreement entered into by any Obligated Group Member.

Section 1.08. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.09. Successors and Assigns. All covenants and agreements in this Master Indenture by the Obligated Group Members shall bind their respective successors and assigns, whether so expressed or not.

Section 1.10. Severability Clause. In case any provision in this Master Indenture or in the Master Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11. Governing Law. This Master Indenture shall be construed in accordance with and governed by the laws of the State.

Section 1.12. U.S.A. PATRIOT Act. The Obligated Group acknowledges that, in accordance with Section 326 of the U.S.A. PATRIOT Act, the Master Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Master Trustee. The parties to this Master Indenture agree that they will provide the Master Trustee with such information as it may request in order for the Master Trustee to satisfy the requirements of the U.S.A. PATRIOT Act.

[End of Article I]

ARTICLE II THE MASTER OBLIGATIONS

Section 2.01. Series and Amount of Master Obligations.

(a) Master Obligations shall be issued under this Master Indenture in series created by Supplements permitted hereunder. Each series shall be designated to differentiate the Master Obligations of such series from the Master Obligations of any other series. No Master Obligation issued hereunder shall be secured on a basis senior to other Master Obligations (other than Master Obligations which constitute Subordinate Indebtedness); provided, however, that the provision of an Interest Rate Agreement, a Credit Facility or the establishment of a debt service reserve fund or account for the benefit of the Holders of certain Master Obligations shall not be considered as the providing of security for such Master Obligations. The number of series of Master Obligations that may be created under this Master Indenture is not limited. The aggregate principal amount of Master Obligations of each series that may be created under this Master Indenture is not limited except as restricted by Supplement and the provisions of Article IV of this Master Indenture.

(b) Any Obligated Group Member proposing to incur Indebtedness, other than the Series 2014 Master Obligations, whether evidenced by Master Obligations issued pursuant to a Supplement or by evidences of Indebtedness issued pursuant to documents other than this Master Indenture, shall give written notice of its intention to incur such Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the Obligated Group Representative and the other Obligated Group Members. The Obligated Group Representative shall provide the Master Trustee with a copy of any such notice it receives prior to the date such Indebtedness is to be incurred. Any such Obligated Group Member, other than the Obligated Group Representative, proposing to incur such Indebtedness other than the Series 2014 Master Obligations shall obtain the written consent of the Obligated Group Representative, which consent shall be evidenced by an Officer's Certificate of the Obligated Group Representative filed with the Master Trustee or an endorsement to such Indebtedness signed by the Obligated Group Representative. The Series 2014 Master Obligations are issued simultaneously with the execution and delivery hereof.

Section 2.02. Appointment of Obligated Group Representative. Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive power to execute Supplements authorizing the issuance of Master Obligations or series of Master Obligations, (b) full and exclusive power to execute Master Obligations for and on behalf of the Obligated Group and each Obligated Group Member, (c) full and exclusive power to execute Supplements on behalf of the Obligated Group and each Obligated Group Member pursuant to Sections 9.01 and 9.02 hereof and (d) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Master Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

Section 2.03. Execution and Authentication of Master Obligations. All Master Obligations shall be executed for and on behalf of the Obligated Group and the Obligated Group Members by an Authorized Representative of the Obligated Group Representative. The

signature of any such Authorized Representative may be manual or may be mechanically or photographically reproduced on the Master Obligation. If any Authorized Representative whose signature appears on any Master Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Master Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Master Obligation shall be entitled to the benefits hereof.

The Master Trustee's authentication certificate shall be substantially in the following form:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

This [Master Obligation] is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication: MANUFACTURERS AND TRADERS TRUST COMPANY, as Master Trustee

By: _____
Authorized Signatory

Section 2.04. Supplement Creating Master Obligations. The Obligated Group Representative (on behalf of the Obligated Group and the Obligated Group Members) and the Master Trustee may from time to time enter into a Supplement in order to create Master Obligations hereunder. Each Supplement authorizing the issuance of Master Obligations shall specify and determine the date of the Master Obligations, the principal amount thereof, the purposes for which such Master Obligations are being issued, the form, title, designation and the manner of numbering or denominations, if applicable, of such Master Obligations, the date or dates of maturity of such Master Obligations, the rate or rates of interest (or method of determining the rate or rates of interest) and premium, if any, borne by such Master Obligations, the arrangement for place and medium of payment and any other provisions deemed advisable or necessary. Each Master Obligation shall be issuable, shall be transferable and exchangeable and shall be subject to redemption as specified in this Master Indenture and in the Supplement. Any Master Obligation to be held by a Related Bond Trustee in connection with the issuance of Related Bonds shall be in the principal amount equal to the aggregate principal amount of such Related Bonds and shall be registered in the name of the Related Bond Trustee as assignee of the issuer of the Related Bonds. Unless a Master Obligation has been registered under the Securities Act of 1933, as amended (or similar legislation subsequently enacted), each such Master Obligation shall be endorsed with a legend which shall read substantially as follows: "This [describe Master Obligation] has not been registered under the Securities Act of 1933 or any state securities law (or any such similar subsequent legislation);" provided, however, such legend shall not be required if the Master Trustee is provided with an Opinion of Counsel to the effect that such legend is not required.

A Supplement and the Master Obligations issued thereunder may contain, as applicable, provisions relating to a Credit Facility, as well as any and all compatible provisions necessary in

order to make the Master Obligations meet the requirements of the provider of such Credit Facility. Similarly, a Supplement may provide for Master Obligations to be issued in fixed or variable rate forms, as the case may be, with such tender and redemption provisions as may be deemed necessary for the issuance thereof and provide for the execution of required documents necessary for such purposes, and may specifically subordinate payment, remedies and any other provisions of the Master Obligations issued thereunder to the provisions of any other Master Obligations.

Section 2.05. Conditions to Issuance of Master Obligations Hereunder. With respect to Master Obligations created hereunder, simultaneously with or prior to the execution, authentication and delivery of Master Obligations pursuant to this Master Indenture:

(a) The Obligated Group Representative (on behalf of the Obligated Group and the Obligated Group Members) shall deliver to the Master Trustee an Obligated Group Representative Request for the authentication of any such Master Obligation, the Master Trustee shall have entered into a Supplement as provided in Section 2.04 hereof, and all requirements and conditions to the issuance of such Master Obligations set forth in the Supplement and in this Master Indenture, including, without limitation, the provisions of Section 4.16 hereof (provided that such provisions shall not be applicable to the Series 2014 Master Obligations), shall have been complied with and satisfied, as provided in an Officer's Certificate of the Obligated Group Representative, a copy of which shall be delivered to the Master Trustee;

(b) The Obligated Group Representative shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) registration of such Master Obligations under the Securities Act of 1933, as amended, and qualification of this Master Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (ii) this Master Indenture, any Supplement and the Master Obligations are valid, binding and enforceable obligations of each of the Obligated Group Members in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally, usual equity principles and other customary exclusions;

(c) The Obligated Group Members shall have executed and delivered to the Master Trustee an amendment or supplement to or other modification of the Deed of Trust necessary to secure such Master Obligations thereunder with evidence of recordation thereof;

(d) The Obligated Group Representative shall have delivered to the Master Trustee copies of Maryland Uniform Commercial Code financing statements filed pursuant to Section 4.03 with evidence of filing noted thereon; and

(e) Such other documents as the Master Trustee may reasonably request.

Section 2.06. List of Holders of Master Obligations. The Master Trustee shall keep on file at its office the Master Obligation Register which shall consist of a list of the names and addresses of the Holders of all Master Obligations. After reasonable notice to the Master Trustee, at reasonable times and under reasonable regulations established by the Master Trustee, the Master Obligation Register may be inspected and copied by any Obligated Group Member,

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the Holder of any Master Obligation or the authorized representative thereof, provided that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

Section 2.07. Optional and Mandatory Redemption. Master Obligations of each series shall be subject to optional and mandatory redemption in whole or in part and may be redeemed prior to maturity, as provided in the Supplement creating such series, but not otherwise.

Section 2.08. Mutilated, Destroyed, Lost and Stolen Master Obligations. If (a) any mutilated Master Obligation is surrendered to the Master Trustee, or the Obligated Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Master Obligation, and (b) there is delivered to the Master Trustee such security or indemnity as may be required by the Master Trustee to save it and the Obligated Group Representative harmless, then, in the absence of notice to the Obligated Group Representative or the Master Trustee that such Master Obligation has been acquired by a bona fide purchaser, the Obligated Group Representative shall execute and upon its request the Master Trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Master Obligation a new Master Obligation of like tenor, series, interest rate and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Master Obligation has become or is about to become due and payable, the Obligated Group Representative in its discretion may, instead of issuing a new Master Obligation, pay such Master Obligation. Upon the issuance of any new Master Obligation under this Section, the Obligated Group Representative and the Master Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Master Trustee) connected therewith. Every new Master Obligation issued pursuant to this Section in lieu of any destroyed, lost or stolen Master Obligation shall constitute an original additional contractual obligation of the maker thereof, whether or not the destroyed, lost or stolen Master Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Master Indenture equally and proportionately with any and all other Master Obligations duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Master Obligations.

Section 2.09. Cancellation. All Master Obligations surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Master Trustee, be delivered to the Master Trustee and, if not already canceled or required to be otherwise delivered by the terms of the Supplement authorizing the series of Master Obligations of which such Master Obligation is a part, shall be promptly canceled by it. The Obligated Group Representative may at any time deliver to the Master Trustee for cancellation any Master Obligations previously authenticated and delivered hereunder, which the Obligated Group Representative may have acquired in any manner whatsoever, and all Master Obligations so delivered shall be promptly canceled by the Master Trustee. No Master Obligations shall be authenticated in lieu of or in exchange for any Master Obligations canceled as provided in this

Section, except as expressly permitted by this Master Indenture. All canceled Master Obligations held by the Master Trustee shall be treated by the Master Trustee in accordance with its current document retention policies.

[End of Article II]

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**ARTICLE III
FUNDS AND ACCOUNTS**

Section 3.01. Revenue Fund.

(a) If an Event of Default under Section 7.01(a) of this Master Indenture shall occur and continue for a period of five days, the Master Trustee shall open a fund called "Revenue Fund – Lutheran Village at Miller's Grant" and each Obligated Group Member shall deposit with the Master Trustee all Gross Revenues of such Obligated Group Member during each succeeding month, beginning on the first day thereof and on each day thereafter, until no default under Section 7.01(a) of this Master Indenture or in the payment of any other Master Obligations then exists.

(b) On the fifth (5th) Business Day preceding the end of each month in which any Obligated Group Member has made payments to the Master Trustee for deposit into the Revenue Fund or such earlier date as directed by the Holders of the majority of Outstanding Master Obligations (other than Subordinated Obligations), the Master Trustee shall withdraw and pay or deposit from the amounts on deposit in the Revenue Fund the following amounts in the order indicated:

FIRST: To the payment of all amounts due the Master Trustee under this Master Indenture;

SECOND: Unless otherwise directed by the Holders of not less than 25% of the Outstanding Master Obligations (other than Subordinated Obligations), to an operating account designated by the Obligated Group Representative (which shall not be subject to the lien of this Master Indenture), the amount necessary to pay the Expenses due or expected to become due in the month following the month in which such transfer is made, all as set forth in the then-current Annual Budget; provided that if the principal of all the Master Obligations has been declared to be due and payable, and if, as an alternative to payment under the preceding clause, in its sole discretion, the Master Trustee determines payment under this proviso is in the best interest of the Holders of the Outstanding Master Obligations or is directed by the Holders of not less than 25% of the Outstanding Master Obligations then Outstanding to proceed under this proviso, to pay the amounts required by paragraph THIRD below;

THIRD: To the payment of the amounts then due and unpaid upon the Master Obligations other than Subordinated Obligations for principal, premium, if any, and interest in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Master Obligations for principal, premium, if any, and interest, respectively;

FOURTH: To restore any deficiency in the Working Capital Fund and the Operating Reserve Fund in that order;

FIFTH: To restore any deficiency in a Debt Service Reserve Fund established under a Related Bond Indenture;

SIXTH: To restore any deficiency in the Renewal and Replacement Fund;

SEVENTH: If the amounts then due and unpaid upon all Master Obligations other than Subordinated Obligations have been paid in full, to the payment of the amounts then due and unpaid upon any Subordinated Obligations for principal, premium, if any, and interest, without preference or priority of any kind except as provided in the Supplement pursuant to which such Subordinated Obligations were issued; and

EIGHTH: any amounts remaining shall be deposited in the Surplus Account of the Revenue Fund.

(c) The moneys held in the Surplus Account (i) may be used to pay any of items FIRST through SEVENTH above and (ii) may be released to the Obligated Group so long as (A) there are no deficiencies in the Debt Service Reserve Fund and all required deposits have been made into the Working Capital Fund, the Operating Reserve Fund and the Renewal and Replacement Fund, (B) the Obligated Group met the covenants in Sections 4.11, 4.21, 4.22, 4.23 and 4.24 herein for the most recent Fiscal Year and is in compliance with all State regulations regarding the Obligated Group's liquidity position, and (C) no Event of Default has then occurred and is continuing.

(d) The money deposited to the Revenue Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section and in Section 7.08 hereof. Pending disbursements of the amounts on deposit in the Revenue Fund, the Master Trustee shall promptly invest and reinvest such amounts in accordance with Section 3.03 hereof. All such investments shall have a maturity not greater than 91 days from date of purchase.

(e) Except as described in Section 3.01(a) herein, each Obligated Group Member shall be entitled to full possession and use of its Gross Revenues other than Entrance Fees required to be transferred to the Master Trustee for deposit in the Entrance Fee Fund pursuant to Section 2.01 of the Initial Supplemental Indenture.

(f) If the Revenue Fund is in effect and there are not sufficient funds to pay items First through Fifth, or if the Revenue Fund is not in effect and the Obligated Group does not have sufficient Revenues in its operating account to pay items First through Fifth, money will be withdrawn from the following funds in the following order of priority: prior to the admission of residents to the Project, moneys shall be withdrawn first from the Working Capital Fund, second from the Liquidity Support Fund, and third from the Debt Service Reserve Fund; following the admission of residents to the Project, moneys shall be withdrawn first from the Working Capital Fund, second from the Liquidity Support Fund, third from the Operating Reserve Fund, and fourth from the Debt Service Reserve Fund.

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Section 3.02. Insurance and Condemnation Fund. There is hereby established with the Master Trustee a trust fund to be designated the “Insurance and Condemnation Fund – Lutheran Village at Miller’s Grant,” which shall be used solely for the purposes set forth in this Section. The Master Trustee shall deposit into the Insurance and Condemnation Fund the Net Proceeds of insurance or condemnation proceeds to be used as provided in Section 4.12 or 4.13 hereof, as applicable.

Section 3.03. Investment of Funds. Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Master Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to rely). Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee, at such times as it is anticipated by the Obligated Group Representative that moneys from the particular fund will be required for the purposes of this Master Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective affiliates. The Master Trustee shall have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Master Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries and may charge its ordinary and customary fees for such trades. In the absence of written investment instructions from the Obligated Group Representative, the Master Trustee shall hold funds on deposit without investment and without liability for interest or other compensation thereon and shall not be responsible or liable for keeping the moneys held by it hereunder fully invested. Confirmations of investments are not required to be issued by the Master Trustee for each month in which a monthly statement is rendered.

The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Master Indenture. The Master Trustee shall make copies of such records available to the Obligated Group Representative upon its reasonable written request.

Section 3.04. Allocation and Transfers of Investment Income. Any investments in any fund or account shall be held by or under the control of the Master Trustee and shall be deemed at all times a part of the fund or account from which the investment was made. Any loss resulting from such investments shall be charged to such fund or account.

Section 3.05. Master Trustee Relieved From Responsibility. The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

Section 3.06. Affiliate Payments/Affiliate Subordinated Indebtedness.

(a) A Member of the Obligated Group will not make Affiliate Payments or payments on Affiliate Subordinated Indebtedness, unless the following conditions are satisfied: (i) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (ii) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (iii) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (iv) after the proposed payment the Days’ Cash on Hand will not be less than (A) 200 days with respect to payments on the Series 2014F Subordinated Obligation and (B) 250 days with respect to payments on the Series 2014G Subordinated Obligation and any other Affiliate Payments or Affiliate Subordinated Indebtedness, in each case based on the written statement of the Accountant calculating the Days’ Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (v) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (vi) the Obligated Group is then in compliance with the Continuing Care Act; and (vii) no Event of Default has occurred and is continuing under this Master Indenture. Further, no payments shall be made with respect to the Series 2014G Subordinated Obligation unless the Series 2014F Subordinated Obligation has been paid in full.

(b) All Affiliate Payments shall be subordinated to all payments due on any Master Obligations Outstanding.

[End of Article III]

**ARTICLE IV
COVENANTS OF THE OBLIGATED GROUP MEMBERS**

Section 4.01. Title to Trust Estate and Lien of this Instrument and Deed of Trust.

Each Obligated Group Member has good and indefeasible title to its portion of the Trust Estate free and clear of any liens, charges, encumbrances, security interests and adverse claims whatsoever except Permitted Encumbrances. Each Obligated Group Member represents that it has the right to mortgage or grant a security interest in its portion of the Trust Estate and will warrant and defend to the Master Trustee the title and the lien of this Master Indenture and the Deed of Trust as a valid and enforceable lien thereon or security interest therein. This Master Indenture and the Deed of Trust constitute valid and subsisting liens on the Trust Estate, all in accordance with the terms hereof.

Section 4.02. Further Assurances. Each Obligated Group Member, upon the request of the Master Trustee, will execute, acknowledge, deliver and record and/or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Master Indenture and the Deed of Trust to subject the Trust Estate to the liens and security interests of the Master Indenture and the Deed of Trust. Each Obligated Group Member, to the extent that Gross Revenues are not on deposit with the Master Trustee pursuant to the provisions of this Master Indenture, shall take such actions as are necessary to cause the Master Trustee to have and maintain "control" (within the meaning of Section 8-106 and 9-104 of the Uniform Commercial Code) of all deposit accounts with any depository institution maintaining such accounts in which any Gross Revenues are on deposit such that the security interests granted by this Master Indenture will constitute valid and perfected security interests in such Gross Revenues in favor of the Master Trustee, enforceable in accordance with the terms hereof, against all creditors of such Obligated Group Members and is and will be prior to all other liens or security interests on such Gross Revenues under applicable law.

Section 4.03. Recording and Filing. The Obligated Group Members shall cause the Deed of Trust and all other instruments necessary to create and/or preserve the liens and security interests granted hereunder and all amendments and supplements thereto and substitutions therefor to be recorded, filed, re-recorded and refiled in such manner and in such places as are necessary to protect the lien on and security interests in the Trust Estate and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges. In addition to the rights granted under Section 11.06 hereof, each Obligated Group Member hereby authorizes the Master Trustee at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law to perfect the security interest in the Trust Estate granted to the Master Trustee. For purposes of such filings, each Obligated Group Member agrees to furnish any information requested by the Master Trustee promptly upon request by the Master Trustee. Each Obligated Group Member hereby irrevocably constitutes and appoints the Master Trustee and any officer or agent of the Master Trustee, with full power of substitution, as its true and lawful attorneys in fact with full irrevocable power and authority in the place and stead of such Obligated Group Member or in the Obligated Group Member's own name to execute in the Obligated Group Member's name any documents and otherwise to carry out the purposes of this Section 4.03, to the extent that the Obligated Group Member's authorization above is not sufficient. To the extent permitted by law, each Obligated Group Member hereby ratifies all acts said attorneys in fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This

power of attorney is coupled with an interest and shall be irrevocable. Information concerning the security interest herein granted may be obtained at the addresses of the Obligated Group Representative as set forth in Section 1.05 of this Master Indenture.

Section 4.04. Payment of Principal, Premium and Interest. The Obligated Group Representative will duly and punctually pay the principal of, premium, if any, and interest on the Master Obligations in accordance with the terms of the Master Obligations and this Master Indenture.

Each Obligated Group Member hereby jointly and severally unconditionally guarantees the full and timely payment of the principal of, premium, if any, and interest on all Outstanding Master Obligations which such Person has not created or otherwise made (and on which such Person is not otherwise primarily liable) in accordance with the terms thereof, whether at Stated Maturity, declaration of acceleration, call for redemption or otherwise. Such guaranty shall not be affected, modified or impaired upon the happening from time to time of any event, other than the payment of such Master Obligations (or provision therefor), including, without limitation, any of the following, whether or not with notice to, or the consent of, the guarantor:

- (a) The waiver, compromise, settlement, release or termination by any Person of the obligations evidenced by such Master Obligations or any covenant or security in support thereof;
- (b) The failure to give notice to the guarantor of the occurrence of an event of default under the terms and provisions of this Master Indenture or any agreement under which such Master Obligations are created, assumed, guaranteed or secured;
- (c) Any failure, omission or delay on the part of the Master Trustee or the Holder of such Master Obligations to enforce, assert or exercise any right, power or remedy conferred on the Master Trustee or such Holder in this Master Indenture or any other agreement under which such Master Obligations are created, assumed, guaranteed or secured;
- (d) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement under bankruptcy or similar laws, composition with creditors or readjustment of or other similar proceedings affecting any such guarantor or any other obligor on Master Obligations;
- (e) The invalidity, irregularity, illegality, unenforceability or lack of value of or any defect in any of the Master Obligations so guaranteed or any collateral security therefor; or
- (f) To the extent permitted by law, any event or action that would, in the absence of this Section, result in the release or discharge by operation of laws of such guarantor from the performance or observance of any obligation, covenant or agreement contained in this Master Indenture.

Section 4.05. Payment of Taxes and Other Claims. Each Obligated Group Member will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon it or upon its income, profits or property and (b) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon its property; provided, however, that

no such Person shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge or claim to the extent that the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 4.06. Maintenance of Properties. Each Obligated Group Member will cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, ordinary wear and tear, casualty, condemnation and acts of God excepted. Each Obligated Group Member will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Obligated Group Representative may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent any such Person from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Person (and in the opinion of the Governing Body of such Person if the property involved is any substantial part of the properties of such Person taken in the aggregate), desirable in the conduct of its business and not disadvantageous in any material respect to the Holders of the Master Obligations.

Section 4.07. Corporate Existence; Status of Obligated Group.

(a) Subject to Section 5.01, each Obligated Group Member will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; provided, however, that no Person shall be required to preserve any right or franchise if the Governing Body of such Person shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Master Obligations.

(b) The Obligor's exact legal name is correctly set forth at the beginning of this Master Indenture, and the Obligor is an organization of the type specified in the first paragraph of this Master Indenture. The Obligor is formed or incorporated in or organized under the laws of the State of Maryland and is duly authorized to conduct business in the State. The Obligor will not cause or permit any change to be made in its name or identity unless the Obligor shall have first notified the Master Trustee in writing of such change at least 30 days prior to the effective date of such change and shall have first taken all action required by the Master Trustee for the purpose of perfecting or protecting the lien and security interest of the Master Trustee. The place where the Obligor keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding two months and will continue to be the address of the Obligor set forth in Section 1.05 hereof (unless the Obligor notifies the Master Trustee in writing at least 30 days prior to the date of such change).

(c) Each Obligated Group Member covenants and agrees to take all action necessary to preserve its status as a Tax-Exempt Organization.

Section 4.08. Preservation of Qualifications. Each Obligated Group Member will not allow any permit, right, license, franchise or privilege, so long as it is necessary for the

ownership or operation of the Trust Estate as a continuing care retirement community, to lapse or be forfeited. If an Obligated Group Member becomes a provider of services under and a participant in the Medicare or Medicaid program or any successor program thereto or any program by a federal, state or local government providing for payment or reimbursement for services rendered for health care, such Obligated Group Member shall use its commercially reasonable efforts to remain fully qualified as a provider of services and a participant in such program; provided, however, that no Obligated Group Member shall be required to maintain any such qualification if (a) the Governing Board of such Person shall determine that the maintenance of such qualification is not in the best economic interest of such Person and (b) at least 30 days prior to the discontinuance of such qualification, such Person shall notify the Initial Underwriter of such proposed discontinuance and shall provide the Initial Underwriter with a written explanation of the basis for such determination.

Section 4.09. Additions to Facilities. Any additions, improvements and extensions to the Facilities of any Member and repairs, renewals and replacements thereof, including, without limitation, any capital improvements, shall upon their acquisition become part of such Facilities.

Section 4.10. Insurance. Each Member shall maintain, or cause to be maintained, at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks, including without limitation, public liability and employee dishonesty, and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated in the State and as is adequate to protect its Property and operations. The Master Trustee shall be listed as a loss payee or additional insured under each insurance policy of each Member while any Master Obligations remain Outstanding. The Members of the Obligated Group shall deliver a certificate of an Insurance Consultant or Insurance Consultants to the Master Trustee on the Closing Date which indicates that the insurance then being maintained by the Members meets the standards described above.

The Obligated Group Representative shall annually review the insurance each Member maintains as to whether such insurance is customary and adequate. In addition, the Obligated Group Representative shall, at least once every two Fiscal Years with respect to commercial insurance and at least once every Fiscal Year with respect to self-insurance (commencing with its Fiscal Year ending two Fiscal Years following the completion of the Project), cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Master Trustee within 120 days after the end of the applicable Fiscal Year which indicates that the insurance then being maintained by the Members meets the standards described above. The Obligated Group Representative shall cause copies of its review, or the certificates of the Insurance Consultant or Insurance Consultants, as the case may be, to be delivered promptly to the Master Trustee. The Obligated Group or any Member may self-insure if the Insurance Consultant or Insurance Consultants determine(s) that such self-insurance meets the standards set forth in the first sentence of this paragraph and is prudent under the circumstances; provided, however, that no Member of the Obligated Group shall self-insure any of its Property, Plant and Equipment.

Naming of the Master Trustee as a loss payee or additional insured under any insurance policy, or the furnishing to the Master Trustee of information relating thereto, shall not impose upon the Master Trustee any responsibility or duty to approve the form of such policy, the qualifications of the company issuing same or any other matters relating thereto.

Section 4.11. Debt Service Coverage Ratio Covenant.

(a) Each Member covenants and agrees to operate all of its Facilities on a revenue producing basis and to charge such fees and rates for its Facilities and services and to exercise such skill and diligence, including obtaining payment for services provided, as to provide income from its Property together with other available funds sufficient to pay promptly all payments of principal and interest on its Indebtedness, all expenses of operation, maintenance and repair of its Property and all other payments required to be made by it hereunder to the extent permitted by law. Each Member further covenants and agrees that it will from time to time as often as necessary and to the extent permitted by law revise its rates, fees and charges in such manner as may be necessary or proper to comply with the provisions of this Section.

The Members covenant and agree that the Obligated Group Representative will calculate the Debt Service Coverage Ratio of the Obligated Group (i) for each fiscal quarter, commencing with the earlier of (A) the first fiscal quarter following Stable Occupancy, or (B) the fiscal quarter ending June 30, 2021, based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive fiscal quarters ending with such fiscal quarter (provided that for the first three fiscal quarters that the Debt Service Coverage Ratio is required to be computed, the Debt Service Coverage Ratio may be calculated, at the option of the Obligated Group Representative, on an annualized basis from the first day of the first fiscal quarter for which such ratio is required to be computed), and (ii) for each Fiscal Year, commencing with the earlier of (A) the first Fiscal Year during which the Debt Service Coverage Ratio is required to be computed for each fiscal quarter, or (B) the Fiscal Year ending June 30, 2021, based on unaudited financial statements (and adjusted retroactively for any material changes reflected in audited financial statements for the fourth quarter of a Fiscal Year) for the four consecutive fiscal quarters ending with such fiscal quarter, and will deliver a copy of such calculation to the Persons to whom such report is required to be delivered under Section 4.15.

(b) If the Historical Debt Service Coverage Ratio as of the end of any fiscal quarter is less than 1.20:1 (but not less than 1.00:1), the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 in the future.

(c) If (i) the Obligated Group has not corrected the deficiency by the first fiscal quarter immediately subsequent to delivery of the Officer's Certificate required in the preceding paragraph, or (ii) at the end of any fiscal quarter, the Historical Debt Service Coverage Ratio is less than 1.00:1, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase such Historical Debt Service Coverage Ratio to at least 1.20:1 in the future. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is actually engaged. Each Obligated Group Member shall use the recommendations of the Consultant

applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of such Member) and permitted by law. This Section shall not be construed to prohibit any Member from serving indigent residents to the extent required for such Member to continue its qualification as a Tax-Exempt Organization or from serving any other class or classes of residents without charge or at reduced rates so long as such service does not prevent the Obligated Group from satisfying the other requirements of this Section.

(d) The foregoing provisions notwithstanding, if the Historical Debt Service Coverage Ratio of the Obligated Group for any fiscal quarter does not meet the levels required above, the Obligated Group shall not be obligated to select a Consultant to make such recommendations pursuant to Section 4.11(c) of this Master Indenture if a Consultant's report was prepared less than four fiscal quarters prior to the current fiscal quarter (unless a majority in principal amount of the Outstanding Master Obligations request a new Consultant's report, which request may not be made more frequently than once every two fiscal quarters).

(e) If the Obligated Group fails to achieve a Historical Debt Service Coverage Ratio of 1.20:1, but achieves a Historical Debt Service Coverage Ratio of at least 1.00:1 for any fiscal quarter, such failure shall not constitute a default or an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a report and adopting a plan and uses the recommendations contained in such report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

(f) Notwithstanding any other provisions of this Master Indenture, in the event that any Obligated Group Member incurs any Additional Indebtedness for any Capital Addition, the Debt Service Requirements on such Additional Indebtedness and the Revenues and Expenses relating to the Capital Addition financed with the proceeds of such Additional Indebtedness shall be excluded from the calculation of the Historical Debt Service Coverage Ratio of the Obligated Group for the purposes of complying with this Section 4.11 until the first full Fiscal Year following the later of (i) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness provided that such completion occurs no later than six months following the completion date for such Capital Addition set forth in the Consultant's report described in paragraph (A) below, or (ii) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled nursing facilities, the first full Fiscal Year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected in the report of the Consultant referred to in paragraph (A) below to occur no later than during the fifth full Fiscal Year following the incurrence of such Additional Indebtedness, or (iii) the end of the fifth full Fiscal Year after the incurrence of such Additional Indebtedness, if the following conditions are met:

(A) There is delivered to the Master Trustee a report or opinion of a Consultant to the effect that the Projected Debt Service Coverage Ratio for the first full Fiscal Year following the later of (1) the estimated completion of the Capital Addition being paid for with the proceeds of such Additional Indebtedness, or (2) if the Capital Addition being paid for with the proceeds of such Additional Indebtedness includes independent living, assisted living or skilled nursing facilities, the first full Fiscal Year following the year in which Stable Occupancy is achieved, which Stable Occupancy shall be projected to occur no later than during the fifth full Fiscal Year following the

incurrence of such Additional Indebtedness, will be not less than 1.20:1 after giving effect to the incurrence of such Additional Indebtedness and the application of the proceeds thereof; provided further, however, that in the event that a Consultant shall deliver a report to the Master Trustee to the effect that state or federal laws or regulations or administrative interpretations of such laws or regulations then in existence do not permit or by their application make it impracticable for Members to produce the required ratio, then such ratio shall be reduced to the highest practicable ratio then permitted by such laws or regulations but in no event less than 1.00:1; provided further, however, that in the event a Consultant's report is not required to incur such Additional Indebtedness, the Obligated Group may deliver an Officer's Certificate to the Master Trustee in lieu of the Consultant's report described in this paragraph (A); and

(B) there is delivered to the Master Trustee an Officer's Certificate on the date on which financial statements are required to be delivered to the Master Trustee pursuant to Section 4.15 hereof until the first Fiscal Year in which the exclusion from the calculation of the Historical Debt Service Coverage Ratio no longer applies, calculating the Historical Debt Service Coverage Ratio of the Obligated Group at the end of each Fiscal Year and demonstrating that such Historical Debt Service Coverage Ratio is not less than 1.00:1, such Historical Debt Service Coverage Ratio to be computed without taking into account (1) the Additional Indebtedness to be incurred if (x) the interest on such Additional Indebtedness during such period is funded from proceeds thereof or other funds of the Member then on hand and available therefor, and (y) no principal of such Additional Indebtedness is payable during such period, and (2) the Revenues to be derived from the Capital Addition to be financed from the proceeds of such Additional Indebtedness.

Section 4.12. Damage or Destruction. Each Member agrees to notify the Master Trustee immediately in the case of the destruction of its Facilities or any portion thereof as a result of fire or other casualty, or any damage to such Facilities or portion thereof as a result of fire or other casualty the Net Proceeds of which are estimated to exceed the Threshold Amount. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months after receipt thereof to (a) repair, replace or restore the damaged or destroyed Facilities, (b) acquire or construct additional capital assets for any one or more Members or (c) repay the principal portion of any Indebtedness incurred by any one or more Members of the Obligated Group to acquire or construct capital assets or refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member suffering such casualty or loss shall deposit or cause to be deposited such Net Proceeds, when and as received, with the Master Trustee and, within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice to the Master Trustee one of the following three options:

(a) **Option A: Repair and Restoration.** Such Member may elect to replace, repair, reconstruct, restore or improve any of the Facilities of the Obligated Group or repay Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such

event such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve Facilities of the Obligated Group or to acquire additional Facilities and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Master Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration or improvement or to the repayment of such Indebtedness. So long as an Event of Default has not occurred and is continuing hereunder, any Net Proceeds of insurance relating to such damage or destruction received by the Master Trustee shall be released from time to time by the Master Trustee to such Member substantially in accordance with the procedures set forth in Section 4.14 of the Series 2014 Loan Agreement and upon the receipt by the Master Trustee of:

(i) Financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance, to pay all Debt Service Requirements and pay necessary Operating Expenses until completion of the replacement, repair, reconstruction, restoration or improvement;

(ii) The Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such replacement, repair, reconstruction, restoration or improvement and stating that, based on signed construction contracts, such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration or improvement; and

(iii) If such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Request by an independent architect.

It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Facilities, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) **Option B: Prepayment of Obligations.** Such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Master Obligations other than Subordinated Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Master Obligations other than Subordinated Obligations on a pro rata basis among all such Master Obligations Outstanding. Upon the payment in full of all Master Obligations other than Subordinated Obligations, the Master Trustee may apply such Net Proceeds to the prepayment of Subordinated Obligations.

(c) **Option C: Partial Restoration and Partial Prepayment of Master Obligations.** Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay Master Obligations other than Subordinated Obligations on a pro rata basis among all such Master Obligations Outstanding, in which event

such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.12 and such Net Proceeds to be used for prepayment of the Master Obligations shall be applied as set forth in subparagraph (b) of this Section.

Notwithstanding the foregoing, the proceeds of business interruption insurance shall be paid directly to the applicable Obligated Group Member and are not subject to the provisions of this Section.

Section 4.13. Condemnation. The Master Trustee shall cooperate fully with the Members in the handling and conduct of any prospective or pending condemnation proceedings with respect to their Facilities or any part thereof. Each Member hereby irrevocably assigns to the Master Trustee, as its interests may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an “award”), which exceeds the Threshold Amount.

If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid to the Member in question. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within 24 months of the receipt thereof to (a) restore, replace or repair the condemned Facilities, (b) acquire or construct additional capital assets or (c) repay the principal portion of Indebtedness incurred by one or more Members of the Obligated Group to acquire or construct capital assets or to refinance Indebtedness incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member in question shall deposit or cause to be deposited such Net Proceeds, when and as received, with the Master Trustee and, within 12 months after the date on which the Net Proceeds are finally determined, elect by written notice of such election to the Master Trustee one of the following three options:

(a) **Option A: Repairs and Improvements.** The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as an Event of Default has not occurred and is continuing hereunder, such Member shall have the right to receive such Net Proceeds from the Master Trustee from time to time substantially in accordance with the procedures set forth in Section 4.14 of the Series 2014 Loan Agreement and upon the receipt by the Master Trustee of:

(i) Financial projections, which may be prepared by management, demonstrating that the Obligated Group will have sufficient funds, including the proceeds of business interruption insurance, to pay all Debt Service Requirements and pay necessary Operating Expenses until completion of the replacement, repair, reconstruction, restoration or improvement;

(ii) The Request of such Member specifying the expenditures made or to be made or the Indebtedness incurred in connection with such restoration, replacement,

repairs, improvements and acquisitions and stating that, based on signed construction contracts, such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(iii) If such expenditures were or are to be made or such Indebtedness was incurred for the construction or renovation of Facilities, the written approval of such Request by an independent architect.

(b) **Option B: Prepayment of Master Obligations.** Such Member may elect to have such Net Proceeds of the award applied to the prepayment of the Master Obligations other than Subordinated Obligations. In such event such Member shall, in its notice of election to the Master Trustee, direct the Master Trustee to apply such Net Proceeds, when and as received, to the prepayment of Master Obligations other than Subordinated Obligations on a pro rata basis among all such Master Obligations Outstanding. Upon the payment in full of all Master Obligations other than Subordinated Obligations, the Master Trustee may apply such Net Proceeds to the prepayment of Subordinated Obligations.

(c) **Option C: Partial Restoration and Partial Prepayment of Master Obligations.** Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Facilities of the Obligated Group or the acquisition of additional Facilities for the Obligated Group or the repayment of Indebtedness incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of Master Obligations other than Subordinated Obligations on a pro rata basis among all such Master Obligations Outstanding, in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 4.13 and such Net Proceeds to be used for prepayment of the Master Obligations shall be applied as set forth in subparagraph (b) of this Section.

Section 4.14. Other Provisions with Respect to Net Proceeds. Net Proceeds deposited with the Master Trustee shall be credited to the Insurance and Condemnation Fund and be invested or reinvested by the Master Trustee as directed in writing by the Obligated Group Representative in Permitted Investments subject to any Member’s right to receive the same pursuant to Sections 4.12 and 4.13 hereof. If any Member elects to proceed under either Section 4.12(a) or (c) or Section 4.13(a) or (c), any amounts in respect of such Net Proceeds not so paid to such Member shall be used to prepay Master Obligations as set forth in either Section 4.12(b) or Section 4.13(b).

Section 4.15. Financial Statements, Etc.

(a) The Members covenant that they will keep or cause to be kept proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Obligated Group in accordance with GAAP consistently applied except as may be disclosed in the notes to the audited financial statements referred to in subparagraph (b) below. To the extent that GAAP would require consolidation of certain financial information of entities which are not Members of the Obligated Group with financial information of one or more Members, consolidated financial statements

prepared in accordance with GAAP which include information with respect to entities which are not Members of the Obligated Group may be delivered in satisfaction of the requirements of this Section 4.15 so long as: (i) supplemental information in sufficient detail to separately identify the information with respect to the Members of the Obligated Group is delivered to the Master Trustee with the audited financial statements; (ii) such supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements delivered to the Master Trustee and, in the opinion of the Accountant, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole; and (iii) such supplemental information is used for the purposes hereof or for any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture. At least thirty (30) days prior to the first day of each Fiscal Year, the Obligated Group will prepare the Annual Budget for the following Fiscal Year, and amendments thereof within 30 days after board approval. If the Obligated Group fails to prepare the Annual Budget for any Fiscal Year, the Annual Budget for the preceding Fiscal Year will continue in effect until the Annual Budget is prepared for the remainder of the applicable Fiscal Year. The Obligated Group agrees that while the Liquidity Support Agreement remains in effect, it will provide CLV with the proposed Annual Budget prior to its adoption.

(b) The Obligated Group Representative will furnish or cause to be furnished to each Required Information Recipient, the following:

(i) A monthly statement of the Obligated Group as soon as practicable after the information is available but in no event more than 45 days after the completion of such month, including:

(A) Prior to the issuance of a certificate of occupancy for the first building containing Independent Living Units, (1) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (2) a copy of the report prepared by the Construction Monitor; (3) a report by the Obligated Group Representative on the progress of the construction by no later than the 15th day of each month, showing the dollar amount and percentage of completion for each stage of construction of the Project, comparing such amounts to the amounts estimated in the schedule of values and the construction progress schedule delivered on the Closing Date, estimating the amount of funds required to complete the Project, and certifying that the amount available in the Construction Fund, together with anticipated investment earnings, will be sufficient to pay the costs of completing the Project; (4) unaudited financial reports on the development costs of the Project incurred during that month and on an aggregate basis, showing a comparison to the development budget; (5) statements of the balances for each fund and account required to be established hereunder or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (6) if such month is the last month of a fiscal quarter, a calculation of compliance with the Marketing Requirements and the Occupancy Requirements and a calculation of Cumulative Cash Operating Loss, Days' Cash on Hand and the Debt Service Coverage Ratio for such fiscal

quarter, if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative; and

(B) After the issuance of a certificate of occupancy for the first building containing Independent Living Units, (1) a calculation of the marketing levels for the Project as of the end of such month, including the number of Independent Living Units that have been sold or cancelled during that month and on an aggregate basis; (2) occupancy levels of the Project as of the end of such month including the number of Independent Living Units, Assisted Living Units and Skilled Nursing Beds that were occupied and vacated during that month and on an aggregate basis and a payor mix for the Skilled Nursing Beds; (3) a summary statement on the status of construction until the issuance of the last certificate of occupancy for the Project; (4) unaudited financial reports on the development costs incurred during that month and on an aggregate basis until the issuance of the last certificate of occupancy for the Project; (5) an unaudited statement of revenues and expenses and statement of cash flows of the Obligated Group for such month and an unaudited balance sheet of the Obligated Group as of the end of such month, showing a comparison to the current Annual Budget; (6) statements of the balances for each fund and account required to be established hereunder or under the Liquidity Support Agreement or under any Related Bond Indenture as of the end of such month (obtained from the applicable trustee), all in reasonable detail and certified by an officer of the Obligated Group Representative; and (7) a calculation of compliance with the Marketing Requirements and the Occupancy Requirements, and a calculation of the Cumulative Cash Operating Loss, the Days' Cash on Hand and the Debt Service Coverage Ratio for such fiscal quarter, if required to be calculated hereunder, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Obligated Group Representative; and

(C) The Obligated Group Representative does not need to deliver any monthly statement of the Obligated Group described in this subsection (i) after Stable Occupancy;

(ii) Beginning with the first full fiscal quarter following Stable Occupancy:

(A) Quarterly unaudited financial statements of the Obligated Group as soon as practicable after they are available but in no event more than 45 days after the completion of such fiscal quarter, including a combined or combining statement of revenues and expenses and statement of cash flows of the Obligated Group during such period, a combined or combining balance sheet as of the end of each such fiscal quarter, a payor mix for the Skilled Nursing Beds, occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units, Assisted Living Units and Skilled Nursing Beds and a calculation of compliance with the Marketing Requirements and the Occupancy Requirements, and a calculation of the Cumulative Cash Operating Loss, the Days' Cash on Hand and the Debt Service Coverage Ratio for such fiscal quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by

an officer of the Obligated Group Representative; such financial statements and calculations shall be accompanied by a comparison to the Annual Budget provided pursuant to this Section;

(B) If the Debt Service Coverage Ratio of the Obligated Group for any Fiscal Year is less than 1.20 and the Days' Cash on Hand of the Obligated Group is less than the Liquidity Requirement for any Testing Date as provided in this Master Indenture, the Obligated Group will deliver the financial information and the calculations described in (A) above on a monthly basis within 45 days of the end of each month until the Debt Service Coverage Ratio of the Obligated Group is at least 1.20 and the Days' Cash on Hand of the Obligated Group is at least equal to the applicable Liquidity Requirement; and

(C) Occupancy levels of the Project as of the end of such quarter including the number of Independent Living Units that were occupied and vacated during that quarter and on an aggregate basis;

(iii) Within 150 days of the end of each Fiscal Year, an annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and unaudited combining balance sheet as of the end of such Fiscal Year and a combined and unaudited combining statement of cash flows for such Fiscal Year and a combined and unaudited combining statement of revenues and expenses for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing calculations of the Obligated Group's Debt Service Coverage Ratio for such Fiscal Year and the Days' Cash on Hand of the Obligated Group at the end of such Fiscal Year if required to be calculated hereunder, and a statement that such Accountant has no knowledge of any default under this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof; provided, however, that the report of the Accountant shall be subject to and restricted by any then current recommendations and/or pronouncements of the American Institute of Certified Public Accountants;

(iv) On or before the date of delivery of the financial reports referred to in subsection (iii) above, an Officer's Certificate of the Obligated Group Representative (A) stating that the Obligated Group is in compliance with all of the terms, provisions and conditions of this Master Indenture or, if not, specifying all such defaults and the nature thereof, (B) calculating and certifying compliance with the Marketing Requirements and the Occupancy Requirements, calculating the Cumulative Cash Operating Loss, the Days' Cash on Hand and the Debt Service Coverage Ratio, if required to be calculated for such Fiscal Year hereunder, as of the end of such Fiscal Year, as appropriate, and (C) beginning with the first Fiscal Year following Stable Occupancy, attaching (1) information about occupancy of the Independent Living Units, including a comparison to the prior year's occupancy, (2) the sources of revenue for the Nursing Beds, (3) the turnover statistics with respect to the Independent Living Units, (4) changes in any services offered to the residents of the Project and (5) that the Project is in compliance with the Continuing Care Act;

(v) Commencing with the Fiscal Year beginning July 1, 2015, the Annual Budget for the Obligated Group's operations for each Fiscal Year, prepared and delivered at least 30 days prior to the start of each such Fiscal Year; and

(vi) On or before the date of delivery of the financial reports referred to in subsections (ii) and (iii) above, a management's discussion and analysis of results for the applicable fiscal period;

(vii) Subject to industry standards relating to the financing of facilities similar to the Project, the Obligated Group shall use its best efforts to make available one or more representatives reasonably acceptable to the Bondholders and the Master Trustee for a quarterly telephone conference call with the Bondholders and the Master Trustee to discuss the financial results of the preceding quarter and such other matters as are relevant or are reasonably requested by the Bondholders and the Master Trustee. The Obligated Group shall post notice of such calls to EMMA maintained by the Municipal Securities Rulemaking Board (the "MSRB") at least two weeks prior to the scheduled date of each call;

(viii) Any correspondence to or from the Internal Revenue Service concerning the status of each Obligated Group Member as a Tax Exempt Organization or with respect to the tax exempt status of the Series 2014 Bonds, promptly upon receipt;

(ix) Such additional information as the Master Trustee or any Related Bond Trustee may reasonably request concerning any Member in order to enable the Master Trustee or such Related Bond Trustee to determine whether the covenants, terms and provisions of this Master Indenture have been complied with by the Members and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and Property (other than patient, donor and personnel records) of the Members shall, to the extent permitted by law, at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof) as shall from time to time be designated by the Master Trustee or such Related Bond Trustee;

(x) Upon withdrawal of any funds from the Liquidity Support Fund, the Obligated Group Representative shall notify the Master Trustee and each Required Information Recipient;

(xi) Within 30 days of any revision of the schedule of Entrance Fees or Monthly Service Fees being charged or quoted to residents or prospective residents of the Project, a report on the amounts of such revised Entrance Fees or Monthly Service Fees for each type of unit setting forth the reasons for such revision and, if applicable, the reason why any increases in such fees forecasted in the Feasibility Report have not been made; and

(xii) Notice within ten (10) Business Days of the occurrence of any of the material events required to be reported to the MSRB pursuant to the Continuing Disclosure Agreement.

(xiii) Beginning with the first full fiscal quarter following receipt of a certificate of occupancy for the initial Independent Living Units and every fiscal quarter thereafter, the calculations of Days' Cash on Hand and the Debt Service Coverage Ratio. Such information provided in this subsection (xiii) is for informational purposes only and is not for covenant compliance until such covenants are required to be tested pursuant to this Master Indenture.

(b) The Members also agree that, within 10 days after its receipt thereof, the Obligated Group Representative will file with the Master Trustee and each Required Information Recipient a copy of each Consultant's report or counsel's opinion required to be prepared under the terms of this Master Indenture.

(c) The Obligated Group Representative shall give prompt written notice of a change of Accountant by the Obligated Group to the Master Trustee and each Related Bond Trustee. The notice shall state (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former Accountant on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which the former Accountant claimed would have caused them to refer to the disagreement in a report on the disputed matter if it was not resolved to its satisfaction; and (iii) such additional information relating thereto as such Related Bond Trustee or the Master Trustee may reasonably request.

(d) Without limiting the foregoing, each Member will permit, upon reasonable notice, the Master Trustee or any such Related Bond Trustee (or such persons as they may designate) to visit and inspect, at the expense of such Person, its Property and to discuss the affairs, finances and accounts of the Obligated Group with its officers and Accountants, all at such reasonable times and locations and as often as the Master Trustee or such Related Bond Trustee may reasonably desire.

(e) The Obligated Group Representative may designate a different Fiscal Year for the Members of the Obligated Group by delivering a notice to the Master Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the "Interim Period") of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Members covenant that they will furnish to the Master Trustee and each Related Bond Trustee, as soon as practicable after they are available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by an Accountant selected by the Obligated Group Representative covering the operations of the Obligated Group for such Interim Period and containing a combined balance sheet as of the end of such Interim Period and a combined statement of changes in fund balances and changes in financial position for such Interim Period and a combined statement of revenues and expenses for such Interim Period, showing in each case in comparative form the financial figures for the comparable period in the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report containing a calculation of the Obligated Group's Debt Service Coverage Ratio for the Interim Period and a statement that such Accountant has obtained no knowledge of any default by any Member in the fulfillment of any of the terms, covenants, provisions or conditions of this Master Indenture, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default).

(f) Delivery of such reports, information and documents described in this Section 4.15 to the Master Trustee is for informational purposes only, and the Master Trustee's receipt thereof shall not constitute notice to it of any information contained therein or determinable from information contained therein, including compliance by the Obligated Group or the Members with any of its or their covenants hereunder, as to which the Master Trustee is entitled to rely exclusively on Officer's Certificates.

Section 4.16. Permitted Additional Indebtedness. So long as any Master Obligations are outstanding, the Obligated Group will not incur any Additional Indebtedness (whether or not incurred through the issuance of Additional Master Obligations) other than as permitted in this Master Indenture.

(a) **Long-Term Indebtedness.** If no Event of Default shall have occurred and then be continuing, an Obligated Group Member may incur or assume additional Long-Term Indebtedness for such lawful purposes of such Obligated Group Member as shall be specified in reasonable detail in a certified resolution of such Obligated Group Member; provided that, on or before the date on which any Long-Term Indebtedness, whether secured or unsecured, is to be incurred or assumed, the Obligated Group Representative shall deliver to the Master Trustee:

(i) **Historical Pro Forma Test.** Except as provided in paragraphs (ii) through (viii) below, an Officer's Certificate stating that the Historical Pro Forma Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year (taking into account the Long-Term Indebtedness to be incurred) was not less than 1.25 and the Obligated Group was in compliance with the Liquidity Requirement.

(ii) **Historical Test and Forecast.** In lieu of the requirements of paragraph (i) above,

(A) An Officer's Certificate stating that the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding Fiscal Year (without taking into account the Long-Term Indebtedness to be incurred) was not less than 1.25 and that the Obligated Group was in compliance with the Liquidity Requirement, and

(B) A Feasibility Report stating that (1) the Debt Service Coverage Ratio of the Obligated Group (taking into account the Long-Term Indebtedness to be incurred) is expected to be not less than 1.30 for (a) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (b) if the Long-Term Debt will finance a Capital Addition that includes additional Independent Living Units or health care beds, the earlier of (I) the first complete Fiscal Year for which the additional units achieve average occupancy of 85% or (II) the first complete Fiscal Year that begins at least 18 months after the date such additional units are expected to be placed in service, and (2) the Obligated Group is forecasted to be in compliance with the Liquidity Requirement.

(iii) **Pro Forma Test.** In lieu of the requirements of paragraphs (i) and (ii) above, a Feasibility Report stating that the Debt Service Coverage Ratio of the Obligated

Group (taking into account the Long-Term Indebtedness to be incurred) is expected to be not less than 1.35 for (A) the first complete Fiscal Year following the Fiscal Year during which the Capital Addition financed with such Long-Term Indebtedness is expected to be placed into service, or (B) if the Long-Term Indebtedness will finance a Capital Addition that includes additional Independent Living Units or health care beds, the earlier of (1) the first complete Fiscal Year for which the additional units achieve average occupancy of 85% or (2) the first complete Fiscal Year that begins at least 18 months after the date such additional units are expected to be placed in service, and the Obligated Group is forecasted to be in compliance with the Liquidity Requirement.

(iv) **Limit Based on Revenues.** Commencing one year after the final certificate of occupancy has been issued with respect to the Project, in lieu of the requirements of paragraphs (i) through (iii) above, an Officer's Certificate showing that the proposed Long-Term Indebtedness, together with all Long-Term Indebtedness incurred pursuant to this paragraph (iv) which is then Outstanding and which is not covered by an Officer's Certificate or Feasibility Report delivered pursuant to paragraphs (i) through (iii) above, does not exceed 5% of Revenues of the Obligated Group for the immediately preceding Fiscal Year.

(v) **Completion Indebtedness.** In the case of Long-Term Indebtedness incurred or assumed to finance the completion of the Project or a Capital Addition, in lieu of the requirements of paragraphs (i) through (iv) above, so long as the scope of the Project or such Capital Addition is not being changed, either (A) an Officer's Certificate showing that the principal amount of the proposed Long-Term Indebtedness does not exceed 10% of the principal amount of the Long-Term Indebtedness originally incurred to finance the Project or such Capital Addition or (B) a Feasibility Report stating that the forecasted Debt Service Coverage Ratio of the Obligated Group for each of the two Fiscal Years immediately following the completion of the Project or such Capital Addition will be not less than what such Debt Service Coverage Ratio would have been without the incurrence of such Indebtedness. In addition, the Obligated Group must provide an Architect's certificate to the Master Trustee stating that the Long-Term Indebtedness incurred or assumed to finance the completion of the Project or a Capital Addition will be sufficient to complete the Project.

(vi) **Refunding Indebtedness.** In lieu of the requirements of paragraphs (i) through (v) above, in the case of Long-Term Indebtedness incurred to refinance outstanding Long-Term Indebtedness, either (A) an Officer's Certificate showing that the Maximum Debt Service Requirement on the proposed Long-Term Indebtedness does not exceed 110% of the Maximum Debt Service Requirement on the Long-Term Indebtedness to be refinanced.

(vii) **Future Phase Indebtedness.** In lieu of the requirements of paragraphs (i) through (vi) above, in the case of additional Long-Term Indebtedness for the construction of new Independent Living Units (a "Future Phase") if (A) at least 70% of the Independent Living Units to be constructed as the Future Phase have been reserved with executed Residency Agreements and deposits at least equal to 10% of the Entrance Fee shall have been received for such units; (B) there is a guaranteed maximum price or stipulated construction contract for the Future Phase; (C) the Obligated Group is in

compliance with all then applicable covenants contained herein and with the requirements of the Continuing Care Act; (D) all required deposits have been made in the Entrance Fee Fund; (E) the Project has achieved Stable Occupancy; and (F) a Feasibility Report shows that the Debt Service Coverage Ratio of the Obligated Group for the two Fiscal Years following the completion of the Future Phase will be at least 1.25 and the Days' Cash on Hand at the end of the first Fiscal Year in which the average occupancy of such Independent Living Units is forecasted to reach 85% will be at least 200.

(viii) **Subordinated Indebtedness.** In lieu of the requirements of paragraphs (i) through (vii) above, and notwithstanding the CLV Subordinated Obligations, Subordinated Indebtedness may be incurred without limit, so long as all Subordinated Indebtedness is evidenced by a Subordinated Obligation issued pursuant to a Supplement to this Master Indenture or is unsecured, payments are permitted no more often than quarterly and:

(A) No payment may be made in any quarter on any Subordinated Indebtedness unless: (i) all Short-Term Indebtedness has been paid in full; (ii) the Debt Service Coverage Ratio of the Obligated Group for the immediately preceding four consecutive fiscal quarters was not less than 1.35; (iii) there is no deficiency in any Debt Service Reserve Fund; (iv) the Days' Cash on Hand, after giving effect to such payment, will be not less than 200; (v) the average occupancy of the Independent Living Units has been at least 90% for the preceding 12 months; (vi) all required deposits have been made to the Operating Reserve Fund and the Renewal and Replacement Fund; and (vii) no Event of Default has occurred and is continuing;

(B) Payments not permitted to be paid on Subordinated Indebtedness pursuant to the preceding paragraphs will be deferred, without compounded interest, until all of the conditions described above have been met for payment on such Subordinated Indebtedness and

(C) The relative priority of payment of Subordinated Obligations shall be provided for the Supplement pursuant to which such Subordinated Obligations are issued.

(b) **Short-Term Indebtedness.** The Obligated Group may, from time to time, incur, assume or allow to remain Outstanding at any time Short-Term Indebtedness in any amount up to ten percent (10%) of Revenues of the Obligated Group for the preceding Fiscal Year. Any such Short-Term Indebtedness must, for a period of at least 30 consecutive days during each Fiscal Year, be less than 3% of Revenues for the preceding Fiscal Year. Short-Term Indebtedness in excess of such 3% limit shall be permitted to remain Outstanding only if permitted to exist under this Master Indenture as Long-Term Indebtedness.

Each Member covenants that prior to, or as soon as reasonably practicable after, the incurrence of Indebtedness by such Member for money borrowed or credit extended, or the equivalent thereof, after the date of issuance of the Series 2014 Master Obligations, it will deliver to the Master Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section 4.16 pursuant to which such Indebtedness was incurred,

demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

Each Member agrees that, prior to incurring Additional Indebtedness for money borrowed from or credit extended by entities other than Related Issuers, sellers of real or personal property for purchase money debt, lessors of such property or banks or other institutional lenders, it will provide the Master Trustee with an Opinion of Counsel acceptable to the Master Trustee to the effect that, to such counsel's knowledge, such Member has complied in all material respects with all applicable state and federal laws regarding the sale of securities in connection with the incurrence of such Additional Indebtedness (including the issuance of any securities or other evidences of indebtedness in connection therewith); provided, however, that this requirement shall not apply to Indebtedness incurred pursuant to paragraph (a)(iv) of this Section 4.16.

The provisions of this Master Indenture notwithstanding, the Members of the Obligated Group may not incur any Additional Indebtedness the proceeds of which will be used for the acquisition of real Property or the construction of any Facilities unless the right, title and interest in any assets to be financed or refinanced with the proceeds of such Additional Indebtedness and the real estate upon which such assets will be located have been mortgaged and assigned to the Master Trustee pursuant to a Deed of Trust in substantially the form of the Deed of Trust and such assets and real estate are not subject to any other Lien except for Permitted Encumbrances.

Section 4.17. Securing Permitted Indebtedness. As long as no Event of Default has occurred and is continuing, any Indebtedness permitted to be incurred or assumed as provided in Section 4.16 may be secured only as hereinafter provided:

(a) **Parity Obligations.** The Obligated Group may secure Long-Term Indebtedness incurred or assumed pursuant to Section 4.16(a), other than pursuant to 4.16(a)(iv) or 4.16(a)(viii), as a Master Obligation equally and ratably secured with all other Master Obligations issued under this Master Indenture, provided that (i) in the case of Long-Term Indebtedness incurred under 4.16(a)(v), only if the Indebtedness which originally financed the Project or Capital Addition was a Master Obligation, and (ii) in the case of Long-Term Indebtedness incurred under 4.16(a)(vi), only if the original Long-Term Indebtedness being refunded was a Master Obligation.

(b) **Other Secured Long-Term Indebtedness.** Any Long-Term Indebtedness incurred pursuant to Section 4.16 that has not been secured as provided under subsection (a) above may be secured only as follows:

(i) by a lien on and security interest in any Property or interest in Property, real, personal or mixed, of the Obligated Group other than the Mortgaged Property or the Gross Revenues; or

(ii) by a purchase money security interest in fixtures and equipment made part of the Mortgaged Property or by a security interest given to refinance a purchase money security interest.

(c) **Security for Short-Term Indebtedness and Working Capital Debt.** Any Short-Term Indebtedness or any Long-Term Indebtedness which is incurred for the purpose of

providing working capital may be secured by a security interest in the Gross Revenues (but not the Mortgaged Property) on a parity with the security interest created by this Master Indenture, and if so secured, the agreement for the repayment of such Short-Term Indebtedness and instruments evidencing or securing the same shall provide that: (i) any event of default thereunder shall be an Event of Default hereunder; and (ii) if any event of default shall have occurred with respect to such Short-Term Indebtedness, the holder thereof shall be entitled only to such rights to exercise, consent to or direct the exercise of remedies as are available to the Master Trustee, and that all such remedies are, except as otherwise provided in this Master Indenture, to be exercised solely by the Master Trustee for the equal and ratable benefit of the holders of all Master Obligations and all Indebtedness so secured. Any agreement for the repayment of such Indebtedness and instruments evidencing or securing the same shall provide for notices to be given to the Master Trustee regarding defaults by the Obligated Group and shall specify the rights of the Master Trustee to pursue remedies upon the receipt of such notice and the sharing of the rights of the Master Trustee to control the exercise of remedies with the holder of such indebtedness.

(d) **Security for Subordinated Indebtedness.** The Obligated Group may secure Subordinated Indebtedness incurred or assumed pursuant to Section 4.16(a)(viii) as a Subordinated Obligation with a lien on the Trust Estate that is subordinate to the lien on the Trust Estate securing all other Master Obligations issued under this Master Indenture.

Section 4.18. Calculation of Debt Service and Debt Service Coverage.

(a) For the purpose of determining the interest rate on Long-Term Indebtedness which bears interest at a variable rate, such interest rate shall be assumed to be: (i) for the purpose of determining whether such Long-Term Indebtedness may be incurred, the rate estimated by a Consultant to be in effect on Indebtedness of comparable terms and creditworthiness at the time of such incurrence; or (ii) for the purpose of Long-Term Indebtedness Outstanding, the higher of (A) the average interest rate on such Long-Term Indebtedness for the preceding calendar year or (B) the rate then in effect on such Long-Term Indebtedness.

(b) The Debt Service Requirements on the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds shall be deemed to be the interest requirements on such Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds and the principal thereon shall be disregarded.

(c) For the purpose of determining the Debt Service Requirements on any Long-Term Indebtedness incurred to finance a Capital Addition, the admission to which is subject to Residency Agreements, there shall be applied as a credit against the principal amount of such Long-Term Indebtedness the amount of Entrance Fees or other moneys which are forecasted to be used (other than from the proceeds of Long-Term Indebtedness) to pay the principal of such Long-Term Indebtedness during the forecast period covered by a Feasibility Report, provided that no such forecast period shall extend more than five full Fiscal Years beyond the date of completion of the Capital Additions being financed with such Long-Term Indebtedness or, in the case of Long-Term Indebtedness issued or incurred for refinancing purposes, five full Fiscal Years beyond the date of issuance thereof.

(d) For the purpose of determining the Debt Service Requirements on that portion of Long-Term Indebtedness which constitutes Balloon Indebtedness, at the option of the Obligated Group Representative (and in lieu of the provisions of the preceding paragraph, if applicable):

(i) If such Balloon Indebtedness is less than 5% of the Revenues of the Obligated Group for the Fiscal Year preceding the date it is incurred, the Debt Service Requirements on such Long-Term Indebtedness shall be deemed to be those if such Long-Term Indebtedness were amortized over a term of 15 years, based on level payments of principal and interest, using an interest rate estimated by a Consultant to be in effect on debt of comparable terms and creditworthiness;

(ii) If the Debt Service Coverage Ratio of the Obligated Group for the preceding Fiscal Year was at least 1.35 and the Days' Cash on Hand at the end of the last Fiscal Year, and as of the most recent fiscal quarter, was at least 220, the Debt Service Requirements on such Long-Term Indebtedness shall be deemed to be those which would be payable if such Long-Term Indebtedness were amortized over a term of 20 years, based on level payments of principal and interest, using an interest rate estimated by a Consultant to be in effect on debt of comparable terms and creditworthiness;

(iii) If the Obligated Group received an enforceable commitment for funding new Long-Term Indebtedness to repay such prior Indebtedness, the Debt Service Requirements shall be deemed to be those of the new Long-Term Indebtedness obligation;

(iv) If such Long-Term Indebtedness is secured by a Credit Facility in an amount at least equal to the principal amount of such Long-Term Indebtedness, the Debt Service Requirements shall be deemed to be those which will become due from the Obligated Group assuming such Credit Facility is drawn upon to pay such Long-Term Indebtedness at any maturity of such Balloon Indebtedness; and

(v) If such Long-Term Indebtedness does not meet any of the requirements of subparagraphs (i), (ii), (iii) or (iv) above, or if such Balloon Indebtedness matures within 12 months of the date of calculation, the Debt Service Requirements shall include the full amount of principal stated to be due in any year on such Long-Term Indebtedness.

(e) For the purpose of determining whether any particular Guaranty may be incurred, it shall be assumed that 100% of the Indebtedness guaranteed is Long-Term Indebtedness of the guarantor under such Guaranty. For the purpose of calculating any historical Debt Service Requirements, the guarantor's Debt Service Requirements under a Guaranty shall be deemed to be the actual amount paid on such Guaranty by the guarantor. For any other purpose, a guarantor shall be considered liable only for 20% of the annual debt service requirement on the Indebtedness guaranteed; provided, however, if the guarantor has been required by reason of its guaranty to make a payment in respect of such Indebtedness within the immediately preceding 24 months, the guarantor shall be considered liable for 100% of the annual debt service requirement on the Indebtedness guaranteed.

(f) Each Member may elect to have Indebtedness issued pursuant to one provision of Section 4.16 reclassified as having been incurred under another provision of Section 4.16 by

demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

(g) Anything herein to the contrary notwithstanding, any portion of any Indebtedness of any Member for which an Interest Rate Agreement has been obtained by such Member shall be deemed to bear interest for the period of time that such Interest Rate Agreement is in effect at a net rate which takes into account the interest payments made by such Member on such Indebtedness and the payments made or received by such Member on such Interest Rate Agreement, provided that the long term credit rating of the provider of such Interest Rate Agreement (or any guarantor thereof) is in one of the three highest rating categories of any Rating Agency (without regard to any refinements of gradation of rating category by numerical modifier or otherwise) or is at least as high as that of the Obligated Group. In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account an Interest Rate Agreement, any payments made by a Member on such Interest Rate Agreement shall be excluded from Expenses and any payments received by a Member on such Interest Rate Agreement shall be excluded from Revenues, in each case, for all purposes of this Master Indenture.

Section 4.19. Permitted Transfers of Property. Each Member agrees that it will not sell, lease, donate, transfer or otherwise dispose (including, without limitation, any involuntary disposition) of Property (either real or personal property, including Cash and Investments) unless the Obligated Group Representative determines that the Property has been sold, leased, donated, transferred or otherwise disposed of in one or more of the following transfers or other dispositions of Property:

(a) Payments for goods and services in arm's length transactions, investments in marketable securities and transfers of Property replaced in the ordinary course of business, provided that in the case of any transfer of Property (other than payment for goods and services or investments) in the ordinary course of business, at least 15 days' prior written notice shall be given to the Master Trustee of any such transfer of Property having a book value in excess of 1% of net book value of all of the net Property, Plant and Equipment of the Obligated Group.

(b) Transfers aggregating in any Fiscal Year not more than 3% of net Property, Plant and Equipment (as shown on the most recent audited financial statements) and not more than 7.5% of net Property, Plant and Equipment in any period of three consecutive Fiscal Years.

(c) Transfers of tangible Property at any one time in excess of 3% of net Property, Plant and Equipment provided that (i) the required Cumulative Cash Operating Loss Covenant, the Debt Service Coverage Ratio requirement and the Liquidity Requirement are being met and all required deposits to the Operating Reserve Fund and the Renewal and Replacement Fund have been made, and (ii) Days' Cash on Hand shall not be less than 180 after giving effect to such transfer; provided, further, if the Historical Debt Service Coverage Ratio as calculated above is not less than 1.30:1, the foregoing percentage of the total Book Value may be increased as follows under the following conditions:

(i) to 5.0%; provided, however, Days' Cash on Hand shall not be less than 200 after the effect of such sale, lease, donation, transfer or other disposition of assets; or

(ii) to 7.5%; provided, however, Days' Cash on Hand shall not be less than 350 after the effect of such sale, lease, donation, transfer or other disposition of assets; or

(iii) to 10%; provided, however, Days' Cash on Hand shall not be less than 400 after the effect of such sale, lease, donation, transfer or other disposition of assets;

The proceeds from the sale of any tangible Property shall, at the option of the Obligated Group Representative, be used to purchase replacement Property, to finance Capital Additions, to prepay Master Obligations or shall be deposited in the Working Capital Fund, if applicable, or released to the Obligor upon receipt by the Master Trustee of an Opinion of Bond Counsel to the effect that under then existing law the release of such proceeds to the Obligor would not adversely affect the validity of the Related Bonds or the exemption otherwise available from federal or state income taxation of interest payable on such Related Bonds .

(d) Cash and Investments may not be transferred to any Person who is not a Member (other than the repayment of Subordinated Obligations for which the tests of Sections 4.16(a)(viii)(A) and (B) and 4.27 shall apply) unless (i) the Operating Reserve Fund and the Renewal and Replacement Fund are fully funded, (ii) the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds have been repaid in full and (iii) an Accountant provides the Obligated Group with pro forma calculations showing that if the transfer had been made at the beginning of the prior Fiscal Year, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 1.35 and the Days' Cash on Hand at the end of such Fiscal Year would have been at least 300 (or 250 if the transfer is to an Affiliate).

(e) Transfers from a Member to another Member.

(f) To any Person, if prior to such sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of a Member stating that, in the judgment of the signer, such Property has, or within the next succeeding 24 calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property.

(g) To any Person if such Property consists solely of assets which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with their use for payment on the Master Obligations.

For avoidance of doubt, it is understood that this Section 4.19 does not prohibit: (i) any transfer of cash by a Member in payment of any of its Master Obligations, Indebtedness and liabilities, the incurrence of which Master Obligation, Indebtedness or liability did not or would not, either immediately or with the giving of notice, the passage of time or both, result in the occurrence of an Event of Default; (ii) the making of loans to residents for their financial assistance; or (iii) the expenditure by the Obligated Group of the proceeds of gifts, grants, bequests, donations or contributions heretofore or hereafter made which are designated by the donor at the time made for certain specific purposes other than described in clauses (i) and (ii) of this sentence.

Section 4.20. Liens on Property. Each Member covenants that it will not create or permit to be created or remain and, at its cost and expense, promptly discharge or terminate all Liens on its Property or any part thereof which are not Permitted Encumbrances.

Section 4.21. Liquidity Covenant. The Obligated Group covenants that it will calculate the Days' Cash on Hand of the Obligated Group as of June 30 and December 31 of each Fiscal Year, commencing with the earlier of June 30, 2021 and the first such date after Stable Occupancy (each such date being a "Testing Date"). The Obligated Group shall deliver an Officer's Certificate setting forth such calculation as of June 30 to the Master Trustee not less than 45 days after such June 30, and include such calculation as of December 31 in the Officer's Certificate delivered pursuant to Section 4.15 hereof.

Each Obligated Group Member is required to conduct its business so that on each Testing Date the Obligated Group shall have no less than 180 Days' Cash on Hand on each Testing Date (the "Liquidity Requirement").

If the amount of Days' Cash on Hand as of any Testing Date is less than the Liquidity Requirement, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, deliver an Officer's Certificate approved by a resolution of the Governing Body of the Obligated Group Representative to the Master Trustee setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to increase such Days' Cash on Hand to the Liquidity Requirement in the future.

If the Obligated Group has not raised the level of Days' Cash on Hand to the Liquidity Requirement by the next Testing Date immediately subsequent to delivery of the Officer's Certificate delivered pursuant to Section 4.15 hereof, the Obligated Group Representative shall, within 30 days after delivery of the Officer's Certificate disclosing such deficiency, select a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to increase the Days' Cash on Hand to the Liquidity Requirement for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date such Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law. The Obligated Group shall not be required to cause the Consultant's report referred to in this paragraph to be prepared if (unless a majority in principal amount of the Outstanding Master Obligations request a new Consultant's report, which request may not be made more frequently than each Testing Date) a Consultant's report referred to above was prepared two Testing Dates prior to the current Testing Date and the Obligated Group provides to the Master Trustee and each Related Bond Trustee an Opinion of Counsel to the effect that the applicable laws and regulations underlying the last Consultant's report have not changed in any material way.

Notwithstanding any other provision of this Master Indenture to the contrary, failure of the Obligated Group to achieve the required Liquidity Requirement for any Fiscal Year shall not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for retaining a Consultant and follows

each recommendation contained in such Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligated Group Representative) and permitted by law.

Section 4.22. Marketing Covenant. Beginning with the first full fiscal quarter following the fiscal quarter in which the Series 2014 Bonds are issued, and ending with the first full fiscal quarter following Stable Occupancy, the Obligated Group will use its best efforts to maintain the percentage of Independent Living Units that are part of the Project which are Reserved (the “Percentage of Reserved Independent Living Units”) at or above the applicable levels set forth below, which determinations shall be measured as of the last day of the applicable quarter (the “Marketing Requirements”). The applicable Marketing Requirements shall as follows:

Quarter Ending	Percentage of Reserved Living Independent Units (%)	
	# of Units	Percent
Sept. 2014	170	70.5%
Dec. 2014	172	71.4%
March 2015	174	72.2%
June 2015	176	73.0%
Sept. 2015	178	73.9%
Dec. 2015	180	74.7%
March 2016	182	75.5%
June 2016	184	76.3%
Sept. 2016	186	77.2%
Dec. 2016	188	78.0%
March 2017	190	78.8%
June 2017	192	79.7%
Sept. 2017	195	80.9%
Dec. 2017	198	82.2%
March 2018	201	83.4%
June 2018	204	84.6%
Sept. 2018	207	85.9%
Dec. 2018	210	87.1%
March 2019	213	88.4%
June 2019	217	90.0%

If the Percentage of Reserved Independent Living Units for any fiscal quarter is less than the applicable Marketing Requirement set forth above for that fiscal quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, a marketing report (a “Management Marketing Report”) that includes the following information: (a) the Percentage of Reserved Independent Living Units, including the number of reservations and cancellations of Independent Living Units during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of reservations of Independent Living Units expected in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Marketing Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Reserved Independent Living Units is less than the Marketing Requirement for two successive fiscal quarters, the Obligor is required to retain a Consultant within 30 days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Reserved Independent Living Units to the Marketing Requirements set forth herein for future periods. Within 60 days of retaining any such Consultant, the Obligor is required to cause a copy of the Consultant’s report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant’s report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Marketing Requirements for any fiscal quarter will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Marketing Report or obtaining a Consultant’s report and adopting a plan and follows each recommendation contained in such Consultant’s report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by law.

Section 4.23. Occupancy Covenant. The Obligated Group covenants that for each fiscal quarter (a) commencing with the first fiscal quarter which ends not less than 60 days following the issuance of the first certificate of occupancy for the first building containing Independent Living Units that are part of the Project, and (b) ending with the first full fiscal quarter following Stable Occupancy (each an “Occupancy Quarter”), the Obligated Group will use its best efforts to have Occupied the percentage of the total number of all Independent Living Units that are part of the Project (the “Percentage of Units Occupied”) at or above the requirements set forth below, which levels shall be measured as of the last day of the applicable Occupancy Quarter (the “Occupancy Requirements”):

Quarter Ending	Occupancy Requirements	
	# of Units	Percent
March 2016	15	6.2%
June 2016	40	16.6%
Sept. 2016	75	31.1%
Dec. 2016	105	43.6%
March 2017	130	53.9%
June 2017	146	60.6%
Sept. 2017	158	65.6%
Dec. 2017	168	69.7%
March 2018	176	73.0%
June 2018	182	75.5%
Sept. 2018	188	78.0%
Dec. 2018	194	80.5%
March 2019	200	83.0%
June 2019	206	85.5%
Sept. 2019	212	88.0%
Dec. 2019	217	90.0%

If the Percentage of Units Occupied for any Occupancy Quarter is less than the Occupancy Requirement set forth above for that Occupancy Quarter, the Obligor is required to submit to the Master Trustee, within 30 days of the end of such fiscal quarter, (a) an occupancy report (a "Management Occupancy Report") that includes the following information: (i) the Percentage of Units Occupied and (ii) the number of reservations and cancellations of Independent Living Units that are part of the Project during the immediately preceding fiscal quarter and on an aggregate basis; (b) a forecast, prepared by management of the Obligor, of the number of Independent Living Units that are part of the Project expected to be Occupied in the fiscal quarter immediately succeeding the fiscal quarter with respect to which the Management Occupancy Report is being prepared; and (c) a description of the sales and marketing plan of the Obligor.

If the Percentage of Units Occupied for any two consecutive fiscal quarters is less than the Occupancy Requirement set forth above for those fiscal quarters, the Obligor is required to retain a Consultant within thirty (30) days thereafter to make recommendations regarding the actions to be taken to increase the Percentage of Units Occupied to the Occupancy Requirement set forth above for future periods. Within 60 days of retaining any such Consultant, the Obligor is required to cause a copy of the Consultant's report and recommendations, if any, to be filed with each Member and each Required Information Recipient. Each Member is required to follow each recommendation of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Board of such Member) and permitted by law. The Obligated Group will not be required to obtain a Consultant's report in any two consecutive fiscal quarters.

Failure of the Obligated Group to achieve the Occupancy Requirement for any Occupancy Quarter will not constitute an Event of Default under this Master Indenture if the Obligated Group takes all action necessary to comply with the procedures set forth above for preparing a Management Occupancy Report or obtaining a Consultant's report and adopting a plan and follows each recommendation contained in such Consultant's report to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Corporation) and permitted by law.

Section 4.24. Cumulative Cash Operating Loss. The Obligated Group covenants that during the period (a) commencing with (i) the first fiscal quarter ending after the earliest date a resident has taken physical possession of one of the Independent Living Units included in the Project (the "Initial Occupancy Date") if such date is more than 30 days prior to the end of such fiscal quarter or (ii) the first full fiscal quarter ending after the Initial Occupancy Date if such Initial Occupancy Date is less than 30 days prior to the end of a fiscal quarter, and (b) ending with the fiscal quarter immediately preceding Stable Occupancy (the Cumulative Cash Operating Loss is not required to be calculated following Stable Occupancy), it will calculate its Cumulative Cash Operating Loss as of the end of each fiscal quarter. Each Member is required to conduct its business so that as of the end of each such testing quarter the Obligated Group will have a Cumulative Cash Operating Loss not more than the amounts set forth below:

Quarter	Cumulative Cash Operating Loss
1	\$ 3,300,000

2	\$ 5,800,000
3	\$10,100,000
4	\$12,600,000
5	\$14,100,000
6	\$15,200,000
7	\$16,100,000
8	\$16,800,000
9	\$17,400,000
10	\$17,900,000
11	\$18,200,000
12 and thereafter	\$18,500,000

If, as of any testing date, the Cumulative Cash Operating Loss is greater than the amounts required above, the Obligated Group Representative shall, within 30 days after receipt of the Officer's Certificate disclosing such deficiency, retain a Consultant to make recommendations with respect to the rates, fees and charges of the Obligated Group and the Obligated Group's methods of operation and other factors affecting its financial condition in order to decrease the Cumulative Cash Operating Loss to the required level for future periods. A copy of the Consultant's report and recommendations, if any, shall be filed with each Member and each Required Information Recipient within 60 days after the date the Consultant is retained. Each Member of the Obligated Group shall follow each recommendation of the Consultant applicable to it to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Member) and permitted by law. The Obligated Group shall not be required to obtain a Consultant's report more than one time in any six month period.

Notwithstanding any other provision of the Master Indenture, failure of the Obligated Group to achieve the required Cumulative Cash Operating Loss level will not constitute an Event of Default under the Master Indenture if the Obligated Group takes all action necessary to comply with the required procedures for preparing a report and adopting a plan and follows each recommendation contained in such report to the extent feasible (as determined by the Governing Body of the Obligated Group Representative) and permitted by law.

Section 4.25. Management Company and Marketing Consultant. Except as provided below, the Obligated Group is required to engage a new Manager or Marketing Consultant or both if:

- (i) The Obligated Group fails to make any payment on the Master Obligations when due; or
- (ii) The Obligated Group fails to maintain a Debt Service Coverage Ratio of at least 1.00 as shown on any two (2) successive quarterly unaudited financial statements; or
- (iii) The Obligated Group fails to meet the required Debt Service Coverage Ratio by the end of the second fiscal quarter following the date the Consultant's report is required as described above under Section 4.11(c) hereof; or

(iv) The Obligated Group fails to meet the required Marketing Requirements by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.22; or

(v) The Obligated Group fails to meet the required Occupancy Requirements by the end of the second Occupancy Quarter following the date a report and plan are required as described above under Section 4.23; or

(vi) The Obligated Group fails to meet the Cumulative Cash Operating Loss requirement by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.24; or

(vii) The Obligated Group fails to meet the Liquidity Requirement by the end of the second fiscal quarter following the date a report and plan are required as described above under Section 4.21.

Whenever the Obligated Group is required to retain a new Manager or Marketing Consultant, as described above, the Obligated Group Representative shall immediately retain a Consultant who shall, within 30 days of the event requiring appointment of a new Manager and/or Marketing Consultant, submit to the Master Trustee and Majority Bondholders a list of two or more Persons experienced in the management, or marketing, as the case may be, of continuing care retirement communities of a type and size similar to the Project. If the Obligated Group is required to retain a new Manager or Marketing Consultant under the circumstances described above, the Obligated Group shall retain as Manager and/or Marketing Consultant a Person from the list submitted by the Consultant and approved in writing by Majority Bondholders. In the event that a new Manager or Marketing Consultant is appointed by the Obligated Group Representative at any time when the Debt Service Coverage Ratio or the Occupancy Requirements is less than the level required pursuant to this Master Indenture, the provisions of this Master Indenture shall not be applied to require the further appointment of another Manager or Marketing Consultant until the new Manager or Marketing Consultant has been employed for at least twelve months, unless the Holders of a majority in aggregate principal amount of the Master Obligations then Outstanding so require.

Notwithstanding the foregoing, the Obligated Group shall not be required to retain a new Manager or Marketing Consultant if the Master Trustee receives, within 30 days of the event requiring appointment of a new Manager or Marketing Consultant:

(i) Written consent of Majority Bondholders to the continued retention of the existing Manager;

(ii) A written report (prepared by a Consultant, but not by the Manager or Marketing Consultant) containing sufficient detail to support the conclusions made therein and concluding (a) that the failure of the Obligated Group to comply with the Debt Service Coverage Ratio covenant, the Occupancy Requirements, the Liquidity Requirement, the Marketing Requirements and/or the Cumulative Cash Operating Loss requirement is primarily due to factors outside the control of the present Manager or Marketing Consultant, or (b) that retaining a new Manager or Marketing Consultant is not likely to materially improve the Obligated Group's ability to comply with such requirements; and

(iii) A certified copy of a resolution of the Governing Body of each Member of the Obligated Group stating that the performance by the Manager or Marketing Consultant of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager or Marketing Consultant.

Section 4.26. Rating Application. The Obligated Group Representative covenants that it will seek at its expense a rating of the Series 2014A Bonds from any Rating Agency each year after a determination is made by the Obligated Group Representative in consultation with the Initial Underwriter that an investment grade rating is reasonably obtainable, until achievement of an investment grade rating, provided that if during any such year the Obligated Group Representative receives a preliminary indication from any Rating Agency that the Series 2014A Bonds will not be assigned an investment grade rating, the Obligated Group Representative shall withdraw any request for such year to have such Rating Agency assign a rating to the Series 2014A Bonds.

Section 4.27. [Reserved.]

Section 4.28. Approval of Consultant; Consultant's Report.

(a) If at any time the Obligated Group Representative is required to engage a Consultant under this Master Indenture, such Consultant shall be engaged in the manner set forth below:

(i) Upon selecting a Consultant as required under the provisions of this Master Indenture, the Obligated Group Representative will provide written notice to the Master Trustee and to the Holders of all Master Obligations Outstanding under this Master Indenture. Such notice shall (A) include the name of the Consultant and a brief description of the Consultant, (B) state the reason that the Consultant is being engaged, including a description of the covenant(s) of this Master Indenture that require the Consultant to be engaged, and that the engagement of the Consultant is authorized or required by this Master Indenture, and (C) state that the Holder of the Master Obligation will be deemed to have consented to the selection of the Consultant named in such notice unless such Holder submits an objection to the selected Consultant in writing signed by such Holder (which may be in original or facsimile form) to the Obligated Group Representative and the Master Trustee within 15 days of the date that the notice is sent to the Holders. No later than two (2) Business Days after the end of the 15-day objection period, the Obligated Group Representative shall notify the Master Trustee and the Holders of all Master Obligations Outstanding of the number of any objections. If 66.6% or more in aggregate principal amount of the Holders of the Outstanding Obligations have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the Holders of the Master Obligations Outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of this Section.

(ii) When the Obligated Group Representative notifies the Holders of Master Obligations of such selection, it shall also request any Related Bond Trustee to send a

notice containing the information required by subsection (i) above to the owners of all of the Related Bonds outstanding. Such Related Bond Trustee shall, as the registered owner of a Master Obligation securing such Related Bonds, consent or object to the selection of the Consultant in accordance with the response of the owners of such Related Bonds. If 66.6% or more in aggregate principal amount of the owners of the Related Bonds have been deemed to have consented to the selection of the Consultant or have not responded to the request for consent, the Obligated Group Representative shall engage the Consultant within three (3) Business Days. If 33.4% or more in aggregate principal amount of the owners of the Related Bonds outstanding have objected to the Consultant selected, the Obligated Group Representative shall select another Consultant which may be engaged upon compliance with the procedures of this Section.

(iii) The 15-day notice period described above may be extended by the Obligated Group Representative by written notice to the Master Trustee and the Holders of all Master Obligations Outstanding in order to permit each Related Bond Trustee to give the owners of the Related Bonds 15 days to respond to the notice given by the Related Bond Trustee. By issuance or acceptance of Related Bonds and the Master Obligation securing any Related Bonds, the Issuer, the Holders of the Related Bonds and the Related Bond Trustee agree to comply with the provisions of this Section.

(b) Whenever a Consultant is required to be engaged under the Master Indenture, the scope of the engagement will include, among other things, an analysis of potential strategic transactions and the Master Trustee and beneficial owners of the Series 2014 Bonds will be given access to the Consultant. Within 21 days after a Consultant is required to be retained, the Obligor will retain, at its expense, a Consultant to submit a written report and recommendations with respect to improvements or changes in the operations and management of the Obligor, which report shall state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Obligor. The recommendations of the Consultant may include a recommendation as to whether the existing management should continue to be retained. A copy of such report shall be submitted to the Master Trustee and to each Required Information Recipient as soon as practicable but in no event later than 60 days after the date on which a Consultant is required to be retained. The Obligor shall follow the recommendations of the Consultant to the extent feasible (as determined in the reasonable judgment of the Governing Body of the Obligor) and permitted by applicable law.

Section 4.29. Environmental Condition of Facilities and Indemnification.

The Obligated Group Members represent and warrant to the Master Trustee that: (a) while the Related Issuer of the Series 2014 Bonds or the Master Trustee has any interest in or lien on the Facilities, the Facilities are, and at all times hereinafter will continue to be, in full compliance with all Environmental Laws, (b) (i) as of the date of this Master Indenture there are no Hazardous Materials, substances, wastes or other environmentally regulated substances (including, without limitation, any materials containing asbestos) located on, in or under the Facilities or used in connection therewith, or (ii) the Obligated Group Members have fully disclosed to the Related Issuer, the Initial Underwriter and the Master Trustee in writing the existence, extent and nature of any such Hazardous Materials, substances, wastes or other environmentally regulated substances, which the Obligated Group Members are legally authorized and empowered to maintain on, in or under the Facilities or use in connection

therewith, and the Obligated Group Members have obtained and will maintain all licenses, permits and approvals required with respect thereto and are in full compliance with all of the terms, conditions and requirements of such licenses, permits and approvals, and (c) the Obligated Group Members are not in violation of any Environmental Laws. Each of the Obligated Group Members further represents and warrants that it will notify promptly the Master Trustee in writing of any change in the nature or extent of any Hazardous Materials, substances or wastes maintained on, in or under the Facilities or used in connection therewith and will transmit to the Master Trustee copies of any citations, orders, notices or other material governmental or other communications received with respect to any other Hazardous Materials, substances, wastes or other environmentally regulated substances affecting the Facilities. The Obligated Group Members represent and warrant that all work on the Facilities and activities of contractors, sub-contractors, consultants or any other agent of the Obligated Group Members will also be in full compliance with all Environmental Laws and further represent and warrant that neither the Obligated Group Members nor their agents will engage in any management of Hazardous Materials or other environmentally regulated substances at the Facilities.

The Premises have not (including, to the best of the Obligated Group Members' knowledge, for the period prior to the Obligated Group Members' acquisition of the Premises) previously been used as a landfill or as a dump for garbage or refuse and do not lie within a flood plain.

Promptly upon the written request of the Master Trustee or the Holders of a majority in aggregate principal amount of the Master Obligations then Outstanding, the Obligated Group Members will provide the Master Trustee and the Holders, at the Obligated Group Members' expense, with an environmental site assessment and environmental audit report, or an update of such assessment or report, all in scope, form and content satisfactory to the Master Trustee; provided, however, that any such report may not be required more frequently than once every two years.

The Obligated Group Members will jointly and severally indemnify and hold the Master Trustee and its officers, directors, employees and agents harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including attorneys' consultants' or experts' fees and expenses of every kind and nature) suffered by or asserted against either party as a direct or indirect result of any representation or warranty made by the Obligated Group Members in this Section being false or untrue in any respect or any violation of any requirement under any law, regulation or ordinance, local, state or federal, which requires the elimination or removal of any Hazardous Materials, substances, wastes or other environmentally regulated substances. Without limiting the generality of the foregoing, the foregoing covenant of indemnification will inure to the benefit of the Master Trustee in the event the Related Issuer or the Master Trustee becomes the successor-in-interest to the Obligated Group Members with respect to the Facilities and will inure to the benefit of any purchaser of the Facilities at foreclosure or any subsequent purchaser of the Facilities from the Master Trustee.

The obligations of the Obligated Group Members to the Master Trustee under this Section 4.29 will not be limited to any extent by the term of the Master Obligations and, as to any act or occurrence prior to payment in full and satisfaction of the Master Obligations which gives rise to liability hereunder, will continue, survive and remain in full force and effect

notwithstanding payment in full and satisfaction of the Master Obligations and this Master Indenture or foreclosure under the Deed of Trust or delivery of a deed-in-lieu of foreclosure.

[End of Article IV]

**ARTICLE V
CONSOLIDATION, MERGER, CONVEYANCE AND TRANSFER**

Section 5.01. Merger, Consolidation, Sale or Conveyance.

(a) No Member of the Obligated Group may sell substantially all of its assets, or merge or consolidate with another corporation (other than with another Member of the Obligated Group), or no new Member of the Obligated Group shall be added, unless:

(i) The transferee or surviving corporation in the case of a merger, consolidation or transfer, or the new Member of the Obligated Group, is an organization described under Section 501(c)(3) of the Code, or the transferee or surviving corporation or the new Member of the Obligated Group shall have delivered to the Master Trustee an Opinion of Bond Counsel that the addition of such non-501(c)(3) Member will not adversely affect the tax-exempt status of any Related Bonds or the exemption from federal securities laws of any of the Master Obligations; and;

(ii) The transferee or surviving corporation or the new Member of the Obligated Group shall have delivered to the Master Trustee either (A) an Officer's Certificate demonstrating and concluding that if such merger, consolidation, sale or conveyance had taken place on the first day of the last Fiscal Year for which audited financial statements are available, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 80% of the actual Debt Service Coverage Ratio for such Fiscal Year and at least 1.20:1, and Days Cash on Hand would have been not less than 80% of the actual Days Cash on Hand and at least 180 days; or (B) a Consultant's report showing that for the next two Fiscal Years the Debt Service Coverage Ratio is forecasted to be at least 80% of the actual Debt Service Coverage Ratio for the preceding Fiscal Year and at least 1.20:1, and Days Cash on Hand is forecasted to be at least 80% of the actual Days Cash on Hand for the preceding Fiscal Year and at least 180 days at the end of each Fiscal Year during the forecast period; and

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such Member, pursuant to a Supplement. Each successor, assignee, surviving, resulting or transferee corporation of a Member must agree to become, and satisfy the conditions described in Section 6.01 to becoming, an Obligated Group Member prior to any such succession, assignment or other change in such Member's corporate status. Any successor corporation to such Member thereupon may cause to be signed and may issue in its own name Master Obligations hereunder and the predecessor corporation shall be released, without recourse, representation or warranty, from its obligations hereunder and under any Outstanding Master Obligations, if such predecessor corporation shall have conveyed all Property owned by it (or all such Property shall be deemed conveyed by operation of law) to such successor corporation. All Master Obligations so issued by such successor corporation hereunder shall in all respects have the same legal rank and benefit under this Master Indenture as Master Obligations theretofore or thereafter issued in accordance with the terms of this Master Indenture as though all of such Master Obligations had been issued hereunder by such prior Member without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in Master Obligations thereafter to be issued as may be appropriate.

(d) The Obligated Group Representative shall deliver to the Master Trustee, and the Master Trustee may conclusively rely upon, an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Master Indenture summarized under this Section 5.01 and that it is proper for the Master Trustee under the provisions of this Master Indenture to join in the execution of any Supplement required to be executed and delivered by the Master Trustee.

[End of Article V]

ARTICLE VI MEMBERSHIP IN THE OBLIGATED GROUP

Section 6.01. Admission of Obligated Group Members. Any other Person may become a Member of the Obligated Group if:

(a) Such Person is a business entity;

(b) Such Person shall execute and deliver to the Master Trustee a Supplement in a form acceptable to the Master Trustee which shall be executed by the Master Trustee and the Obligated Group Representative, containing the agreement of such Person (i) to become a Member of the Obligated Group and thereby to become subject to compliance with all provisions of this Master Indenture and (ii) unconditionally and irrevocably (subject to the right of such Person to cease its status as a Member of the Obligated Group pursuant to the terms and conditions of Section 6.03 hereof) to jointly and severally make payments upon each Master Obligation;

(c) The Obligated Group Representative and each Member shall have approved the admission of such Person to the Obligated Group; and

(d) The Obligated Group Representative shall deliver to the Master Trustee an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any such admission and Supplement comply with the provisions of this Master Indenture, together with either (i) an Officer's Certificate demonstrating and concluding that if such addition to the Obligated Group had taken place on the first day of the last Fiscal Year for which audited financial statements are available, the Debt Service Coverage Ratio for such Fiscal Year would have been at least 80% of the actual Debt Service Coverage Ratio for such Fiscal Year and at least 1.20:1, and Days Cash on Hand would have been not less than 80% of the actual Days Cash on Hand and at least 180 days; or (ii) a Consultant's report showing that for the next two Fiscal Years the Debt Service Coverage Ratio is forecasted to be at least 80% of the actual Debt Service Coverage Ratio for the preceding Fiscal Year and at least 1.20:1, and Days Cash on Hand is forecasted to be at least 80% of the actual Days Cash on Hand for the preceding Fiscal Year and at least 180 days at the end of each Fiscal Year during the forecast period; and (iii) an Opinion of Counsel in form and substance acceptable to the Master Trustee to the effect that (x) the Supplement described in Section 6.01(b) above has been duly authorized, executed and delivered and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors' rights and application of general principles of equity, and all action has been taken in order to cause the Lien of the Master Trustee in the Trust Estate to be perfected or recorded in accordance with this Master Indenture and applicable law, and (y) the addition of such Person to the Obligated Group will not adversely affect the status as a Tax-Exempt Organization of any Member which otherwise has such status; (iv) evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the admission of such Person to the Obligated Group will not result in a below investment-grade rating on such series of Related Bonds; provided, however, that a majority of bondholders may consent to waive such requirement; (v) if all amounts due or to become due on all Related Bonds have not been paid to the holders thereof and provision for such payment has not been made in such manner as to have resulted in the defeasance of all Related Bond Indentures, an Opinion of Bond Counsel to the

effect that under then existing law the consummation of such transaction would not, in and of itself, adversely affect the validity of any Related Bonds or any exemption from federal or state income taxation of interest payable on such Related Bonds otherwise entitled to such exemption; provided that in making the calculation called for by subsection (d)(i) above, (x) there shall be excluded from Revenues any Revenues generated by Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs, and (y) there shall be excluded from Expenses any Expenses related to Property of such Person transferred or otherwise disposed of by such Person since the beginning of the Fiscal Year during which such Person's entry into the Obligated Group occurs; and (vi) EXHIBIT A to this Master Indenture shall be amended to add a description of any Liens on such real property as of the date such Person becomes a Member, and the Person becoming a Member shall execute and deliver to the Master Trustee a Deed of Trust encumbering such real property, subject to such Liens.

Each successor, assignee, surviving, resulting or transferee Person of a Member must agree to become, and satisfy the above described conditions to becoming, a Member of the Obligated Group prior to any such succession, assignment or other change in such Member's corporate status.

Section 6.02. Obligated Group Members. Upon any Person's becoming an Obligated Group Member as provided in Section 6.01:

(a) The Master Trustee may pursue any remedies consequent upon an Event of Default against any Obligated Group Member, or all of them, without notice to, demand upon or joinder of (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times;

(b) Any right of contribution or right acquired by subrogation by any Obligated Group Member against any other Obligated Group Member arising out of the payment of Indebtedness shall be subordinated to the rights of the Master Trustee and the Holders of Master Obligations; and

(c) Each Obligated Group Member shall designate the Obligated Group Representative as its attorney in fact with full power of substitution to perform, satisfy and discharge every obligation, covenant, duty or liability to be performed on the part of the Obligated Group Member hereunder.

Section 6.03. Withdrawal of Obligated Group Members. Each Member covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated under the terms of the Master Indenture to cease to be a Member of the Obligated Group unless prior to cessation of such status the Obligated Group Representative shall deliver to the Master Trustee an Officer's Certificate and an Opinion of Counsel as conclusive evidence that any such withdrawal and related release comply with the provisions of this Master Indenture, together with:

(a) An Opinion of Bond Counsel to the effect that, under then existing law, the cessation by the Member of its status as a Member will not adversely affect the validity of any

Related Bond or any exemption from federal or state income taxation of interest payable thereon to which such Bond would otherwise be entitled;

(b) An Officer's Certificate of the Obligated Group Representative to the effect that (i) immediately after such cessation the Debt Service Coverage Ratio of the Obligated Group for the most recent Fiscal Year for which financial statements that have been reported upon by an Accountant are available, after adjustment for the removal of the Member, would be not less than 1.20 or that such Debt Service Coverage Ratio of the Obligated Group is greater than the Debt Service Coverage Ratio of the Obligated Group was for such Fiscal Year prior to such cessation; (ii) immediately after such cessation, the Obligated Group would be in compliance with the Liquidity Requirement for the most recent quarter after adjustment for the removal of the Member, or that such calculation of Days' Cash on Hand of the Obligated Group is greater than such calculation would be immediately prior to such cessation; and (iii) prior to and immediately after such cessation, no Event of Default exists hereunder and no event has occurred which with the passage of time or the giving of notice, or both, would become such an Event of Default; provided that in lieu of the requirements of (i), the Obligated Group Representative may deliver to the Master Trustee a Feasibility Report or an Officer's Certificate necessary to support the incurrence of one dollar of Long-Term Indebtedness pursuant to Section 4.16(a)(i), (ii) or (iii), after giving effect to the withdrawal of such Member from the Obligated Group;

(c) An Opinion of Counsel in form and substance acceptable to the Master Trustee to the effect that the cessation by such Member of its status as a Member will not adversely affect the status as a Tax Exempt Organization of any Member which otherwise has such status;

(d) Evidence from each Rating Agency then maintaining a rating on any series of Related Bonds to the effect that the cessation of such status will not result in a lower rating on such series of Related Bonds; and

(e) A consent in writing from the Obligated Group Representative and each Member to the withdrawal by the withdrawing Member.

Section 6.04. Successor Obligated Group Representative. The Obligor shall serve as the Obligated Group Representative until such time as the Obligor either (a) withdraws from the Obligated Group in accordance with this Article VI or (b) delivers to the Master Trustee its resignation as the Obligated Group Representative. The Obligor covenants to fulfill all of the duties of the Obligated Group Representative under this Master Indenture. The Obligor agrees that it shall not withdraw from the Obligated Group or resign as Obligated Group Representative until the Obligor has appointed another Obligated Group Representative and such successor Obligated Group Representative has accepted its duties in writing. Each Obligated Group Member by becoming an Obligated Group Member acknowledges that the Obligated Group Representative has certain powers and duties under this Master Indenture, including, without limitation, to bind all Obligated Group Members to joint and several liability on all Master Obligations issued hereunder, and authorizes the Obligated Group Representative to exercise such powers and carry out such duties.

[End of Article VI]

**ARTICLE VII
REMEDIES OF THE MASTER TRUSTEE AND HOLDERS OF SECURED
OBLIGATIONS IN EVENT OF DEFAULT**

Section 7.01. Events of Default. Event of Default, as used herein, shall mean any of the following events, whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(a) Default in the payment of the principal of, or premium, if any, or interest on any Master Obligation (other than Subordinated Obligations) when it becomes due and payable and the continuance of such default beyond the period of grace, if any, provided in the instrument creating such Master Obligation; or

(b) Any Obligated Group Member shall fail duly to observe or perform any other covenant or agreement (other than a covenant or agreement whose performance or observance is elsewhere in this Section specifically dealt with) on the part of such Person contained in this Master Indenture for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Obligated Group Representative by the Master Trustee, or to the Obligated Group Representative and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Master Obligations then Outstanding; provided that if any such default can be cured by such Obligated Group Member but cannot be cured within the 60 day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by such Obligated Group Member within such 60 day period and diligently pursued until the default is corrected; or

(c) A decree or order by a court having jurisdiction in the premises shall have been entered adjudging any Obligated Group Member a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization or arrangement of any Obligated Group Member under the federal Bankruptcy Code or any other similar applicable federal or state law, and such decree or order shall have continued undischarged and unstayed for a period of 90 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of any Obligated Group Member or of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 90 days; or

(d) Any Obligated Group Member shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the institution of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization or arrangement under the federal Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or trustee or assignee in bankruptcy or insolvency of it or of the Trust Estate, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by the Governing Body of any Obligated Group Member in furtherance of any of the aforesaid purposes; or

(e) A final judgment in excess of \$100,000 (which is not covered by insurance or as to which the insurer has given notice of a denial of coverage) is rendered against an Obligated Group Member and, within ten (10) days after entry thereof, such judgment has not been discharged or execution thereof stayed pending appeal or if, within ten (10) days after the expiration of any such stay, such judgment has not been discharged; or

(f) The Master Trustee has received written notice that an event of default, as therein defined, under any instrument under which Master Obligations may be incurred or secured, or under any Related Bond Indenture, has occurred and is continuing beyond the applicable period of grace, if any; or

(g) The Debt Service Coverage Ratio for any Fiscal Year is less than 1.00:1.

Section 7.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Master Trustee may and, upon the written request of (i) the Holders of not less than 25% in principal amount of the Outstanding Master Obligations except Subordinated Obligations, or (ii) any Person properly exercising the right given to such Person under any Supplement to require acceleration of a Master Obligation held by such Person that was issued pursuant to such Supplement, shall declare the principal of all the Master Obligations to be due and payable immediately, by a notice in writing to the Obligated Group Representative and all of the Holders of Master Obligations, and upon any such declaration such principal shall become immediately due and payable; provided, however, that if the terms of any Supplement give a Person the right to consent to acceleration of a Master Obligation issued pursuant to said Supplement, such Master Obligation may not be accelerated by the Master Trustee unless such consent is delivered to the Master Trustee pursuant to the terms of such Supplement.

Unless otherwise prohibited from doing so by any Supplement, at any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Master Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Master Obligations except Subordinated Obligations, by written notice to the Obligated Group Representative and the Master Trustee, may rescind and annul such declaration and its consequences if:

(a) One or more Obligated Group Members has paid or deposited with the Master Trustee a sum sufficient to pay:

(i) All overdue installments of interest on all Master Obligations,

(ii) The principal of and premium, if any, on any Master Obligations which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Master Obligations, and

(iii) All sums paid or advanced by the Master Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel; and

(b) All Events of Default, other than the nonpayment of the principal of Master Obligations which have become due solely by such acceleration, have been cured or waived as provided in Section 7.15.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 7.03. Transfer, Assignment, Lease and Other Dispositions; Suits for Enforcement.

In case an Event of Default shall occur and be continuing, the Master Trustee, in its discretion may, subject to the provisions of Section 7.17:

(a) Protect and enforce its rights and the rights of the Master Trustee under this Master Indenture by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Master Indenture or in aid of the execution of any power granted in this Master Indenture or for the enforcement of any other legal, equitable or other remedy, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Master Trustee, or

(b) As to all or part of the personal property (tangible or intangible) and fixtures included in the Trust Estate (such portion of the Trust Estate herein referred to as the "Collateral"),

(i) Proceed under the Maryland Uniform Commercial Code and exercise with respect to the Collateral all the rights, remedies and powers of a secured party under the Maryland Uniform Commercial Code, including, without limitation, the right and power to sell, at public or private sale, or otherwise dispose of, lease or utilize, the Collateral and any part or parts thereof in any manner authorized or permitted under the Maryland Uniform Commercial Code after default by a debtor, and, to the extent permitted by law, the Obligor and each other Member expressly waives any notice of sale or other disposition of the Collateral and any other rights and remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of the Master Trustee existing after default hereunder, and, to the extent any such notice is required and cannot be waived, the Obligor and each other Member agree that if such notice is mailed, postage prepaid, to the Master Trustee at its address set out in Section 1.05 hereof at least ten days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice,

(ii) Take possession of the Collateral and enter upon any premises where the same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and take any action deemed necessary or appropriate or desirable by the Master Trustee, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized,

(iii) Transfer at any time to itself or to its nominee the Collateral, or any part thereof, and receive the money, income proceeds or benefits attributable or accruing

thereto and hold the same as security for the Outstanding Master Obligations or apply same as herein provided, and

(iv) Require the Members to assemble the Collateral and make it available to the Master Trustee at a place to be designated by the Master Trustee that is reasonably convenient to all parties.

The Master Trustee shall be fully subrogated to the rights of all vendor's lienholders and other lienholders whose indebtedness is paid in whole or in part from proceeds of Master Obligations.

The filing of a suit to foreclose any lien, mortgage or security interest hereunder or under the Deed of Trust shall never be considered an election so as to preclude foreclosure under any power of sale contained herein or in the Deed of Trust after dismissal of such a suit.

Section 7.04. Incidents of Sale.

Upon any sale of any of the Trust Estate, whether pursuant to judicial proceedings or otherwise, to the extent permitted by law:

(a) Any Holder or Holders of Master Obligations or the Master Trustee or its designee, provided that the Master Trustee has been properly directed by the requisite percentage of holders of Master Obligations and indemnified to its satisfaction and subject to all the protections of Section 8.03(n), may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain, possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Outstanding Master Obligations or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Master Obligations, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately stamped to show partial payment;

(b) The Master Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale and instrument of assignment and transfer of the property sold;

(c) The Master Trustee is hereby irrevocably appointed the true and lawful attorney of each Member, in its name and stead, to make all necessary deeds, bills of sale and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale and instruments of assignment and transfer and may substitute one or more persons, firms or corporation with like power, each Member hereby ratifying and confirming all that its said attorney or such substitute or substitutes shall lawfully do by virtue hereof; but if so requested by the Master Trustee or by any purchaser, any Member shall ratify and confirm any such sale or transfer by executing and delivering to the Master Trustee or to such purchaser or purchasers all proper deeds, bills of sale and instruments of assignment and transfer and release as may be designated in any such request;

(d) Rights, titles, interests, claims and demands whatsoever, either at law or in equity or otherwise, of the Members of, in and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against each of the Members and their

respective successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof by, through or under the Members or their respective successors and assigns; and

(e) Receipt of the Master Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money and such purchaser or purchasers and his or their assigns or personal representative shall not, after paying such purchase money and receiving such receipt, be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof.

Upon a sale of substantially all the Trust Estate, whether made under the power of sale hereby granted or pursuant to judicial proceedings, the Obligated Group Representative will permit, to the extent permitted by law, the purchaser thereof and its successors and assigns to take and use the names of the Members and to carry on business under such name or any variant thereof and to use and employ any and all other trade names, brands and trademarks of the Members; and in such event, upon written request of such purchaser, its successors or its assigns, any Member will, at the expense of the purchaser, change its name in such manner as to eliminate any similarity.

Section 7.05. Collection of Indebtedness and Suits for Enforcement by Master Trustee. The Obligated Group Members covenant (subject to any notice and grace periods contained herein) that if:

(a) Default is made in the payment of any installment of interest on any Master Obligation when such interest becomes due and payable, or

(b) Default is made in the payment of the principal of, or premium, if any, on any Master Obligation at the maturity thereof,

each Obligated Group Member will, upon demand of the Master Trustee, pay to it, for the benefit of the Holders of such Master Obligations, the whole amount then due and payable on such Master Obligations for principal, premium, if any, and interest, with interest at the rate borne by or otherwise set forth in the Master Obligations upon the overdue principal and premium, if any; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel.

If the Obligated Group Members fail to pay any of the foregoing amounts forthwith upon demand, the Master Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree, and may enforce the same against the Obligated Group Members or any other obligor upon the Master Obligations and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Obligated Group Members or any other obligor upon the Master Obligations, wherever situated.

If an Event of Default occurs and is continuing, the Master Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Master Obligations by such appropriate judicial proceedings as the Master Trustee shall deem most effectual to protect

and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Master Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

If an Event of Default occurs and is continuing, the Master Trustee, as the beneficiary under the Deed of Trust, may in its discretion proceed to enforce its rights and seek any remedies available to it under the Deed of Trust.

Section 7.06. Master Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Obligated Group Members or any other obligor upon the Master Obligations or the property of the Obligated Group Members or of such other obligor or their creditors, the Master Trustee (irrespective of whether the principal of the Master Obligations shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Master Trustee shall have made any demand on the Obligated Group Members for the payment of overdue principal, premium, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) To file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Master Obligations and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Master Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel which shall be deemed an administrative claim) and of the Holders of Master Obligations allowed in such judicial proceeding, and

(b) To collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator, custodian or other similar official in any such judicial proceeding is hereby authorized by each Holder of Master Obligations to make such payments to the Master Trustee, and in the event that the Master Trustee shall consent to the making of such payments directly to the Holders of Master Obligations, to pay to the Master Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel and any other amounts due the Master Trustee under this Master Indenture which shall be deemed an administrative claim. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, and any other amounts due the Master Trustee under Section 8.07 hereof out of the estate in any such proceeding, shall be unpaid for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders of Master Obligations may be entitled to receive in such proceeding, whether in liquidation or under any plan of reorganization or arrangement or otherwise. The Master Trustee may, on behalf of the Holders of Master Obligations, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

Nothing herein contained shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Master Obligations any plan of reorganization, arrangement, adjustment or composition affecting the Master Obligations or the

rights of any Holder thereof or to authorize the Master Trustee to vote in respect of the claim of any Holder of Master Obligations in any such proceeding.

Section 7.07. Master Trustee May Enforce Claims Without Possession of Master Obligations. All rights of action and claims under this Master Indenture or the Master Obligations may be prosecuted and enforced by the Master Trustee without the possession of any of the Master Obligations or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Master Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Master Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Master Obligations in respect of which such judgment has been recovered.

Section 7.08. Application of Money Collected. Any money or property collected by the Master Trustee pursuant to this Article VII, any moneys or properties distributable in respect of an Obligated Group Member's obligations under this Master Indenture after any Event of Default, and any proceeds of any sale (after deducting the costs and expenses of such sale, including a reasonable compensation to the Master Trustee, its agents and counsel, and any taxes, assessments or liens prior to the lien of this Master Indenture and the Deed of Trust, except any thereof subject to which such sale shall have been made), whether made under any power of sale granted herein or in the Deed of Trust or pursuant to judicial proceedings, together with any other sums then held by the Master Trustee as part of the Trust Estate, shall be deposited in the Revenue Fund created by this Master Indenture, shall be applied in the order specified in Section 3.01, at the date or dates fixed by the Master Trustee and, in case of the distribution of such money on account of principal or premium, if any, upon presentation of the Master Obligations and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid. The Master Trustee may fix a record date and payment date for any payment or distribution to Holders pursuant to this Section 7.08.

In the event the Master Trustee incurs expenses or renders services in any proceedings which result from the occurrence or continuance of an Event of Default under Section 7.01(c) or 7.01(d) hereof, or from the occurrence of any event which, by virtue of the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 7.09. Limitation on Suits. No Holder of any Master Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) Such Holder has previously given written notice to the Master Trustee of a continuing Event of Default;

(b) The Holders of not less than 25% in principal amount of the Outstanding Master Obligations other than Subordinated Obligations shall have made written request to the Master Trustee to institute proceedings in respect of such Event of Default in its own name as Master Trustee hereunder;

(c) Such Holder or Holders have offered to the Master Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) The Master Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) No direction inconsistent with such written request has been given to the Master Trustee during such 60 day period by the Holders of a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations; it being understood and intended that no one or more Holders of Master Obligations shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Master Indenture to affect, disturb or prejudice the rights of any other Holders of Master Obligations, or to obtain or to seek to obtain priority or preference over any other Holders (except Holders of Subordinated Obligations) or to enforce any right under this Master Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Master Obligations (except the Holders of Subordinated Obligations).

(f) Notwithstanding any provision of this Section to the contrary, if an Event of Default occurs and is continuing, no Holder of any Subordinated Obligation shall have any right to institute any proceeding, judicial or otherwise, with respect to this Master Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder until all Master Obligations other than Subordinated Obligations have been paid in full and the obligation of any Holder of a Master Obligation other than a Subordinated Obligation to make advances of principal under the instrument secured thereby has been terminated.

Section 7.10. Unconditional Right of Holders of Master Obligations to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Master Indenture, the Holder of any Master Obligation shall have the right which is absolute and unconditional to receive payment of the principal of, premium, if any, and (subject to Section 2.07) interest on such Master Obligation on the respective Stated Maturities expressed in such Master Obligation (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder; provided, however, that if an Event of Default occurs and is continuing, no Holder of any Subordinated Obligation shall institute suit for the enforcement of any such payment until all Master Obligations other than Subordinated Obligations have been paid in full.

Section 7.11. Restoration of Rights and Remedies. If the Master Trustee or any Holder of Master Obligations has instituted any proceeding to enforce any right or remedy under this Master Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Master Trustee or to such Holder of Master Obligations, then and in every such case the Obligated Group Members, the Master Trustee and the Holders of Master Obligations shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Master Trustee and the Holders of Master Obligations shall continue as though no such proceeding had been instituted.

Section 7.12. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Master Trustee or to the Holders of Master Obligations is intended to be

exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.13. Delay or Omission Not Waiver. No delay or omission of the Master Trustee or of any Holder of any Master Obligation to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Master Trustee or to the Holders of Master Obligations may be exercised from time to time, and as often as may be deemed expedient, by the Master Trustee or by the Holders of Master Obligations, as the case may be.

Section 7.14. Control by Holders of Master Obligations. The Holders of a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Master Trustee or exercising any trust or power conferred on the Master Trustee, provided that:

(a) Such direction shall not be in conflict with any rule of law or with this Master Indenture or be unduly prejudicial to the rights of Holders of Master Obligations not joining in the giving of such direction (it being understood that the Master Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Holders of Master Obligations);

(b) The Master Trustee may take any other action deemed proper by the Master Trustee which is not inconsistent with such direction; and

(c) The Master Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 8.03(e) hereof is provided to it by such Holders.

Section 7.15. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations may on behalf of the Holders of all the Master Obligations waive any past default hereunder and its consequences, except a default

(a) In the payment of the principal of, premium, if any, or interest on any Master Obligation, or

(b) In respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Master Obligation affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Master Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.16. Undertaking for Costs. All parties to this Master Indenture agree, and each Holder of any Master Obligation by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Master Indenture, or in any suit against the Master Trustee for any action taken or omitted by it as Master Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Master Trustee, to any suit instituted by any Holder of Master Obligations, or group of Holders of Master Obligations, holding in the aggregate more than 10% in principal amount of the Outstanding Master Obligations, or to any suit instituted by any Holder of Master Obligations for the enforcement of the payment of the principal of, premium, if any, or interest on any Master Obligation on or after the respective Stated Maturities expressed in such Master Obligation (or, in the case of redemption, on or after the redemption date).

Section 7.17. Waiver of Stay or Extension Laws. Each Obligated Group Member covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Master Indenture; and each Obligated Group Member (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Master Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

[End of Article VII]

**ARTICLE VIII
CONCERNING THE MASTER TRUSTEE**

Section 8.01. Duties and Liabilities of Master Trustee.

(a) Except during the continuance of an Event of Default, the Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and no implied covenants or obligations shall be read into this Master Indenture against the Master Trustee. The Master Trustee shall have no duty to review any financial statements provided by the Obligated Group hereunder, nor shall the Master Trustee be considered to have notice of the content of such statements or a default based on such content. The Master Trustee shall have no duty to verify the accuracy of such financial statements.

(b) In case any Event of Default under this Master Indenture has occurred and is continuing of which a Responsible Officer of the Master Trustee has actual notice, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(i) This Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) The Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) The Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of Master Obligations then Outstanding other than Subordinated Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under this Master Indenture;

(iv) No provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have grounds for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it; and

(v) In the absence of bad faith on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be

furnished to the Master Trustee, the Master Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Master Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) Whether or not therein expressly so provided, every provision of this Master Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section. In acting or omitting to act pursuant to the provisions of the Liquidity Support Agreement, the Collateral Assignment of Contracts or any other related agreement, the Master Trustee shall be entitled to and be protected by the rights and immunities accorded to it by the terms of this Master Indenture.

Section 8.02. Notice of Defaults. Within 90 days after the occurrence of any default hereunder of which the Master Trustee is deemed to have knowledge as provided in Section 8.03(h) hereof, the Master Trustee shall transmit by mail to all Holders of Master Obligations notice of such default, unless such default shall have been cured or waived; provided, however, that except in the case of a default in the payment of the principal of, premium, if any, or interest on any Master Obligations or in the payment of any sinking or purchase fund installment, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Master Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Master Obligations; and provided, further, that in the case of any default of the character specified in Section 7.01(b) no such notice to Holders of Master Obligations shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 8.03. Certain Rights of Master Trustee. Except as otherwise provided in Section 8.01:

(a) The Master Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, coupon or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties and shall not be required to verify the accuracy of any information or calculations required to be included therein or attached thereto;

(b) Any request or direction of any Person mentioned herein shall be sufficiently evidenced by a Request of such Person or any Obligated Group Representative Request; and any resolution of the Governing Body of any Person may be evidenced to the Master Trustee by a Board Resolution of such Person;

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Master Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate or an Opinion of Counsel, which shall conform to the provisions of Section 1.03. The Master Trustee

shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion;

(d) The Master Trustee may consult with counsel concerning all matters of trusts hereof and duties hereunder and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith, or other professionals and the written advice of such counsel or other professional or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture at the request or direction of any of the Holders of Master Obligations pursuant to the provisions of this Master Indenture, unless such Holders shall have provided to the Master Trustee security or indemnity satisfactory in form and substance to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction;

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, coupon or other paper or document but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Obligated Group Members and each other obligor on the Master Obligations, personally or by agent or attorney;

(g) The Master Trustee may execute any of the trusts or powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care hereunder;

(h) The Master Trustee shall not be required to take notice or be deemed to have knowledge of any default (as defined in Section 8.02 hereof) hereunder, except an Event of Default under Section 7.01(a) hereof, unless a Responsible Officer has actually received notice of such default in writing from any Obligated Group Member or the Holder of any Master Obligation, referencing the Master Obligations and describing such default;

(i) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty. It shall not be the duty of the Master Trustee, except as herein provided, to see that any duties or obligations herein imposed upon any Obligated Group Member or any other Person are performed, and the Master Trustee shall not be liable or responsible for the failure of any Obligated Group Member or any other Person to perform any act required of it or them by this Master Indenture;

(j) The Master Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Master Indenture;

(k) In the event the Master Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Master Obligations, each representing less than

a majority in aggregate principal amount of the Master Obligations Outstanding other than Subordinated Obligations, the Master Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(l) The Master Trustee's immunities and protections from liability in connection with the performance of its duties under this Master Indenture shall extend to the Master Trustee's officers, directors, agents and employees. Such immunities and protections, together with the Master Trustee's right to compensation, reimbursement and indemnification, shall survive the Master Trustee's resignation or removal and final payment of the Master Obligations;

(m) Except for information provided by the Master Trustee concerning the Master Trustee, the Master Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Master Obligations, and the Master Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Master Obligations;

(n) Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Master Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Master Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action and the Master Trustee shall not be required to take such foreclosure or similar action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure or similar action;

(o) The Master Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Master Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fire, flood, hurricanes or other storms, wars, terrorism, similar military disturbances, sabotage, epidemic, pandemic, riots, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services, accidents, labor disputes or acts of civil or military authority or governmental action, it being understood that the Master Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances;

(p) In no event shall the Master Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Master Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(q) The rights, privileges, protections, immunities and benefits given to the Master Trustee, including, without limitation, its right to be compensated, reimbursed and indemnified, are extended to, and shall be enforceable by, the Master Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder;

(r) The Master Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Master Indenture; and

(s) The Master Trustee may request that the Obligated Group Representative deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to furnish the Master Trustee with Officer's Certificates, Requests, directions, notices and any other matters or directions pursuant to this Master Indenture.

Section 8.04. Not Responsible For Recitals or Issuance of Master Obligations. The recitals contained herein and in the Master Obligations (other than the certificate of authentication on such Master Obligations) shall be taken as the statements of the Obligated Group Members, and the Master Trustee assumes no responsibility for their correctness. The Master Trustee makes no representations as to the validity or sufficiency of this Master Indenture or of the Master Obligations or of the Trust Estate or the Project. The Master Trustee shall not be accountable for the use or application by the Obligated Group Members of any of the Master Obligations or of the proceeds of such Master Obligations or any money paid to the Obligated Group Members or upon any Obligated Group Member's direction under any provision of this Master Indenture. The Master Trustee is not a party to, and is not responsible for, and makes no representation with respect to matters set forth in any preliminary official statement, official statement or similar document prepared and distributed in connection with the transactions contemplated in this Master Indenture. Notwithstanding the effective date of this Master Indenture or anything to the contrary in this Master Indenture, the Master Trustee shall have no liability or responsibility for any act or event relating to this Master Indenture which occurs prior to the date the Master Trustee formally executes this Master Indenture and commences acting as Master Trustee hereunder. The Master Trustee shall have no responsibility or liability of any kind as a result of any adverse consequence to any Holder of Master Obligations that constitute Subordinated Indebtedness as result of the terms of such Subordinated Indebtedness. The Master Trustee shall not be responsible for and makes no representation as to the tax exempt status of any Master Obligations or Related Bond.

The Master Trustee shall not be responsible for and makes no representation as to the Obligated Group's or any Member's right, title, or ownership in any of the Trust Estate and shall have no obligation for any defects therein or to inquire or investigate the same in any manner. The Master Trustee shall not be responsible for and makes no representation as to the existence or sufficiency of the Trust Estate, the creation, perfection, priority, sufficiency or protection of any Liens securing the Master Obligations and this Master Indenture, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any Lien or Master Indenture document. The Master Trustee shall not be responsible for and makes no representation as to the Entrance Fee Escrow Account, the Entrance Fee Escrow Agreement or any act or omission of the Entrance Fee Escrow Agent. The Master Trustee shall not be responsible for any act or omission of any Accountant, Construction Monitor, Consultant, Manager, Marketing Consultant or Rating Agency. The Master Trustee shall not be responsible for and makes no representation as to the compliance by the Obligated Group Members with any covenant or statutory or regulatory requirement related to the Trust Estate. The Master Trustee makes no representation as to, and shall not be responsible for, the recording or re-recording, or filing or re-filing of any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the

perfection of any Lien or security interest in the Trust Estate except as expressly provided in Section 11.06. The Master Trustee shall not be liable or responsible for the failure of the Obligated Group Members to maintain insurance on the Trust Estate as provided in this Master Indenture, nor shall it be responsible for any loss due to the insufficiency of such insurance or by reason of the failure of any insurer to pay the full amount of any loss against which it may have insured any Obligated Group Member, the Master Trustee or any other Person. The Master Trustee shall have no duty hereunder with respect to any complaint, claim, demand, notice or other document it may receive or which may be alleged to have been delivered to or served upon it by third parties as a consequence of the filing or recordation of any portion of the Trust Estate; provided, however, that the Master Trustee shall use commercially reasonable efforts to deliver to the Obligated Group Representative a copy of any such complaint, claim, demand, notice or other document which is delivered to the Corporate Trust Office and contains sufficient information to enable the Master Trustee to identify such complaint, claim, demand, notice or other document as pertaining to this Master Indenture.

Section 8.05. Master Trustee or Registrar May Own Master Obligations. The Master Trustee, any Paying Agent, registrar or any other agent of the Obligated Group Members, in its individual or any other capacity, may become the owner or pledgee of Master Obligations and may otherwise deal with the Obligated Group Members with the same rights it would have if it were not Master Trustee, Paying Agent, Master Obligation registrar or such other agent.

Section 8.06. Money to Be Held in Trust. All money received by the Master Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which it was received, but need not be segregated from other funds except to the extent required by law. The Master Trustee shall be under no liability for interest on any money received by it hereunder other than such interest as it expressly agrees in writing to pay.

Section 8.07. Compensation and Expenses of Master Trustee. The Obligated Group Members agree:

(a) To pay to the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder in accordance with a written schedule provided by the Master Trustee to the Obligated Group Representative and the Master Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust;

(b) To reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct;

(c) Each Obligated Group Member shall, jointly and severally, indemnify the Master Trustee and its officers, directors, employees and agents for, and hold it harmless against, any loss, liability or expense incurred by it without negligence or willful misconduct on its part, arising out of and in connection with the acceptance or administration of this trust and the performance of its duties hereunder or the exercise of its rights and powers hereunder or under the Master Obligations, including the reasonable costs and expenses (including reasonable attorney's fees, costs and expenses) of defending itself against any claim or liability and of

enforcing this Master Indenture and the Master Obligations (whether asserted by any Holder of Master Obligations, any Obligated Group Member or otherwise), and such indemnification shall survive the termination of this Master Indenture, the payment in full of all Master Obligations issued hereunder or the sooner resignation or removal of the Master Trustee;

(d) In the case of any claim indemnified by the Obligated Group Members hereunder that is covered by a policy of insurance maintained by or on behalf of the Obligated Group Members, the Master Trustee agrees to cooperate, at the Obligated Group Members' expense, with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such claim;

(e) To secure the Obligated Group Members' payment obligations in this Section 8.07, the Master Trustee shall have a Lien prior to the Master Obligations on all money or property held or collected by the Master Trustee, except that held in trust to pay principal and interest on particular Master Obligations; such Lien shall survive the satisfaction and discharge of this Master Indenture and resignation or removal of the Master Trustee; and

(f) "Master Trustee" for the purposes of this Section 8.07 shall include any predecessor Master Trustee and the Master Trustee in each of its capacities hereunder and each agent, custodian and other person employed to act hereunder; provided, however, that the negligence or willful misconduct of any Master Trustee hereunder shall not affect the rights of any other Master Trustee hereunder.

Section 8.08. Corporate Master Trustee Required; Eligibility. There shall at all times be a Master Trustee hereunder which shall be a banking corporation, bank or trust company organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or State banking authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Master Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect hereinafter specified in this Article.

Section 8.09. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Master Trustee and no appointment of a successor Master Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Master Trustee under Section 8.10.

(b) The Master Trustee may resign at any time by giving written notice thereof to the Obligated Group Representative. If an instrument of acceptance by a successor Master Trustee shall not have been delivered to the Master Trustee within 30 days after the giving of such notice of resignation, the resigning Master Trustee may petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(c) The Master Trustee may be removed (i) if no default or Event of Default has occurred and is continuing under this Master Indenture, then by act of the Obligated Group Representative delivered to the Master Trustee and (ii) at any time by act of the Holders of a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations delivered to the Master Trustee and to the Obligated Group Representative.

(d) If at any time:

(i) The Master Trustee shall cease to be eligible under Section 8.08 and shall fail to resign after written request therefor by the Obligated Group Representative or by any Holder of Master Obligations, or

(ii) The Master Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Master Trustee or of its property shall be appointed or any public officer shall take charge or control of the Master Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Obligated Group Representative by written request may remove the Master Trustee, or (B) subject to Section 7.16, any Holder of Master Obligations who has been a bona fide Holder of a Master Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Master Trustee and the appointment of successor Master Trustee.

(e) If the Master Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Master Trustee for any cause, the Obligated Group Representative, by an Obligated Group Representative Request, shall promptly appoint a successor Master Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Master Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations delivered to the Obligated Group Representative and the retiring Master Trustee, the successor Master Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Master Trustee and supersede the successor Master Trustee appointed by the Obligated Group Representative. If no successor Master Trustee shall have been so appointed by the Obligated Group Representative or the Holders of Master Obligations and accepted appointment in the manner hereinafter provided, any Holder of Master Obligations who has been a bona fide Holder of a Master Obligation for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Master Trustee.

(f) The Obligated Group Representative shall give notice of each resignation and each removal of the Master Trustee and each appointment of a successor Master Trustee by mailing written notice of such event by first class mail, postage prepaid, to the registered Holders of Master Obligations at their addresses as shown in the Master Obligation Register. Each notice shall include the name and address of the designated corporate trust office of the successor Master Trustee.

Section 8.10. Acceptance of Appointment by Successor. Every successor Master Trustee appointed hereunder shall execute, acknowledge and deliver to the Obligated Group

Representative and to the retiring Master Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Master Trustee shall become effective and such successor Master Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Master Trustee; but, on the written request of the Obligated Group Representative or the successor Master Trustee, unless otherwise provided by Section 8.11 hereof, such retiring Master Trustee shall, upon payment of its charges and the amounts due to it hereunder, execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of the retiring Master Trustee (except its rights under Section 8.07 hereof or any other indemnification provided hereunder), and shall duly assign, transfer and deliver to the successor Master Trustee all property and money held by such retiring Master Trustee hereunder. Upon request of any such successor Master Trustee, the Obligated Group Representative shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Master Trustee all such rights, powers and trusts.

No successor Master Trustee shall accept its appointment unless at the time of such acceptance such successor Master Trustee shall be qualified and eligible under this Article. The indemnity provided for in Section 8.07(c) herein shall continue to be binding upon the Members of the Obligated Group for the benefit of the retiring or removed Master Trustee.

Section 8.11. Merger or Consolidation. Any entity into which the Master Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Master Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Master Trustee, shall be the successor Master Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Master Obligations shall have been authenticated, but not delivered, by the Master Trustee then in office, any successor by merger or consolidation to such authenticating Master Trustee may adopt such authentication and deliver the Master Obligations so authenticated with the same effect as if such successor Master Trustee had itself authenticated such Master Obligations.

Section 8.12. Master Trustee as Related Bond Trustee. The Master Trustee may serve as Related Bond Trustee under any Related Bond Indenture so long as the Master Trustee is the Related Bond Trustee for all outstanding Related Bonds. If an entity other than the Master Trustee becomes a Related Bond Trustee, the Master Trustee hereby agrees to promptly resign from its role as Master Trustee or Related Bond Trustee, at its option, on its own motion and a successor Master Trustee or Related Bond Trustee, as appropriate, shall be appointed and qualified as set forth in Section 8.09 hereof or in the Related Bond Indenture.

Section 8.13. Co-Master Trustee. It is the purpose hereof that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation hereunder and in particular in case of the enforcement of this Master Indenture upon the occurrence of an Event of Default, it may be necessary that the Master Trustee appoint an additional individual or institution as a separate Master Trustee or Co-Master Trustee. The following provisions of this Section are adapted to these ends.

Upon the incapacity or lack of authority of the Master Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Master Trustee or to hold a security interest in the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended to be exercised by or vested in or conveyed to the Master Trustee with respect thereto shall be exercisable by and vest in a separate Master Trustee or Co-Master Trustee appointed by the Master Trustee but only to the extent necessary to enable the separate Master Trustee or Co-Master Trustee to exercise such rights, powers and trusts, and every agreement and obligation necessary to the exercise thereof by such separate Master Trustee or Co-Master Trustee shall run to and be enforceable by either of them. Should any deed, conveyance or instrument in writing from any Obligated Group Member be required by the separate Master Trustee or Co-Master Trustee so appointed by the Master Trustee in order to more fully and certainly vest in and confirm to such separate Master Trustee or Co-Master Trustee such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by such Obligated Group Member, at the expense of the Obligated Group. In case any separate Master Trustee or Co-Master Trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Master Trustee or Co-Master Trustee, so far as permitted by law, shall vest in and be exercised by the Master Trustee until the appointment of a new Master Trustee or successor to such separate Master Trustee or Co-Master Trustee.

[End of Article VIII]

**ARTICLE IX
SUPPLEMENTS AND AMENDMENTS**

Section 9.01. Supplements Without Consent of Holders of Master Obligations.

Without the consent of the Holders of any Master Obligations, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee at any time may enter into one or more Supplements for any of the following purposes:

(a) To evidence the succession of another Person to an Obligated Group Member, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of an Obligated Group Member as permitted by this Master Indenture or to evidence additions to, or withdrawals from, membership in the Obligated Group in accordance with the provisions of Article VI hereof;

(b) To add to the covenants of the Obligated Group Members for the benefit of the Holders of Master Obligations, or to surrender any right or power herein conferred upon the Obligated Group Members, or to add to the Events of Default enumerated in Section 7.01;

(c) To cure any ambiguity or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Master Indenture that shall not be inconsistent with this Master Indenture, provided such action shall not adversely affect the interests of the Holders of Master Obligations;

(d) To modify or supplement this Master Indenture in such manner as may be necessary or appropriate to qualify this Master Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or State statute or regulation, including provisions whereby the Master Trustee accepts such powers, duties, conditions and restrictions hereunder and the Obligated Group Members undertake such covenants, conditions or restrictions additional to those contained in this Master Indenture as would be necessary or appropriate so to qualify this Master Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Master Indenture or in any Supplements provisions referred to in Section 316(a)(2) of said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(e) To create and provide for the issuance of Master Obligations as permitted hereunder;

(f) To increase or maintain any credit rating assigned to any Series of Related Bonds by a Rating Agency so long as no Master Obligation issued hereunder shall be secured on a basis senior to other Master Obligations except Subordinated Obligations;

(g) To change Section 4.15 hereof to permit the financial statements required therein to more accurately reflect the financial position and operations of the Obligated Group; and

(h) To make any amendment to any provision of this Master Indenture or to any Supplement which is only applicable to Master Obligations issued thereafter or which will not apply so long as any Master Obligation then Outstanding remains Outstanding.

Section 9.02. Supplements With Consent of Holders of Master Obligations. With the consent of the Holders of not less than a majority in principal amount of the Outstanding Master Obligations other than Subordinated Obligations, by Act of said Holders delivered to the Obligated Group Representative and the Master Trustee, each Obligated Group Member, when authorized by a Board Resolution, and the Master Trustee may enter into Supplements for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Indenture or of modifying in any manner the rights of the Holders of the Master Obligations under this Master Indenture; provided, however, that no such Supplement shall, without the consent of the Holder of each Outstanding Master Obligation affected thereby,

(a) Change the Stated Maturity of the principal of, or any installment of interest on, any Master Obligations or any date for mandatory redemption thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any Place of Payment where, or the coin or currency in which, any Master Obligations or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(b) Reduce the percentage in principal amount of the Outstanding Master Obligations, the consent of whose Holders is required for any such Supplement, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Master Indenture or certain defaults hereunder and their consequences) provided for in this Master Indenture, or

(c) Modify any of the provisions of this Section or Section 7.15, except to increase any such percentage or to provide that certain other provisions of this Master Indenture cannot be modified or waived without the consent of the Holder of each Master Obligation affected thereby.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a), (b) and (c) above may be made with respect to an Outstanding Master Obligation, with the consent of the holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Related Bonds related to such Master Obligation; provided, however, any such amendment shall not result in a change in preference or priority of any Master Obligation or Related Bonds over any other Master Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such amendment described in clauses (a), (b) or (c) shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

It shall not be necessary for any Act of Holders of Master Obligations under this Section to approve the particular form of any proposed Supplement, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03. Execution of Supplements. In executing, or accepting the additional trusts created by, any Supplement permitted by this Article or the modifications thereby of the trusts created by this Master Indenture, the Master Trustee shall be entitled to receive, and shall be fully protected in conclusively relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted by this Master

Indenture and that all conditions precedent thereto have been complied with. In connection with the execution and delivery of a Supplement pursuant to Section 9.01(c), the Master Trustee, in its discretion, may determine whether or not in accordance with such Section the Holders of the Master Obligations would be affected by such Supplement, and any such determination shall be binding and conclusive on the Members of the Obligated Group and the Holders of the Master Obligations. The Master Trustee may receive and be entitled to conclusively rely upon an Opinion of Counsel as conclusive evidence as to whether the Holders of the Master Obligations would be so affected by any such Supplement. The Master Trustee may, but shall not (except to the extent required in the case of a Supplement entered into under Section 9.01(d)) be obligated to, enter into any such Supplement which affects the Master Trustee's own rights, duties or immunities under this Master Indenture or otherwise.

Section 9.04. Effect of Supplement. Upon the execution of any Supplement under this Article, this Master Indenture shall, with respect to each series of Master Obligations to which such Supplement applies, be modified in accordance therewith, and such Supplement shall form a part of this Master Indenture for all purposes, and every Holder of Master Obligations thereafter or (except to the extent provided pursuant to Section 9.01(h)) theretofore authenticated and delivered hereunder shall be bound thereby.

Section 9.05. Obligations May Bear Notation of Changes. Master Obligations authenticated and delivered after the execution of any Supplement pursuant to this Article may bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the Obligated Group Representative or the Master Trustee shall so determine, new Master Obligations so modified as to conform, in the opinion of the Master Trustee and the Obligated Group Representative, to any such Supplement may be prepared and executed by the applicable Obligated Group Member and authenticated and delivered by the Master Trustee in exchange for Master Obligations then Outstanding.

[End of Article IX]

ARTICLE X SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

Section 10.01. Satisfaction and Discharge of Master Indenture. If at any time the Obligated Group Members shall have paid or caused to be paid the principal of, premium, if any, and interest on all the Master Obligations Outstanding hereunder, as and when the same shall have become due and payable, and if the Obligated Group Members shall also pay or provide for the payment of all other sums payable hereunder by each Obligated Group Member, then this Master Indenture shall cease to be of further effect (except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, defaced or apparently destroyed, lost or stolen Master Obligations, (c) rights of Holders to receive payments of principal thereof, premium, if any, and interest thereon, (d) the rights, remaining obligations, if any, and immunities of the Master Trustee hereunder and (e) the rights of the Holders as beneficiaries hereof with respect to the property so deposited with the Master Trustee payable to all or any of them) and the Master Trustee, on the Obligated Group Representative's Request accompanied by an Officer's Certificate and an Opinion of Counsel (both to the effect that all conditions precedent in this Master Indenture relating to the satisfaction and discharge of this Master Indenture have been satisfied) and at the cost and expense of the Obligated Group Representative, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture.

Notwithstanding the satisfaction and discharge of this Master Indenture, the obligations of the Obligated Group Members to the Master Trustee under Section 8.07 and, if funds shall have been deposited with the Master Trustee pursuant to Section 10.02, the obligations of the Master Trustee under Section 10.03 shall survive.

Section 10.02. Master Obligations Deemed Paid. Master Obligations of any series shall be deemed to have been paid if (a) (i) in case such Master Obligations are to be redeemed on any date prior to their Stated Maturity, the Obligated Group Representative by Obligated Group Representative Request shall have given to the Master Trustee in form satisfactory to it irrevocable written instructions to give notice of redemption of such Master Obligations on said redemption date, (ii) there shall have been deposited with the Master Trustee either money sufficient, or Defeasance Obligations the principal of and the interest on which will provide money sufficient without reinvestment (as established by an Officer's Certificate delivered to the Master Trustee accompanied by a report of an Accountant setting forth the calculations upon which such Officer's Certificate is based), to pay when due the principal of, premium, if any, and interest due and to become due on said Master Obligations on and prior to the redemption date or Stated Maturity thereof, as the case may be, and (iii) in the event said Master Obligations are not by their terms subject to redemption within the next 45 days, the Obligated Group Representative by Obligated Group Representative Request shall have given the Master Trustee in form satisfactory to it irrevocable written instructions to give a notice to the Holders of such Master Obligations that the deposit required by clause (ii) above has been made with the Master Trustee and that said Master Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which money is to be available for the payment of the principal of, premium, if any, and interest on said Master Obligations or (b) such Master Obligations are delivered to the Master Trustee by the Related Bond Trustee together

with instructions from the Obligated Group Representative directing the Master Trustee to retire and cancel such Master Obligations.

Section 10.03. Application of Trust Money. The Defeasance Obligations and money deposited with the Master Trustee pursuant to Section 10.02 and principal or interest payments on any such Defeasance Obligations shall be held in trust, shall not be sold or reinvested and shall be applied by it, in accordance with the provisions of the Master Obligations and this Master Indenture, to the payment, either directly or through any Paying Agent (including the Obligated Group Representative acting as Paying Agent) as the Master Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and interest for whose payment such money or Defeasance Obligations were deposited; provided that, upon delivery to the Master Trustee of an Officer's Certificate (accompanied by the report of an Accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Defeasance Obligations on deposit following the taking of the proposed action will be sufficient for the purposes described in clause (ii) of Section 10.02, any money received from principal or interest payments on Defeasance Obligations deposited with the Master Trustee or the proceeds of any sale of such Defeasance Obligations, if not then needed for such purpose, shall, upon Obligated Group Representative Request be reinvested, to the extent practicable, in other Defeasance Obligations or disposed of as requested by the Obligated Group Representative. For purposes of any calculation required by this Article, any Defeasance Obligation which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the issuer and the principal of such obligation shall be assumed to be received at its stated maturity.

Section 10.04. Payment of Related Bonds. Notwithstanding any other provision of this Article X, no Master Obligation will be considered paid or deemed to have been paid unless the Related Bonds, if any, have been paid or deemed paid pursuant to the Related Bond Indenture.

[End of Article X]

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01. No Personal Liability. No recourse under this Master Indenture or any Master Obligations shall be had against any officer, director, agent or employee, as such, past, present or future, of any Obligated Group Member, any Affiliate, the Master Trustee or of any successor corporation; it being expressly understood that this Master Indenture and the obligations incurred hereunder are solely obligations of the entities named herein as obligors, and that no personal liability whatever shall attach to such persons or any of them, under this Master Indenture or any Master Obligations; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such person because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Master Indenture or in any Master Obligations are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Master Indenture and the issue of such Master Obligations.

Section 11.02. Maryland Contract. This Master Indenture and the Master Obligations shall be deemed to be contracts made under the laws of the State and for all purposes shall be construed in accordance with the laws of the State applicable to contracts made and to be performed in the State.

Section 11.03. Legal Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Master Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the nominal date provided in this Master Indenture and, in the case of any payment, no interest shall accrue for the period.

Section 11.04. Benefits of Provisions of Master Indenture and Master Obligations. Nothing in this Master Indenture or in the Master Obligations, expressed or implied, shall give or be construed to give any Person, other than the parties hereto, and the Holders of such Master Obligations, any legal or equitable right, remedy or claim under or in respect of this Master Indenture or under any covenant, condition and provision herein contained; all its covenants, conditions and provisions being for the sole benefit of the parties hereto and of the Holders of such Master Obligations.

Section 11.05. Execution in Counterparts. This Master Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument. The exchange of copies of this Master Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Master Indenture as to the parties hereto and may be used in lieu of the original Master Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 11.06. UCC Financing Statements. The Members of the Obligated Group hereby expressly grant to the Master Trustee the full right and authority to file any Maryland

Uniform Commercial Code financing statement, continuation statement or amendment that may be required by law or is necessary to maintain any security interest granted by the Obligated Group to the Master Trustee pursuant to this Master Indenture and shall timely provide a recorded copy of each filed original financing statement filed pursuant to Section 4.03 to the Master Trustee. Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests or the accuracy or sufficiency of any description of collateral in such filings, and unless the Master Trustee shall have been notified by the Obligated Group that any such initial filing or description of collateral was or has become defective, the Master Trustee shall be fully protected in conclusively relying on such initial filing and descriptions in filing any financing or continuation statement(s) pursuant to this Section. The Obligated Group shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this section. The Master Trustee agrees that it will cause to be filed all necessary continuation statements within the time prescribed by the Maryland Uniform Commercial Code – Secured Transactions in order to continue the Maryland Uniform Commercial Code financing statements in connection with the security interests created by this Master Indenture and the Deed of Trust that were initially filed by the Members of the Obligated Group; provided, however, no such agreement shall apply or extend to any amendment or new original filing required pursuant to Section 4.07 and any event described herein. The Obligated Group shall be responsible for and shall pay any reasonable expenses, including legal fees incurred under this Section.

[End of Article XI]

IN WITNESS WHEREOF, the parties hereto have caused this Master Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first above written.

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC., as the initial Obligated Group Member and as the Obligated Group Representative

By: _____
President

MANUFACTURERS AND TRADERS TRUST COMPANY, as Master Trustee

By: _____
Authorized Signatory

EXHIBIT A
EXISTING LIENS

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THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.,
as the Initial Obligated Group Member and as the Obligated Group Representative

AND

MANUFACTURERS AND TRADERS TRUST COMPANY,
as Master Trustee

SUPPLEMENTAL INDENTURE NUMBER 1

Dated as of August 1, 2014

Relating to
The Mayor and Common Council of Westminster
Revenue Bonds
(The Lutheran Village at Miller's Grant, Inc.)
Series 2014

Consisting of:

\$ _____ Project Revenue Bonds Series 2014A
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014B
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014C
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014D
\$ _____ Direct Purchase Bank Revenue Bond Series 2014E

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THIS SUPPLEMENTAL INDENTURE NUMBER 1 (this “Supplemental Indenture”), dated as of August 1, 2014, between **THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC.**, as the Initial Obligated Group Member and as the Obligated Group Representative (the “Obligated Group Representative”), and **MANUFACTURERS AND TRADERS TRUST COMPANY**, a New York banking corporation with trust powers in the State of Maryland (the “Master Trustee”),

WITNESSETH:

WHEREAS, the Obligated Group Representative and the Master Trustee have entered into a Master Trust Indenture dated as of August 1, 2014 (the “Master Indenture”); and

WHEREAS, The Mayor and Common Council of Westminster (the “Issuer”) has (a) previously issued its Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E in the maximum principal amount of \$25,000,000 (the “Series 2014E Bond”) under a Loan and Financing Agreement dated as of July 1, 2014 among the Issuer, the Obligated Group Representative and Branch Banking and Trust Company (the “Lender”) (the “Loan and Financing Agreement”), and (b) contemporaneously herewith issued its (i) Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.), Series 2014A in the aggregate principal amount of \$_____ (the “Series 2014A Bonds”), (ii) Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B in the aggregate principal amount of \$_____ (the “Series 2014B Bonds”), (iii) Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C in the aggregate principal amount of \$_____ (the “Series 2014C Bonds”), and (iv) Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D in the aggregate principal amount of \$_____ (the “Series 2014D Bonds”) under a Bond Trust Indenture dated as of August 1, 2014 (the “Series 2014 Bond Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as bond trustee (the “Bond Trustee”); and

WHEREAS, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds are collectively referred to herein as the “Series 2014 Bonds”; and

WHEREAS, the Series 2014 Bonds and the Series 2014E Bond are being issued to (a) finance the costs of acquiring, constructing and improving a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Howard County, Maryland to be known as “Miller’s Grant” (the “Project”), (b) currently refund the outstanding \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania to finance pre-development expenses of the Project (the “Bank Loan”), (c) fund the applicable debt service reserve funds for the Series 2014 Bonds, (d) fund a portion of the interest on the Series 2014 Bonds and the Series 2014E Bond, (e) fund working capital and (f) pay all or a portion of the costs of issuing the Series 2014 Bonds and the Series 2014E Bond; and

WHEREAS, pursuant to the Loan and Financing Agreement, the Obligated Group Representative has executed and delivered to the Issuer a promissory note dated the date of

issuance of the Series 2014E Bond (the "Series 2014E Note"), which the Issuer has assigned to the Lender (except for the Unassigned Rights); and

WHEREAS, pursuant to the Loan Agreement dated as of August 1, 2014 (the "Series 2014 Loan Agreement"), between the Issuer and the Obligated Group Representative, the Obligated Group Representative has agreed to execute and deliver to the Issuer one or more promissory notes dated the date of issuance of the Series 2014 Bonds (collectively, the "Series 2014A-D Notes" and, together with the Series 2014E Note, the "Series 2014 Notes"); and

WHEREAS, to secure its obligations under the Series 2014 Notes, the Obligated Group Representative (a) will grant to certain trustees for the benefit of the Issuer a lien on and a security interest in the real property and personal property included in the Project pursuant to the Deed of Trust and (b) will grant to the Master Trustee a security interest in the Gross Revenues and the Personal Property pursuant to the Master Indenture, all subject to Permitted Encumbrances; and

WHEREAS, simultaneously with the issuance of the Series 2014 Bonds and the delivery of the Deed of Trust (a) at the request of the Obligated Group Representative, (i) the Lender, in exchange for the issuance of the Series 2014E Master Obligation (defined herein), will assign to the Master Trustee all of its right, title and interest in, to and under the Series 2014E Note (excluding the Unassigned Rights) and the Deed of Trust (excluding the Issuer's right to indemnification and to payment of costs thereunder) and (ii) the Issuer, in exchange for the issuance of the Series 2014A-D Master Obligations (defined herein), will cause the Bond Trustee to assign to the Master Trustee all of the Issuer's right, title and interest in, to and under the Series 2014A-D Notes (excluding the Unassigned Rights) and the Deed of Trust (excluding the Issuer's right to indemnification and to payment of costs thereunder) and (b) pursuant to the Master Indenture and this Supplemental Indenture, the Obligated Group will issue (i) the Series 2014E Master Obligation created by this Supplemental Indenture in favor of the Lender in the maximum principal amount of the Series 2014E Bond and cause the Master Trustee to deliver the Series 2014E Master Obligation to the Lender to provide payment for, and secure payment of, the Series 2014E Bond and (ii) the Series 2014A-D Master Obligations created by this Supplemental Indenture in favor of the Bond Trustee in the principal amount of the Series 2014 Bonds and cause the Master Trustee to deliver the Series 2014A-D Master Obligations to the Bond Trustee to provide payment for, and secure payment of, the Series 2014 Bonds; and

WHEREAS, the Obligated Group Representative also has agreed to issue the CLV Subordinated Obligations (as hereinafter defined) created by this Supplemental Indenture to evidence the obligations of the Obligated Group Representative to CLV under the Development Services Agreement and the Liquidity Support Agreement; and

WHEREAS, the Obligated Group Representative is authorized by law and by the Master Indenture, and deems it necessary and desirable, to issue and deliver the Series 2014 Master Obligations (as defined herein) and the CLV Subordinated Obligations (as defined herein) pursuant to the Master Indenture; and

WHEREAS, pursuant to the terms of the Master Indenture, each of the Obligated Group Members will be jointly and severally liable for payment of the Series 2014 Master Obligations and the CLV Subordinated Obligations; and

WHEREAS, all acts and things necessary to make the Series 2014 Master Obligations and the CLV Subordinated Obligations authorized by this Supplemental Indenture, when executed by the Obligated Group Representative for and on behalf of the Obligated Group and each Obligated Group Member and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Indenture, the valid, binding and legal obligation of each Obligated Group Member, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Indenture and the issuance hereunder and under the Master Indenture of the Series 2014 Master Obligations and the CLV Subordinated Obligations created by this Supplemental Indenture have in all respects been duly authorized, and the Obligated Group Representative, for and on behalf of the Obligated Group and each Obligated Group Member, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the Series 2014 Master Obligations and the CLV Subordinated Obligations created hereby;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2014 Master Obligations and the CLV Subordinated Obligations authorized hereby are authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2014 Master Obligations and the CLV Subordinated Obligations created hereby by the holders thereof, the Obligated Group Representative, on behalf of the Obligated Group Members, covenants and agrees with the Master Trustee as follows:

**ARTICLE I
DEFINITION OF TERMS**

Section 1.01. Definitions.

The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below. Capitalized terms used in this Supplemental Indenture that are not defined as set forth below or as otherwise defined herein shall have the meanings assigned to them in the Master Indenture.

“Entrance Fee Fund” means the fund created by Section 2.01 hereof.

“Entrance Fee Unit” means the Independent Living Units that are part of the Project and are offered for occupancy on an Entrance Fee basis.

“CLV” means Carroll Lutheran Village, Inc., a Maryland nonstock corporation.

“CLV Subordinated Obligations” means the Series 2014F Subordinated Obligation and the Series 2014G Subordinated Obligation.

“Liquidity Support Fund” means the fund created under Section 2.05 hereof.

“Operating Expenses” means, for any period, the aggregate of all expenses calculated under GAAP, including, without limitation, any accrual for taxes, assessments and insurance, incurred by the Person or group of Persons involved during such period, but excluding (a) depreciation and amortization, (b) extraordinary expenses, losses on the sale of assets other than in the ordinary course of business and losses on the extinguishment of debt or termination of pension plans, (c) any expenses resulting from a forgiveness of or the establishment of reserves against Indebtedness of an Affiliate which does not constitute an extraordinary expense, (d) losses resulting from any reappraisal, revaluation or write down of assets other than bad debts, (e) non-cash expenses or losses and (f) any development, marketing, operating or management fees that have been deferred from the year in which they were originally due. If such calculation of Operating Expenses is being made with respect to the Obligated Group, any such expenses attributable to transactions between any Member and any other Member shall be excluded.

“Operating Reserve Fund” means the fund created by Section 2.03 hereof.

“Operating Reserve Fund Requirement” initially means \$200,000; the Obligated Group Representative shall determine the Operating Reserve Fund Requirement annually as the amount required by the Continuing Care Act and shall deliver to the Master Trustee an Officer’s Certificate setting forth the Operating Reserve Fund Requirement within 60 days after the end of each Fiscal Year; if the Obligated Group Representative fails to timely advise the Master Trustee of the Operating Reserve Fund Requirement, the Operating Reserve Fund Requirement shall be \$1,262,000 until the Obligated Group Representative delivers the Officer’s Certificate to the Master Trustee.

“Renewal and Replacement Fund” means the fund created by Section 2.04 hereof.

“Series 2014 Master Obligations” means, collectively, the Series 2014A Master Obligation, the Series 2014B Master Obligation, the Series 2014C Master Obligation, the Series 2014D Master Obligation and the Series 2014E Master Obligation.

“Series 2014A Master Obligation” means the Master Obligation created by Article III hereof.

“Series 2014A-D Master Obligations” means, collectively, the Series 2014A Master Obligation, the Series 2014B Master Obligation, the Series 2014C Master Obligation and the Series 2014D Master Obligation.

“Series 2014B Master Obligation” means the Master Obligation created by Article IV hereof.

“Series 2014C Master Obligation” means the Master Obligation created by Article V hereof.

“Series 2014D Master Obligation” means the Master Obligation created by Article VI hereof.

“Series 2014E Master Obligation” means the Master Obligation created by Article VII hereof.

“Series 2014F Subordinated Obligation” means the Subordinated Obligation created by Article VIII hereof and so identified.

“Series 2014G Subordinated Obligation” means the Subordinated Obligation created by Article VIII hereof and so identified.

“Working Capital Fund” means the fund created by Section 2.02 hereof.

[End of Article I]

**ARTICLE II
FUNDS**

Section 2.01. Entrance Fee Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the "Entrance Fee Fund – Lutheran Village at Miller's Grant" (the "Entrance Fee Fund"). All moneys received by the Master Trustee and held in the Entrance Fee Fund pursuant to this Section 2.01 shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The investment of the moneys held in the Entrance Fee Fund shall be made pursuant to an Obligated Group Representative Request pursuant to Section 2.07, and each such request shall state that such requested investment complies with the yield restriction as provided in the Tax Agreement (as defined in the Series 2014 Loan Agreement) until the Obligated Group Representative delivers an opinion of nationally recognized municipal bond counsel (which counsel and opinion are acceptable to the Master Trustee) to the Master Trustee to the effect that no such yield restriction is required to maintain any exemption from federal income taxation to which the interest on any Related Bonds would otherwise be entitled.

(b) The Members of the Obligated Group hereby agree that all Initial Entrance Fees received by the Members of the Obligated Group shall be transferred to the Master Trustee within five Business Days of the receipt thereof for deposit into the Entrance Fee Fund; provided that no Initial Entrance Fees will be subject to transfer by the Obligated Group so long as such Entrance Fees must be held in the Entrance Fee Escrow Account pursuant to the Continuing Care Act.

(c) Upon the release described in subsection (e) below, the Initial Entrance Fees so released and received by the Master Trustee shall be deposited and applied in accordance with subsection (d) below.

(d) The Initial Entrance Fees deposited to the Entrance Fee Fund shall be applied by the Master Trustee pursuant to an Obligated Group Representative Request within two (2) Business Days of receipt in the following order of priority, as follows:

FIRST: To the Obligated Group Representative to pay refunds required by Residency Agreements for which the Obligated Group Representative has not received a corresponding replacement Entrance Fee with respect to the applicable Independent Living Unit. Such disbursements shall be made upon receipt by the Master Trustee of an Officer's Certificate of the Obligated Group Representative certifying that the Obligated Group Representative is required by a Residency Agreement to pay refunds. The Obligated Group Representative shall also provide a copy of such Officer's Certificate to the Entrance Fee Escrow Agent.

SECOND: If no pending disbursement under FIRST, to the Operating Reserve Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the Operating Reserve Fund equals the Operating Reserve Fund Requirement or to replenish the Working Capital Fund if any funds have been transferred to the Operating Reserve Fund from the Working Capital Fund in order that the amount on deposit in the Operating Reserve Fund equals the Operating Reserve Fund Requirement.

THIRD: If no pending disbursement under FIRST or SECOND, to the Working Capital Fund established by the Master Indenture until the total amount transferred from the Entrance Fee Fund to the Working Capital Fund, including all prior transfers, equals \$15,000,000. The Master Trustee will not replenish funds withdrawn from the Working Capital Fund or transfer moneys from the Entrance Fee Fund to the Working Capital Fund once a total amount of \$15,000,000 in Initial Entrance Fees has been transferred from the Entrance Fee Fund to the Working Capital Fund. However, if the Obligated Group has additional working capital needs, upon receipt of an Obligated Group Representative Request, the Master Trustee shall transfer up to an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

FOURTH: If no pending disbursement under FIRST, SECOND or THIRD, to the Lender to partially redeem the Series 2014E Bond until it is redeemed in full pursuant to the terms of the Loan and Financing Agreement.

FIFTH: If no pending disbursement under FIRST, SECOND, THIRD or FOURTH, to the Entrance Fee Redemption Account established under Section 3.02 of the Series 2014 Bond Indenture. The monies in the Entrance Fee Redemption Account shall be used to redeem, first, the Series 2014D Bonds, second, the Series 2014C Bonds and, last, the Series 2014B Bonds, with each series to be partially redeemed until it is redeemed in full pursuant to the Bond Indenture before redemption of the next series begins.

(e) Once any amount on deposit in the Entrance Fee Escrow Account is released pursuant to the terms of the Entrance Fee Escrow Agreement, the Obligated Group Representative shall direct the Entrance Fee Escrow Agent to transfer the amount to the Master Trustee for deposit to the Entrance Fee Fund (such directions to be provided in writing to the Entrance Fee Escrow Agent with a copy to the Master Trustee) for application as provided in subsection (d) above.

(f) After all of the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been redeemed or otherwise paid in full (as established by an Officer's Certificate of the Obligated Group Representative delivered to the Master Trustee) and no Event of Default has occurred and is continuing, the Members of the Obligated Group need not deposit any Entrance Fees into the Entrance Fee Fund. Upon delivery to the Master Trustee of an Officer's Certificate and an Opinion of Counsel stating the satisfaction of such conditions, any amounts on deposit in the Entrance Fee Fund shall be remitted to the Obligated Group Representative and the Entrance Fee Fund shall be closed.

Section 2.02. Working Capital Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Working Capital Fund – Lutheran Village at Miller’s Grant” (the “Working Capital Fund”). All moneys held in the Working Capital Fund shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The Working Capital Fund shall be funded initially in the amount of \$2,100,000 from proceeds of the Series 2014 Bonds and the Series 2014E Bond and in the amount of \$15,000,000 from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Working Capital Fund pursuant to Section 2.01 hereof. However, if the Obligated Group has additional working capital needs, upon receipt of an Obligated Group Representative Request, the Master Trustee shall transfer up to an additional \$2,500,000 from the Entrance Fee Fund sufficient to make the cumulative transfer of Initial Entrance Fees to the Working Capital Fund not to exceed \$17,500,000.

(b) Pursuant to the Management Agreement and the Development Services Agreement, if the number of “presold units” in the Project falls below 168 Independent Living Units while the Series 2014E Bond is outstanding, CLV is required to return fees paid to it by the Obligated Group Representative, and the Obligated Group Representative shall deposit any such returned fees to the Working Capital Fund. Further, pursuant to the Management Agreement and the Development Services Agreement, the aggregate amount of fees paid while the Series 2014E Bond is outstanding may not exceed \$500,000, and any fees due and owing to CLV in excess of that amount shall be suspended and shall not accrue interest thereon until the Series 2014E Bond is redeemed or paid in full. Any such returned fees and any such suspended fees during the period when the number of “presold units” is less than 168 Independent Living Units may be paid to CLV from the Working Capital Fund on the date on which the number of “presold units” increases to 168 Independent Living Units so long as the aggregate amount of fees paid to CLV while the Series 2014E Bond is outstanding does not exceed \$500,000. Any fees owed by the Obligated Group Representative to CLV that are suspended during the period while the Series 2014E Bond is outstanding due to the \$500,000 cap may be paid to CLV on the date the Series 2014E Bond is redeemed or paid in full.

(c) Moneys in the Working Capital Fund shall be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven (7) days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (i) such moneys will be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any currently payable development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received to the extent such refunds were not paid directly from the Entrance Fee Fund, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by CLV, to the extent such amounts were not

otherwise payable from amounts on deposit in the Bond Fund or the Funded Interest Account of the Construction Fund, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. Notwithstanding the foregoing, if any amounts have been withdrawn from the Liquidity Support Fund to cover costs and expenses due and owing prior to the funding of the Working Capital Fund with Initial Entrance Fees sufficient to pay such costs and expenses, the Master Trustee shall, upon receipt of an Obligated Group Representative Request, restore those funds to the Liquidity Support Fund. After the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and no Event of Default has occurred and is continuing, any amount on deposit in the Working Capital Fund will be remitted to the Obligated Group Representative and the Working Capital Fund will be closed.

Section 2.03. Operating Reserve Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Operating Reserve Fund – Lutheran Village at Miller’s Grant” (the “Operating Reserve Fund”). All moneys held in the Operating Reserve Fund shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture. The Operating Reserve Fund shall be funded initially in the amount of \$200,000 from Initial Entrance Fees deposited in the Entrance Fee Fund and transferred to the Operating Reserve Fund pursuant to Section 2.01 hereof and thereafter shall be funded in the amount of the Operating Reserve Fund Requirement.

(b) Moneys in the Operating Reserve Fund shall be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven (7) days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (i) such moneys will be used to pay (a) costs of completing the Project, (b) operating expenses of the Project, including, without limitation, any currently payable development and marketing fees, (c) the costs of needed repairs to the Project, (d) the costs of capital improvements to the Project, (e) judgments against the Obligated Group, (f) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received to the extent such refunds were not paid directly from the Entrance Fee Fund, or (g) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by CLV, to the extent such amounts were not otherwise payable from amounts on deposit in the Bond Fund or the Funded Interest Account of the Construction Fund, and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted, together with an itemized budget describing the uses for which such moneys are needed and the amount needed for each such use. After the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and no Event of Default has

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occurred and is continuing, any amount on deposit in the Operating Reserve Fund will be remitted to the Obligated Group Representative and the Operating Reserve Fund will be closed.

Section 2.04. Renewal and Replacement Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Renewal and Replacement Fund – Lutheran Village at Miller’s Grant” (the “Renewal and Replacement Fund”). All moneys held in the Renewal and Replacement Fund shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture.

(b) Commencing with the first full month following the first full Fiscal Year in which (a) the aggregate annual occupancy of the Independent Living Units that are part of the Project is equal to or greater than 85%, and (b) the Series 2014E Bond and all of the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds have been paid in full and are no longer Outstanding (“Stable Occupancy”), the Obligated Group shall pay to the Master Trustee for deposit to the Renewal and Replacement Fund initially \$15,000 on the first Business Day of each month.

(c) Commencing on the fifth anniversary of the date of the issuance of the Series 2014 Bonds and every five (5) years thereafter, the Obligated Group shall order or cause to be conducted and delivered a needs assessment analysis from a consulting engineer that, in the reasonable judgment of the Obligated Group Representative, is experienced in conducting needs assessment analyses for continuing care retirement facilities such as the Project or other similar housing and healthcare facilities specifically designed for the aged. If such needs assessment analysis indicates that the amount on deposit in the Renewal and Replacement Escrow Account is not sufficient, the Obligated Group shall add to the amounts budgeted for capital expenditures in the next succeeding Annual Budget an amount equal to one-fifth of the total shortfall for the next succeeding five Fiscal Years (or such shorter period as set forth in the needs assessment analysis) and such budgeted amounts shall be deposited into the Renewal and Replacement Fund. The costs of the needs assessment analysis may be paid from moneys on deposit in the Renewal and Replacement Fund.

(d) The obligation to make monthly deposits into the Renewal and Replacement Fund shall be suspended at any time the balance of the Renewal and Replacement Fund is greater than \$2,000,000 or such higher amount as set forth in the most recently completed needs assessment analysis (the “Required Balance”), but shall resume upon any withdrawal from the Renewal and Replacement Fund which causes the balance to fall below the then Required Balance until such time as the balance has been restored. Moneys in the Renewal and Replacement Fund may be used upon delivery of an Obligated Group Representative Request to the Master Trustee to pay (i) the maintenance and repair costs related to the Project for which the Obligated Group is obligated pursuant to the Master Indenture which are not included in the Annual Budget, (ii) expenses and (iii) the principal of, premium, if any, and interest on any Master Obligations. Moneys in the Renewal and Replacement Fund shall be used to pay maintenance and repair costs

related to the Project, expenses and debt service after any amounts on deposit in the Working Capital Fund are used for such purposes, but prior to any amounts on deposit in the Renewal and Replacement Fund and the Operating Reserve Fund being used for such purposes. Moneys in the Renewal and Replacement Fund shall be used to pay debt service on any Indebtedness of any Obligated Group Member prior to any amounts on deposit in any debt service reserve fund relating to such Indebtedness being used for such purpose.

Section 2.05. Liquidity Support Fund.

(a) The Master Trustee shall establish and maintain a separate fund to be known as the “Liquidity Support Fund – Lutheran Village at Miller’s Grant” (the “Liquidity Support Fund”). All moneys held in the Liquidity Support Fund shall be trust funds under the terms of this Supplemental Indenture and the Master Indenture for the benefit of all of the Master Obligations Outstanding under the Master Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of any Member of the Obligated Group. Such moneys shall be held in trust and applied in accordance with the provisions of this Supplemental Indenture and the Master Indenture.

(b) Pursuant to the Liquidity Support Agreement, at issuance of the Series 2014 Bonds, CLV will deposit to the Liquidity Support Fund \$2,000,000 in cash and a letter of credit in the initial amount of \$4,000,000 (collectively, the “Initial Deposit Amount”), which letter of credit may at any time, upon receipt by the Master Trustee of an Obligated Group Representative Request, be substituted with another letter of credit in the same amount and having substantially similar format and draw terms or with cash or with a combination thereof to be held in the Liquidity Support Fund. The Liquidity Support Agreement also provides for additional funding of the Liquidity Support Fund from CLV (the “Additional Deposit Amount” and, together with the Initial Deposit Amount, the “Maximum Deposit Amount”) up to a maximum amount of \$1,000,000.

(c) Monies from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of the Obligated Group Representative within seven days of receipt by the Master Trustee of an Officer’s Certificate of the Obligated Group Representative to the effect that (a) such monies are needed to pay (i) the costs of completing the Project, (ii) operating expenses of the Project, including, without limitation, any currently payable development and marketing fees, (iii) the costs of needed repairs to the Project, (iv) the costs of capital improvements to the Project, (v) judgments against the Obligated Group, (vi) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received to the extent such refunds were not paid directly from the Entrance Fee Fund, or (vii) amounts due on any Indebtedness of the Obligated Group, including, without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under the Liquidity Support Agreement or otherwise advanced by CLV, to the extent such amounts were not otherwise payable from amounts on deposit in the Bond Fund or the Funded Interest Account of the Construction Fund, and (b) such moneys are anticipated to be expended in the calendar month following the month in which such Officer’s Certificate is submitted.

(d) Upon satisfaction of the following conditions, the obligations of CLV under the Liquidity Support Agreement shall terminate, the balance on deposit in the Liquidity Support

Fund will be returned to CLV, the Citizens Letter of Credit or any Substitute Funding (each as defined in the Liquidity Support Agreement) shall be terminated and the Liquidity Support Fund will be closed: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series E Bond have been paid in full, (b) the Obligated Group Representative and any other Obligated Group Member have achieved a Debt Service Coverage Ratio of not less than 1.30 for four consecutive fiscal quarters, (c) the Obligated Group Representative and any other Obligated Group Member have had not less than 200 Days' Cash on Hand for four consecutive quarters, (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels, (e) the Independent Living Units that are part of the Project have had not less than 88% occupancy for the most recent four fiscal quarters, (f) the Obligated Group is then in compliance with the Continuing Care Act, and the release of funds from the Liquidity Support Fund will not cause the Obligated Group Representative or any other Obligated Group Member to not be in compliance with the Continuing Care Act, and (g) there is no Event of Default under any documents evidencing, securing or otherwise related to the Series 2014 Bonds or the Series 2014E Bond.

(e) All amounts advanced from the Liquidity Support Fund and under the Liquidity Support Agreement shall constitute advances under the Series 2014F Subordinated Obligation and will accrue interest as set forth therein.

(f) All investment earnings on the Liquidity Support Fund shall be paid to CLV on a quarterly basis or more frequently as agreed by the Master Trustee.

Section 2.06. Use of Moneys in Funds.

The amounts held in the following funds shall be used in the following order of priority, but in each case only for purposes for which the amounts in each such fund are permitted to be used by the terms of the Master Indenture and this Supplemental Indenture:

FIRST, amounts held in the Working Capital Fund;

SECOND, amounts held in the Renewal and Replacement Fund;

THIRD, amounts held in the Liquidity Support Fund;

FOURTH, amounts held in the Operating Reserve Fund; and

FIFTH, the Debt Service Reserve Fund created under the Series 2014 Bond Indenture.

Section 2.07. Investment of Funds.

(a) Any moneys held by the Master Trustee hereunder as part of any fund or account established under this Supplemental Indenture shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of an Obligated Group Representative Request (upon which the Master Trustee is entitled to rely). Any moneys held by the Liquidity Support Fund shall be invested or reinvested by the Master Trustee in Permitted Investments upon the receipt of written instructions from CLV (upon which the Master Trustee is entitled to rely). If CLV does not provide investment instructions, the Master Trustee shall hold such moneys on

deposit in trust without investment until investment instructions are provided and shall have no responsibility for interest or other compensation thereon. Any such investments shall be held by or under the control of the Master Trustee and shall mature, or be redeemable at the option of the Master Trustee, at such times as it is anticipated that moneys from the particular fund will be required for the purposes of this Supplemental Indenture. For the purpose of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the Obligated Group is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. Any such Permitted Investments may be purchased from or sold to the Master Trustee or any of its respective affiliates.

(b) The Master Trustee shall keep or cause to be kept proper and detailed books of record and account containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys held under this Supplemental Indenture. The Master Trustee shall make copies of such records available to the Obligated Group, upon its reasonable written request.

Section 2.08. Allocation and Transfers of Investment Income.

Any investment earnings in the Entrance Fee Fund shall be retained in the Entrance Fee Fund. Any investment earnings in the Working Capital Fund shall be retained in the Working Capital Fund. Any investment earnings in the Operating Support Fund shall be retained in the Operating Support Fund. Any investment earnings in the Renewal and Replacement Fund shall be retained in the Renewal and Replacement Fund.

Section 2.09. Master Trustee Relieved From Responsibility.

The Master Trustee shall be fully protected in relying upon any Obligated Group Representative Request relating to investments in any fund, shall not be liable for any losses or prepayment penalties as a result of complying with any such Obligated Group Representative Request and shall not be required to ascertain any facts with respect to such Request.

[End of Article II]

**ARTICLE III
SERIES 2014A MASTER OBLIGATION**

Section 3.01. Series 2014A Master Obligation.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "The Lutheran Village at Miller's Grant, Inc. Series 2014A Master Obligation" (the "Series 2014A Master Obligation"). The Series 2014A Master Obligation, in the principal amount of \$_____, shall be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 3.02. Form of Series 2014A Master Obligation.

The Series 2014A Master Obligation created hereby shall be in the form of a fully registered Master Obligation without coupons, shall be dated August __, 2014, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2014A Master Obligation, payable on the first day of each January and July in each year, and shall be substantially in the form attached as Exhibit A hereto.

Section 3.03. Prepayment of Series 2014A Master Obligation.

The Series 2014A Master Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part on July 1, 20__ or on any date thereafter (subject to the provisions of the last sentence of this Section 3.03), at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2014A Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture, and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to such Series 2014A Bonds. Any prepayment of the principal of the Series 2014A Master Obligation shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2014A Bonds redeemed with the proceeds of such prepayment. No prepayment of the Series 2014A Master Obligation and the Series 2014A Bonds shall occur until the Series 2014B Master Obligation, the Series 2014B Bonds, the Series 2014C Master Obligation, the Series 2014C Bonds, the Series 2014D Master Obligation, the Series 2014D Bonds, the Series 2014E Master Obligation and the Series 2014E Bond have been paid in full.

Section 3.04. Additional Prepayment of Series 2014A Master Obligation.

The Series 2014A Master Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

Section 3.05. Credit on Series 2014A Master Obligation.

If the Obligated Group Representative (a) shall have elected to apply the Series 2014A Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Series 2014 Bond Indenture, (b) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of Section 5.02 of the Series 2014 Bond Indenture and (c) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2014A Bonds thus applied, then the Obligor and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2014A Master Obligation on the same date as the sinking fund payment date under the Series 2014 Bond Indenture for the sinking fund requirement in payment of which the Series 2014A Bonds have been applied, and the principal amount of the Series 2014A Master Obligation created hereby due on such date will be reduced accordingly.

Section 3.06. Effect of Prepayment of Series 2014A Master Obligation.

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2014 Loan Agreement, the Series 2014A Master Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2014A Master Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2014A Master Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

Section 3.07. Partial Prepayment of Series 2014A Master Obligation.

In the event of a partial redemption of the Series 2014A Master Obligation created hereby pursuant to Section 3.01 hereof, the amount of installments of such Series 2014A Master Obligation coming due after such redemption shall, to the extent appropriate and with the approval of the Master Trustee, be adjusted and set forth in a new schedule of payments prepared by certified public accountants so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2014A Master Obligation shall have been paid in full.

[End of Article III]

**ARTICLE IV
SERIES 2014B MASTER OBLIGATION**

Section 4.01. Series 2014B Master Obligation.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "The Lutheran Village at Miller's Grant, Inc. Series 2014B Master Obligation" (the "Series 2014B Master Obligation"). The Series 2014B Master Obligation, in the principal amount of \$_____, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 4.02. Form of Series 2014B Master Obligation.

The Series 2014B Master Obligation created hereby shall be in the form of a fully registered Master Obligation without coupons, shall be dated August __, 2014, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2014B Master Obligation, payable on the first day of each January and July in each year, and shall be substantially in the form attached as Exhibit A hereto.

Section 4.03. Prepayment of Series 2014B Master Obligation.

The Series 2014B Master Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part at any time (subject to the provisions of the last sentence of this Section 4.03), at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2014B Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture, and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to such Series 2014B Bonds. Any prepayment of the principal of the Series 2014B Master Obligation shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2014B Bonds redeemed with the proceeds of such prepayment. No prepayment of the Series 2014B Master Obligation and the Series 2014B Bonds shall occur until the Series 2014C Master Obligation, the Series 2014C Bonds, the Series 2014D Master Obligation, the Series 2014D Bonds, the Series 2014E Master Obligation and the Series 2014E Bond have been paid in full.

Section 4.04. Additional Prepayment of Series 2014B Master Obligation.

The Series 2014B Master Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

Section 4.05. Credit on Series 2014B Master Obligation.

If the Obligated Group Representative (a) shall have elected to apply the Series 2014B Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee in payment of all or a part of a sinking fund requirement under the Series 2014 Bond Indenture, (b) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of Section 5.02 of the Series 2014 Bond Indenture and (c) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2014B Bonds thus applied, then the Obligor and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2014B Master Obligation on the same date as the sinking fund payment date under the Series 2014 Bond Indenture for the sinking fund requirement in payment of which the Series 2014B Bonds have been applied, and the principal amount of the Series 2014B Master Obligation created hereby due on such date will be reduced accordingly.

Section 4.06. Effect of Prepayment of Series 2014B Master Obligation.

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2014 Loan Agreement, the Series 2014B Master Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2014B Master Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2014B Master Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

Section 4.07. Partial Prepayment of Series 2014B Master Obligation.

In the event of a partial redemption of the Series 2014B Master Obligation created hereby pursuant to Section 4.01 hereof, the amount of installments of such Series 2014B Master Obligation coming due after such redemption shall be adjusted and set forth in a new schedule of payments prepared by certified public accountants and delivered by the Obligated Group Representative to the Master Trustee so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2014B Master Obligation shall have been paid in full.

[End of Article IV]

**ARTICLE V
SERIES 2014C MASTER OBLIGATION**

Section 5.01. Series 2014C Master Obligation.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "The Lutheran Village at Miller's Grant, Inc. Series 2014C Master Obligation" (the "Series 2014C Master Obligation"). The Series 2014C Master Obligation, in the principal amount of \$_____, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 5.02. Form of Series 2014C Master Obligation.

The Series 2014C Master Obligation created hereby shall be in the form of a fully registered Master Obligation without coupons, shall be dated August __, 2014, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2014C Master Obligation, payable on the first day of each January and July in each year, and shall be substantially in the form attached as Exhibit A hereto.

Section 5.03. Prepayment of Series 2014C Master Obligation.

The Series 2014C Master Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part at any time (subject to the provisions of the last sentence of this Section 5.03), at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2014C Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture, and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to such Series 2014C Bonds. Any prepayment of the principal of the Series 2014C Master Obligation shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2014C Bonds redeemed with the proceeds of such prepayment. No prepayment of the Series 2014C Master Obligation and the Series 2014C Bonds shall occur until the Series 2014D Master Obligation, the Series 2014D Bonds, the Series 2014E Master Obligation and the Series 2014E Bond have been paid in full.

Section 5.04. Additional Prepayment of Series 2014C Master Obligation.

The Series 2014C Master Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

Section 5.05. Credit on Series 2014C Master Obligation.

If the Obligated Group Representative (a) shall have elected to apply the Series 2014C Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Series 2014 Bond Indenture, (b) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of Section 5.02 of the Series 2014 Bond Indenture, and (c) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2014C Bonds thus applied, then the Obligor and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2014C Master Obligation on the same date as the sinking fund payment date under the Series 2014 Bond Indenture for the sinking fund requirement in payment of which the Series 2014C Bonds have been applied, and the principal amount of the Series 2014C Master Obligation created hereby due on such date will be reduced accordingly.

Section 5.06. Effect of Prepayment of Series 2014C Master Obligation.

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2014 Loan Agreement, the Series 2014C Master Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2014C Master Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2014C Master Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

Section 5.07. Partial Prepayment of Series 2014C Master Obligation.

In the event of a partial redemption of the Series 2014C Master Obligation created hereby pursuant to Section 5.01 hereof, the amount of installments of such Series 2014C Master Obligation coming due after such redemption shall be adjusted and set forth in a new schedule of payments prepared by certified public accountants and delivered by the Obligated Group Representative to the Master Trustee so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2014C Master Obligation shall have been paid in full.

[End of Article V]

**ARTICLE VI
SERIES 2014D MASTER OBLIGATION**

Section 6.01. Series 2014D Master Obligation.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled "The Lutheran Village at Miller's Grant, Inc. Series 2014D Master Obligation" (the "Series 2014D Master Obligation"). The Series 2014D Master Obligation, in the principal amount of \$_____, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 6.02. Form of Series 2014D Master Obligation.

The Series 2014D Master Obligation created hereby shall be in the form of a fully registered Master Obligation without coupons, shall be dated August __, 2014, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2014D Master Obligation, payable on the first day of January and July in each year, and shall be substantially in the form attached as Exhibit A hereto.

Section 6.03. Prepayment of Series 2014D Master Obligation.

The Series 2014D Master Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part at any time (subject to the provisions of the last sentence of this Section 6.03), at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of Outstanding Series 2014D Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture, and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, and all fees, costs and expenses of the Master Trustee and the Bond Trustee, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to such Series 2014D Bonds. Any prepayment of the principal of the Series 2014D Master Obligation shall be credited against the scheduled principal payment corresponding to the maturity or sinking fund redemption date for the Series 2014D Bonds redeemed with the proceeds of such prepayment. No prepayment of the Series 2014D Master Obligation and the Series 2014D Bonds shall occur until the Series 2014E Master Obligation and the Series 2014E Bond have been paid in full.

Section 6.04. Additional Prepayment of Series 2014D Master Obligation.

The Series 2014D Master Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

Section 6.05. Credit on Series 2014D Master Obligation.

If the Obligated Group Representative (a) shall have elected to apply the Series 2014D Bonds that have been redeemed or otherwise acquired by the Obligated Group Members or the Issuer and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Series 2014 Bond Indenture, (b) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of Section 5.02 of the Series 2014 Bond Indenture, and (c) the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2014D Bonds thus applied, then the Obligor and the other Obligated Group Members shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on the Series 2014D Master Obligation on the same date as the sinking fund payment date under the Series 2014 Bond Indenture for the sinking fund requirement in payment of which the Series 2014D Bonds have been applied, and the principal amount of the Series 2014D Master Obligation created hereby due on such date will be reduced accordingly.

Section 6.06. Effect of Prepayment of Series 2014D Master Obligation.

If the Obligated Group Representative shall have complied with the notice requirements of the Series 2014 Loan Agreement, the Series 2014D Master Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption, and on and after such date fixed for prepayment or redemption (unless the Obligated Group Members shall default in the payment of the Series 2014D Master Obligation at the prepayment or redemption price, together with interest accrued to the date fixed for prepayment or redemption) interest on the Series 2014D Master Obligation or portion thereof so called for prepayment or redemption shall cease to accrue.

Section 6.07. Partial Prepayment of Series 2014D Master Obligation.

In the event of a partial redemption of the Series 2014D Master Obligation created hereby pursuant to Section 6.01 hereof, the amount of installments of such Series 2014D Master Obligation coming due after such redemption shall be adjusted and set forth in a new schedule of payments prepared by certified public accountants and delivered by the Obligated Group Representative to the Master Trustee so that, upon the due payment of all installments thereafter, the entire unpaid principal amount of and interest on such Series 2014D Master Obligation shall have been paid in full.

[End of Article VI]

**ARTICLE VII
SERIES 2014E MASTER OBLIGATION**

Section 7.01 Series 2014E Master Obligation.

There is hereby created as a Master Obligation under the Master Indenture a promissory note to be known and entitled “The Lutheran Village at Miller’s Grant, Inc. Series 2014E Master Obligation” (the “Series 2014E Master Obligation”). The Series 2014E Master Obligation, in the maximum principal amount of \$25,000,000, may be executed, authenticated and delivered in accordance with Article II of the Master Indenture.

Section 7.02. Form of Series 2014E Master Obligation.

The Series 2014E Master Obligation created hereby shall be in the form of a fully registered Master Obligation without coupons, shall be dated August __, 2014, shall bear interest from its date on the principal balance thereof in the amount set forth in such Series 2014E Master Obligation, payable on the first day of each month, commencing September 1, 2014, and shall be substantially in the form attached as Exhibit A hereto.

Section 7.03. Prepayment of Series 2014E Master Obligation.

The Series 2014E Master Obligation created hereby and its principal installments shall be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, upon payment of a sum, in cash to cause “Payment of the Series 2014E Bond” to have occurred within the meaning of the Loan and Financing Agreement, and to pay all fees, costs and expenses of the Issuer and the Master Trustee, accrued and to be accrued to the date of discharge of the Loan and Financing Agreement. Any prepayment of the principal of the Series 2014E Master Obligation shall be credited against the outstanding principal balance of the Series 2014E Bond redeemed with the proceeds of such prepayment.

Section 7.04. Additional Prepayment of Series 2014E Master Obligation.

The Series 2014E Master Obligation created hereby and its principal installments shall also be subject to prepayment, in whole or in part at any time, at the option of the Obligated Group Representative, on behalf of the Obligated Group, as elected by the Obligated Group Representative pursuant to Sections 4.12 and 4.13 of the Master Indenture.

Section 7.05. Effect of Prepayment of Series 2014E Master Obligation.

If the Obligated Group Representative shall have complied with the notice requirements of the Loan and Financing Agreement, the Series 2014E Master Obligation or portion thereof specified in such notice shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for prepayment or redemption.

Section 7.06. Right of Lender to Accelerate Series 2014E Master Obligation.

Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, (i) the Lender may direct the Master Trustee to accelerate the Series 2014E Master Obligation by delivering written notice to the Master Trustee directing the Master Trustee to declare the Series 2014E Master Obligation immediately due and payable in accordance with Section 7.02 of the Master Indenture and (ii) the Master Trustee may not accelerate the Series 2014E Master Obligation under Section 7.02 of the Master Indenture without the prior written consent of the Lender. If the Lender directs the Master Trustee to accelerate the Series 2014E Master Obligation, only the Lender may rescind and annul such acceleration without regard to the rescission provisions set forth in Section 7.02 of the Master Indenture.

[End of Article VII]

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**ARTICLE VIII
CLV SUBORDINATED OBLIGATIONS**

Section 8.01. CLV Subordinated Obligations.

There are hereby created as Subordinated Obligations under the Master Indenture (a) a promissory note to be known and entitled “The Lutheran Village at Miller’s Grant, Inc. Series 2014F Subordinated Obligation” (the “Series 2014F Subordinated Obligation”) and (b) a promissory note to be known and entitled “The Lutheran Village at Miller’s Grant, Inc. Series 2014G Subordinated Obligation” (the “Series 2014G Subordinated Obligation” and, together with the Series 2014F Subordinated Obligation, the “CLV Subordinated Obligations”). The Series 2014F Subordinated Obligation in the maximum principal amount of \$10,000,000, which amount represents the Initial Deposit Amount, fees, interest and other costs and expenses for the letter of credit included in the Initial Deposit Amount and the Additional Deposit Amount, and the Series 2014G Subordinated Obligation in the principal amount of \$3,500,000 may be executed, authenticated and delivered in accordance with Article II of the Master Indenture. The CLV Subordinated Obligations shall be payable in accordance with Section 9.01 hereof. The CLV Subordinated Obligations are Subordinated Obligations.

Section 8.02 Form of CLV Subordinated Obligations.

The CLV Subordinated Obligations created hereby shall be in the form of a fully registered Subordinated Obligation without coupons, shall be dated August __, 2014, shall bear interest from their date on the principal balance thereof in the amount set forth in such CLV Subordinated Obligation, payable on the first day of each January, April, July and October in each year, subject to the requirements set forth in Section 8.01 hereof, and shall be substantially in the forms attached as Exhibits B-1 and B-2 hereto.

[End of Article VIII]

**ARTICLE XI
PRIORITY OF PAYMENTS**

Section 9.01. Priority of Payment of the CLV Subordinated Obligations.

The CLV Subordinated Obligations constitute Subordinated Obligations within the meaning of the Master Indenture and, subject to the conditions set forth below, are payable under item SEVENTH of Section 3.01(b) of the Master Indenture. The CLV Subordinated Obligations are subject to payment on the first day of each January, April, July and October in each year. Payments of principal and accrued interest on the CLV Subordinated Obligations are subject to the Conditions Precedent to Payment as further set forth in the CLV Subordinated Obligations and Section 3.06 of the Master Indenture.

Section 9.02. Place of Payment.

The place of payment for the Series 2014 Master Obligations and the CLV Subordinated Obligations shall be the Baltimore, Maryland corporate trust office of the Master Trustee.

[End of Article XI]

**ARTICLE X
MISCELLANEOUS**

Section 10.01 Concerning the Master Trustee. The recitals herein contained are made by the Obligated Group Representative and not by the Master Trustee, and the Master Trustee does not assume any responsibility for the correctness thereof. The Master Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture or the Series 2014 Notes. All of the provisions contained in the Master Indenture in respect of the rights, privileges, immunities, powers, and duties of the Master Trustee shall be applicable in respect of this Supplemental Indenture as fully and with like force and effect as though fully set forth in full herein.

Section 10.02 Supplemental Indenture Controls. In the event of a conflict or inconsistency between the Master Indenture and this Supplemental Indenture, the provisions of this Supplemental Indenture shall control.

Section 10.03 Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND.

Section 10.04 Multiple Originals. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One originally signed copy is enough to prove this Supplemental Indenture. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 10.05 Confirmation of Master Indenture. The Master Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

Section 10.06 Headings and Table of Contents. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

[End of Article X]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC., as Obligated Group Representative,
on behalf of the Obligated Group

By: _____
President

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Master Trustee

By: _____
Authorized Signatory

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EXHIBIT A

FORM OF SERIES 2014A-D MASTER OBLIGATIONS

**THIS MASTER OBLIGATION HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW**

§ _____

**THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.
SERIES 2014[A][B][C][D] MASTER OBLIGATION**

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC., as an obligated group member and the obligated group representative (the "Obligated Group Representative"), for value received, hereby promises to pay to MANUFACTURERS AND TRADERS TRUST COMPANY, as bond trustee (the "Bond Trustee"), or registered assigns, at the Baltimore, Maryland corporate trust office of the Bond Trustee, the principal sum of \$ _____ in installments on the first day of each July as set forth on Schedule A attached hereto and incorporated herein, and to pay interest on the unpaid principal balance hereof on the first day of each January and July in the amounts as set forth on Schedule A attached hereto and incorporated herein. This Master Obligation shall mature on July 1, 20__.

Principal of, premium, if any, and interest on this Master Obligation are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof, premium, if any, and interest hereon shall be payable in immediately available funds by depositing the same with the Bond Trustee, at or prior to the opening of business on the date the same shall become due and payable, and by giving notice of payment to the Master Trustee, as herein defined, as provided in the Series 2014 Bond Indenture, as herein defined.

This Master Obligation is issued in the principal amount of \$ _____, is dated August __, 2014 and is designated as the "The Lutheran Village at Miller's Grant, Inc. Series 2014[A][B][C][D] Master Obligation" (the "Master Obligation", and together with all other Master Obligations issued under the Master Indenture hereinafter defined, excluding any and all Subordinated Obligations, the "Master Obligations") issued under and pursuant to Supplemental Indenture Number 1 dated as of August 1, 2014 (the "Supplemental Indenture"), supplementing the Master Trust Indenture dated as of August 1, 2014 (the "Master Trust Indenture"), between the Obligated Group Representative and Manufacturers and Traders Trust Company, as Master Trustee (the "Master Trustee"), and delivered pursuant to a Loan Agreement between The Mayor and Common Council of Westminster (the "Issuer") and the Obligated Group Representative, dated as of August 1, 2014 (the "Series 2014 Loan Agreement"). The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the "Master Indenture." Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Master Obligation and all other Master Obligations.

This Master Obligation is issued in consideration of the assignment to the Master Trustee by the Bond Trustee of the promissory note issued by the Obligated Group to the Issuer to evidence the obligation of the Obligated Group to make payments under the Series 2014 Loan Agreement sufficient to pay the principal of, premium, if any and interest on the Series 2014[A][B][C][D] Bonds, as herein defined, which promissory note the Issuer has assigned to the Bond Trustee pursuant to the Series 2014 Bond Indenture.

This Master Obligation is issued for the purpose of securing the payment of the principal of, premium, if any, and interest on The Mayor and Common Council of Westminster [Project Revenue Bonds][Entrance Fee Principal Redemption BondsSM] (The Lutheran Village at Miller's Grant, Inc.) Series 2014[A][B][C][D] (the "Series 2014[A][B][C][D] Bonds"). The Series 2014[A][B][C][D] Bonds, together with the other Series 2014 Bonds (as defined below) and the Series 2014E Bond (as defined below), are being issued under the laws of the State of Maryland, including particularly the Act, as defined in the Bond Trust Indenture dated as of August 1, 2014 (the "Series 2014 Bond Indenture") between the Issuer and the Bond Trustee, for the purpose of providing funds to (i) currently refund the outstanding \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania, (ii) finance the costs of acquiring, constructing and equipping a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Howard County, Maryland to be known as "Miller's Grant" (the "Project"), (iii) fund the applicable debt service reserve funds for the Series 2014 Bonds, (iv) fund a portion of the interest on the Series 2014 Bonds and the Series 2014E Bond, (v) fund working capital and (vi) pay all or a portion of the costs of issuing the Series 2014 Bonds and the Series 2014E Bond.

Concurrently with the issuance of this Master Obligation, the Obligated Group is issuing additional parity Master Obligations pursuant to the Master Indenture to be designated The Lutheran Village at Miller's Grant, Inc. Series 2014[A][B][C][D] Master Obligation, The Lutheran Village at Miller's Grant, Inc. Series 2014[A][B][C][D] Master Obligation, The Lutheran Village at Miller's Grant, Inc. Series 2014[A][B][C][D] Master Obligation and The Lutheran Village at Miller's Grant, Inc. Series 2014E Master Obligation (collectively, the "Other Master Obligations"). The Other Master Obligations are being issued for the purpose of securing the repayment obligations of the Obligated Group Representative with respect to The Mayor and Common Council of Westminster [Project Revenue Bonds][Entrance Fee Principal Redemption BondsSM] (The Lutheran Village at Miller's Grant, Inc.) Series 2014[A][B][C][D], The Mayor and Common Council of Westminster [Project Revenue Bonds][Entrance Fee Principal Redemption BondsSM] (The Lutheran Village at Miller's Grant, Inc.) Series 2014[A][B][C][D] and The Mayor and Common Council of Westminster [Project Revenue Bonds][Entrance Fee Principal Redemption BondsSM] (The Lutheran Village at Miller's Grant, Inc.) Series 2014[A][B][C][D] (together with the Series 2014[A][B][C][D] Bonds, the "Series 2014 Bonds") and The Mayor and Common Council of Westminster Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller's Grant, Inc.) Series 2014E (the "Series 2014E Bond").

A copy of the Master Indenture is on file at the Baltimore, Maryland corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Master Obligation, the terms and conditions on which, and the purposes for which, this Master

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Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Master Obligation, assents.

Any amounts in the Bond Fund (as defined in the Series 2014 Loan Agreement) at the close of business of the Bond Trustee on the day immediately preceding any payment date on this Master Obligation in excess of the aggregate amount then required to be contained in such account of such Bond Fund shall be credited against the payments due by the Obligated Group Representative and the other Obligated Group Members on such next succeeding principal or interest payment date on this Master Obligation and the Other Master Obligations, with the exception of the Series 2014E Master Obligation which shall not receive amounts in the Bond Fund.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Master Obligations in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Master Obligations (other than Subordinated Obligations) then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Master Obligation or Master Obligations over any other Master Obligation or Master Obligations, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Master Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Master Obligation.

[In the manner and with the effect provided in the Master Indenture, this Master Obligation and its principal installments will be subject to prepayment and redemption prior to maturity, in whole at any time, or in part on July 1, 20__ or on any date thereafter from time to time at the option of the Obligated Group Representative, without premium, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2014A Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to the Series 2014A Bonds.]

[With respect to principal due on or after July 1, 20__, if the Obligated Group Representative (i) shall have elected to apply a Series 2014A Bond or Series 2014A Bonds that have been redeemed or otherwise acquired by the Obligated Group Representative or the Issuer

and delivered to the Bond Trustee for cancellation by the Bond Trustee, in payment of all or a part of a sinking fund requirement under the Series 2014 Bond Indenture and (ii) shall have delivered written notice to the Issuer and a copy thereof to the Bond Trustee in accordance with the provisions of Section 5.02 of the Series 2014 Bond Indenture, and the Issuer shall have received a credit against such sinking fund requirement in the amount of 100% of the principal amount of the Series 2014A Bond or Series 2014A Bonds thus applied, then the Bond Trustee shall promptly notify the Master Trustee, whereupon the Obligated Group shall receive a credit, equal to the credit received by the Issuer, in respect of the payment of principal due on this Master Obligation on the same date as the sinking fund payment date under the Series 2014 Bond Indenture for the sinking fund requirement in payment of which the Series 2014A Bond or Series 2014A Bonds have been applied, and the principal amount of this Master Obligation due on such date will be reduced accordingly.]

[In the manner and with the effect provided in the Master Indenture, this Master Obligation and its principal installments will be subject to prepayment and redemption prior to maturity, in whole or in part at any time, at the option of the Obligated Group Representative, without premium, upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Series 2014[B][C][D] Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Series 2014 Bond Indenture and to pay all fees and expenses and all Administration Expenses, as defined in the Series 2014 Loan Agreement, accrued and to be accrued to the date of discharge of the Series 2014 Bond Indenture with respect to the Series 2014[B][C][D] Bonds.]

Any redemption, either in whole or in part, shall be made upon not more than 60 nor less than 30 days' notice (and in the case of the redemption of the Series 2014 Bonds other than The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A, ten days; and in the case of the redemption of the Series 2014E Bond, two days) in the manner and upon the terms and conditions provided in the Master Indenture. If this Master Obligation shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in the Master Indenture, interest on this Master Obligation shall cease to accrue from the date fixed for redemption, and from and after such date this Master Obligation shall be deemed not to be Outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect of this Master Obligation other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

Upon the occurrence of certain "Events of Default", as defined in the Master Indenture, the principal of all outstanding Master Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture.

The holder of this Master Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

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This Master Obligation shall be registered on the register to be maintained by the Master Trustee and this Master Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master Obligation a new registered Master Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Master Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Obligation.

No covenant or agreement contained in this Master Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Master Obligation shall be liable personally on this Master Obligation or be subject to any personal liability or accountability by reason of the issuance of this Master Obligation.

This Master Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Master Obligation to be executed in its name and on behalf of the Obligated Group by the manual or facsimile signature of its President.

THE LUTHERAN VILLAGE AT
MILLER'S GRANT, INC., as Obligated
Group Representative

By: _____
President

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Series 2014[A][B][C][D] Master Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Master Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Master Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this Master Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Master Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to each Related Bond Trustee (as defined in the Master Indenture) and to all other holders of Master Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Master Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Master Obligations delivered pursuant to the provisions of the Master Indenture.

THE LUTHERAN VILLAGE AT
MILLER'S GRANT, INC., as Obligated
Group Representative

By: _____
President

[Form of Master Trustee's Certificate of Authentication]

This Master Obligation is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Master Trustee

By: _____
Authorized Signatory

[Form of Schedule I]

Members of the Obligated Group

Name:

The Lutheran Village at Miller's Grant, Inc.

Address for Notices

The Lutheran Village at Miller's Grant, Inc.
c/o Carroll Lutheran Village, Inc.
300 St. Luke Circle
Westminster, Maryland 21158
Attention: President

FORM OF SERIES 2014E MASTER OBLIGATION

**THIS MASTER OBLIGATION HAS NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW**

\$25,000,000

**THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.
SERIES 2014E MASTER OBLIGATION**

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC., as an obligated group member and the obligated group representative (the "Obligated Group Representative"), for value received, hereby promises to pay to BRANCH BANKING AND TRUST COMPANY (the "Lender"), or registered assigns, at its principal office in Baltimore, Maryland, or at such other place as the Lender may direct in writing, the principal sum of \$25,000,000 or so much thereof as has been advanced to the Obligated Group Representative pursuant to the Loan and Financing Agreement dated as of July 1, 2014 among The Mayor and Common Council of Westminster (the "Issuer"), the Obligated Group Representative and the Lender (the "Loan and Financing Agreement") as required by the Loan and Financing Agreement, and to pay interest on the unpaid principal balance hereof at the rates and as otherwise required by the Loan and Financing Agreement. This Master Obligation shall mature on December 31, 2017.

Principal of, premium, if any, and interest on this Master Obligation are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts.

The principal hereof and interest hereon shall be payable in immediately available funds by depositing the same with the Lender at or prior to the opening of business on the date the same shall become due and payable as provided in the Loan and Financing Agreement.

This Master Obligation is issued in the principal amount of \$_____, is dated August __, 2014 and is designated as the "The Lutheran Village at Miller's Grant, Inc. Series 2014E Master Obligation" (the "Master Obligation", and together with all other Master Obligations issued under the Master Indenture hereinafter defined, excluding any and all Subordinated Obligations, the "Master Obligations") issued under and pursuant to Supplemental Indenture Number 1 dated as of August 1, 2014 (the "Supplemental Indenture"), supplementing the Master Trust Indenture dated as of August 1, 2014 (the "Master Trust Indenture"), between the Obligated Group Representative and Manufacturers and Traders Trust Company, as Master Trustee (the "Master Trustee"), and delivered pursuant to the Loan and Financing Agreement. The Master Trust Indenture, as supplemented and amended by the Supplemental Indenture, is herein called the "Master Indenture." Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Master Obligation and all other Master Obligations.

This Master Obligation is issued in consideration of the assignment to the Master Trustee by the Lender of the promissory note issued by the Obligated Group to the Issuer to evidence the obligation of the Obligated Group to make payments under the Loan and Financing Agreement

sufficient to pay the principal of, premium, if any and interest on the Series 2014E Bond, as herein defined, which promissory note the Issuer has assigned to the Lender pursuant to the Loan and Financing Agreement.

This Master Obligation is issued for the purpose of securing the payment of the principal of and interest on The Mayor and Common Council of Westminster Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller's Grant, Inc.) Series 2014E (the "Series 2014E Bond"). The Series 2014E Bond, together with the Series 2014 Bonds (as defined below), is being issued under the laws of the State of Maryland, including particularly the Act, as defined in the Loan and Financing Agreement, for the purpose of providing funds to (i) currently refund the outstanding \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania, (ii) finance the costs of acquiring, constructing and equipping a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Howard County, Maryland to be known as "Miller's Grant" (the "Project"), (iii) fund the applicable debt service reserve funds for the Series 2014 Bonds, (iv) fund a portion of the interest on the Series 2014 Bonds and the Series 2014E Bond, (iv) fund working capital and (v) pay all or a portion of the costs of issuing the Series 2014 Bonds and the Series 2014E Bond.

Concurrently with the issuance of this Master Obligation, the Obligated Group is issuing additional parity Master Obligations pursuant to the Master Indenture to be designated The Lutheran Village at Miller's Grant, Inc. Series 2014A Master Obligation, The Lutheran Village at Miller's Grant, Inc. Series 2014B Master Obligation, The Lutheran Village at Miller's Grant, Inc. Series 2014C Master Obligation and The Lutheran Village at Miller's Grant, Inc. Series 2014D Master Obligation (collectively, the "Other Master Obligations"). The Other Master Obligations are being issued for the purpose of securing the repayment obligations of the Obligated Group Representative with respect to The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A, The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B, The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C) and The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014D (collectively, the "Series 2014 Bonds").

A copy of the Master Indenture is on file at the Baltimore, Maryland corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Master Obligation, the terms and conditions on which, and the purposes for which, this Master Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Master Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Master Obligations in any particular may be made with the consent of the Master

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Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Master Obligations (other than Subordinated Obligations) then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Master Obligation or Master Obligations over any other Master Obligation or Master Obligations, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Master Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Master Obligation.

Any redemption, either in whole or in part, shall be made upon not less than two days' notice in the manner and upon the terms and conditions provided in the Master Indenture.

Upon the occurrence of certain "Events of Default", as defined in the Master Indenture, the principal of all outstanding Master Obligations may be declared due and payable, and thereupon shall become due and payable as provided in the Master Indenture. Upon the occurrence of an Event of Default under the Master Indenture, (i) the Lender may direct the Master Trustee to accelerate this Master Obligation and, upon such written request, the Master Trustee shall declare the principal of all the Master Obligations to be due and payable immediately, by a notice in writing to the Obligated Group Representative and all of the Holders of Master Obligations in accordance with Section 7.02 of the Master Indenture, and (ii) the Master Trustee may not accelerate this Master Obligation without the prior written consent of the Lender.

The holder of this Master Obligation shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Master Obligation shall be registered on the register to be maintained by the Master Trustee and this Master Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Master Obligation a new registered Master Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Master Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated

Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Master Obligation.

No covenant or agreement contained in this Master Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the board of directors of any of the Obligated Group Members nor any officer executing this Master Obligation shall be liable personally on this Master Obligation or be subject to any personal liability or accountability by reason of the issuance of this Master Obligation.

This Master Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Master Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Master Obligation to be executed in its name and on behalf of the Obligated Group by the manual or facsimile signature of its President.

THE LUTHERAN VILLAGE AT
MILLER'S GRANT, INC., as Obligated
Group Representative

By: _____
President

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this Series 2014E Master Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this Master Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this Master Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this Master Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this Master Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to the Lender, each Related Bond Trustee (as defined in the Master Indenture) and to all other holders of Master Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Master Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Master Obligations delivered pursuant to the provisions of the Master Indenture.

THE LUTHERAN VILLAGE AT
MILLER'S GRANT, INC., as Obligated
Group Representative

By: _____
President

[Form of Master Trustee's Certificate of Authentication]

This Master Obligation is one of the Master Obligations referred to in the aforementioned Master Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Master Trustee

By: _____
Authorized Signatory

[Form of Schedule I]

Members of the Obligated Group

Name:

Address for Notices

The Lutheran Village at Miller's Grant, Inc.

The Lutheran Village at Miller's Grant, Inc.
c/o Carroll Lutheran Village, Inc.
300 St. Luke Circle
Westminster, Maryland 21158
Attention: President

/

EXHIBIT B
FORM OF CLV SUBORDINATED OBLIGATIONS

THIS SUBORDINATED OBLIGATION HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW

§ _____

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.
SERIES 2014[F][G] SUBORDINATED OBLIGATION

THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC., as an obligated group member and the obligated group representative (the "Obligated Group Representative"), for value received, hereby promises to pay to CARROLL LUTHERAN VILLAGE, INC., or registered assigns, at the Baltimore, Maryland corporate trust office of MANUFACTURERS AND TRADERS TRUST COMPANY, as Master Trustee (the "Master Trustee"), the principal sum of \$ _____ [or so much thereof as has been advanced] in installments on the 1st day of each January, April, July and October [Series 2014F: , and to pay interest on the unpaid principal balance at a rate of five percent (5%) per annum on the 1st day of each January, April, July and October]. [Series 2014E: no interest] This Subordinated Obligation shall mature on July 1, 20 __. [The total amount of interest payments on this Subordinated Obligation may not exceed the principal amount of this Subordinated Obligation.]

Principal of [and interest on] this Subordinated Obligation are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts. No payment of principal or interest shall be made on this Subordinated Obligation unless the following conditions have been satisfied: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (c) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (d) after the proposed payment the Days' Cash on Hand will not be less than 200 based on the written statement of the Accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (e) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (f) the Obligated Group is then in compliance with the Continuing Care Act; and (g) no Event of Default has occurred and is continuing under the Master Indenture (collectively, the "Conditions Precedent to Payment"). This Subordinated Obligation is also payable in accordance with Article IX of the Supplemental Indenture (as defined below).

The principal hereof and interest hereon shall be payable in immediately available funds by depositing the same with the Master Trustee, at or prior to the opening of business on the date the same shall become due and payable, and by giving notice of payment to the Master Trustee, including a certificate of the Obligated Group Representative stating that the Conditions

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Precedent to Payment have been satisfied. All payments received by the Master Trustee shall be applied to all interest due and then to the outstanding principal amount. [All payments made on this Subordinated Obligation shall be applied first to principal and then to accrued and unpaid interest.]

This Subordinated Obligation is issued in the principal amount of \$ _____, is dated August __, 2014 and is designated as the “The Lutheran Village at Miller’s Grant, Inc. Series 2014[F][G] Subordinated Obligation” (the “Series 2014 [F][G] Subordinated Obligation”, and together with all other Subordinated Obligations issued under the Master Indenture, the “Subordinated Obligations”) issued under and pursuant to Supplemental Indenture Number 1 dated as of August 1, 2014 (the “Supplemental Indenture”) supplementing the Master Trust Indenture dated as of August 1, 2014 (the “Master Indenture”), between the Obligated Group Members (as defined in the Master Indenture) and the Master Trustee.

Pursuant to the terms of the Master Indenture, each of the Obligated Group Members described therein will be jointly and severally liable for the payment of this Subordinated Obligation and all other Subordinated Obligations and Master Obligations.

A copy of the Master Indenture is on file at the Baltimore, Maryland corporate trust office of the Master Trustee and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holder of this Subordinated Obligation, the terms and conditions on which, and the purposes for which, this Subordinated Obligation is issued and the rights, duties and obligations of the Obligated Group and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Subordinated Obligation, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes of the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members (as defined in the Master Indenture) and of the holders of the Master Obligations (as defined in the Master Indenture) in any particular may be made with the consent of the Master Trustee and the Obligated Group Members and, in certain circumstances, with the consent of the holders of not less than a majority in aggregate principal amount of the Master Obligations then Outstanding under the Master Indenture. Unless an Event of Default has occurred and is continuing, no such modification or change shall be made which will reduce the percentage of the Master Obligations, the consent of the holders of which is required to consent to such supplemental indenture, or permit a preference or priority of any Subordinated Obligation over any other Subordinate Obligation, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Master Obligation or a reduction in the principal amount or redemption price of any Master Obligation or the rate of interest thereon, without the consent of the holder of such Master Obligation. Any such consent by the holder of this Subordinated Obligation shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Subordinated Obligation.

In the manner and with the effect provided in the Master Indenture, this Subordinated Obligation and its principal payments will be subject to prepayment prior to maturity, in whole at any time at the option of the Obligated Group, without penalty, upon satisfaction of the

Conditions Precedent to Payment and payment of a sum, in cash, sufficient, together with any other cash and/or obligations held by the Master Trustee and available for such purpose equal to the principal amount of this Subordinated Obligation outstanding and any accrued interest to such prepayment date. Interest on this Subordinated Obligation shall cease to accrue from the date fixed for prepayment in whole, and from and after such date this Subordinated Obligation shall be deemed not to be Outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture, and the holder hereof shall have no rights in respect of this Subordinated Obligation other than payment of the outstanding principal, together with accrued interest to the date fixed for prepayment.

This Subordinated Obligation shall be registered on the register to be maintained by the Master Trustee and this Subordinated Obligation shall be transferable only upon said register at said office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for this Subordinated Obligation a new registered Subordinated Obligation without coupons, registered in the name of the transferee.

The Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent may deem and treat the person in whose name this Subordinated Obligation is registered as the absolute owner hereof for all purposes; and none of the Obligated Group Representative and the other Obligated Group Members, the Master Trustee and any paying agent nor any Subordinated Obligation registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Subordinated Obligation.

No covenant or agreement contained in this Subordinated Obligation or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any of the Obligated Group Members in his individual capacity, and neither the Board of Directors of any of the Obligated Group Members nor any officer executing this Subordinated Obligation shall be liable personally on this Subordinated Obligation or be subject to any personal liability or accountability by reason of the issuance of this Subordinated Obligation.

This Subordinated Obligation shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Subordinated Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Obligated Group Representative has caused this Subordinated Obligation to be executed in its name and on behalf of the Obligated Group by the manual or facsimile signature of its President.

THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC., as Obligated Group Representative

By: _____
President

[Form of Endorsement by Obligated Group Representative]

The undersigned Obligated Group Representative (as defined in the within mentioned Master Indenture) hereby certifies that, pursuant to the provisions of the Master Indenture, the Obligated Group Representative and all other Obligated Group Members referred to and defined in the Master Indenture are jointly and severally obligated hereon. The Obligated Group Members as of the date of execution and delivery of this CLV Subordinated Obligation are identified on Schedule I attached hereto.

Any Person (as defined in the Master Indenture) who shall satisfy the conditions set forth in the Master Indenture and become an Obligated Group Member subsequent to the date of execution and delivery of this CLV Subordinated Obligation shall thereupon and thereafter likewise be jointly and severally obligated on this CLV Subordinated Obligation, whether or not the name of such person shall appear on or be added to Schedule I.

If any person who is on the date of execution and delivery of this CLV Subordinated Obligation, or who shall thereafter become, an Obligated Group Member and thus jointly and severally obligated hereon, shall satisfy the conditions set forth in the Master Indenture for withdrawal from the Obligated Group and shall withdraw from the Obligated Group pursuant to written release executed by the Master Trustee, such person shall thereupon and thereafter be released from any further liability or obligation on this CLV Subordinated Obligation and under the Master Indenture, whether or not the name of such person shall appear on or be deleted from Schedule I.

Promptly after any such withdrawal and release, the Master Trustee shall give written notice thereof by mail to all other holders of Subordinated Obligations at their last addresses as they shall appear upon the register maintained as provided in the Master Indenture. Such notice may set forth, in addition to other matters deemed by the Master Trustee to be properly included therein, a statement that Outstanding Subordinated Obligations must be presented to the Master Trustee for notation of such withdrawal and release thereon or surrendered to the Master Trustee in exchange for one or more substitute Subordinated Obligations delivered pursuant to the provisions of the Master Indenture.

THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC., as Obligated Group Representative

By: _____
President

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[Form of Master Trustee's Certificate of Authentication]

This is the The Lutheran Village at Miller's Grant, Inc. Series 2014[F][G] Subordinated Obligation referred to in the aforementioned Master Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Master Trustee ;

By: _____
Authorized Signatory

[Form of Schedule I]

Members of the Obligated Group

Name

Address for Notices

The Lutheran Village at Miller's Grant, Inc.

The Lutheran Village at Miller's Grant, Inc.
c/o Carroll Lutheran Village, Inc.
300 St. Luke Circle
Westminster, Maryland 21158
Attention: President

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THE MAYOR AND COMMON COUNCIL OF WESTMINSTER

And

**MANUFACTURERS AND TRADERS TRUST COMPANY,
as Trustee**

BOND TRUST INDENTURE

Dated as of August 1, 2014

Relating to:

\$ _____
The Mayor and Common Council of Westminster
Revenue Bonds
(The Lutheran Village at Miller’s Grant, Inc.)
Series 2014

Consisting of:

\$ _____ Project Revenue Bonds Series 2014A
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014B
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014C
\$ _____ Entrance Fee Principal Redemption BondsSM Series 2014D

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EXHIBIT A – FORM OF SERIES 2014 BONDS

BOND TRUST INDENTURE

THIS BOND TRUST INDENTURE, made and entered into as of August 1, 2014 (this “Bond Indenture”), between **THE MAYOR AND COMMON COUNCIL OF WESTMINSTER**, a body corporate and a municipal corporation duly organized and existing under the laws of the State of Maryland (the “Issuer”), and **MANUFACTURERS AND TRADERS TRUST COMPANY**, a New York banking corporation duly authorized and empowered to accept and execute trusts of the character herein set out, as trustee (the “Bond Trustee”);

WITNESSETH:

WHEREAS, the Maryland Economic Development Revenue Bond Act, being Sections 12-101 through 12-118 of the Economic Development Article of the Annotated Code of Maryland (2008 Replacement Volume, 2013 Supplement) (the “Act”), authorizes the Issuer to issue revenue bonds for the purposes of financing the costs of acquisition or improvement of a facility or facilities (within the meaning of the Act), refunding outstanding bonds, paying the costs of issuing the bonds, funding reserves, paying working capital and paying the interest on the bonds for a reasonable period, and to lend the proceeds thereof to a facility user (within the meaning of the Act) to finance a facility; and

WHEREAS, the Act further authorizes the Issuer to pledge and assign revenues received from the financing of a facility; and

WHEREAS, the Issuer has adopted a Resolution authorizing the issuance of its revenue bonds in one or more series in the maximum aggregate principal amount of \$150,000,000 for the purposes described herein; and

WHEREAS, the Series 2014 Bonds (as defined herein) are being issued to (i) finance costs of the Project (as defined herein), (ii) currently refund the outstanding \$13,900,000 promissory note issued by the Obligor (as defined herein) and Carroll Lutheran Village, Inc. to Citizens Bank of Pennsylvania (the “Bank Loan”) to finance pre-development expenses of the Project, (iii) fund the debt service reserve fund for the Series 2014 Bonds, (iv) fund a portion of the interest on the Series 2014 Bonds, (v) fund working capital, and (vi) pay costs of issuing the Series 2014 Bonds; and

WHEREAS, the Issuer and the Obligor are entering into a Loan Agreement, dated as of the date hereof (the “Agreement”), pursuant to which (i) the Issuer will provide for the use of the proceeds of the Series 2014 Bonds by the Obligor and (ii) the Obligor agrees to pay to the Issuer such payments at such times and in such amounts as will be required to pay the principal of, premium, if any, and interest on the Series 2014 Bonds to be issued, as and when the same become due; and

WHEREAS, to evidence the obligation of the Obligor to make payments sufficient to pay the principal of, premium, if any, and interest on the Series 2014 Bonds, the Obligor will execute and deliver to the Issuer one or more promissory notes dated the date of issuance of the Series 2014 Bonds in the aggregate principal amount of \$ _____ (collectively, the “Series 2014A-D Notes”); and

WHEREAS, to secure its obligations under the Series 2014A-D Notes, the Obligor (i) will grant to certain trustees for the benefit of the Issuer a lien on and a security interest in the real property and personal property included in the Premises and the Facilities (as defined in the Agreement) pursuant to the Deed of Trust (as defined herein) and (ii) will grant to the Master Trustee (as defined herein) a security interest in the Gross Revenues and the Personal Property (as defined in the Master Indenture identified herein) pursuant to the Master Indenture, all subject to Permitted Encumbrances, as defined in the Master Indenture; and

WHEREAS, simultaneously with the issuance of the Series 2014 Bonds and the delivery of the Deed of Trust, (i) at the request of the Obligor, the Issuer, in exchange for the issuance of the Series 2014A-D Master Obligations described in clause (ii), will cause the Bond Trustee to assign to the Master Trustee all of the Issuer's right, title and interest in, to and under the Agreement and the Series 2014A-D Notes (excluding the Unassigned Rights) and the Deed of Trust (excluding the Issuer's right to indemnification and to payment of costs thereunder), and (ii) pursuant to the Master Indenture and the Supplemental Indenture, the Obligor will issue the Series 2014A-D Master Obligations in favor of the Bond Trustee in the principal amount of the Series 2014 Bonds and cause the Master Trustee to deliver the Series 2014A-D Master Obligations to the Bond Trustee to provide payment for, and secure the payment of, the Series 2014 Bonds.

WHEREAS, the Issuer hereby finds and determines that the current refunding of the Bank Loan and the financing of the Project in the manner described above will further the purposes and policies of the Act; and

WHEREAS, the execution and delivery of this Bond Indenture, the Agreement and the assignment and endorsement of the Series 2014A-D Notes (excluding the Unassigned Rights) to the order of the Bond Trustee were authorized by a Resolution of the Issuer, which was duly adopted and approved; and

WHEREAS, the Series 2014 Bonds to be issued, the Bond Trustee's Certificate of Authentication to be endorsed on the Series 2014 Bonds and the Assignment of the Series 2014 Bonds are to be in substantially the form attached hereto as Exhibit A; and:

WHEREAS, all things necessary to make the Series 2014 Bonds, when executed by the Issuer and when authenticated by the Bond Trustee and issued as in this Bond Indenture provided, the valid, binding and legal obligations of the Issuer according to the import thereof, to constitute this Bond Indenture a valid lien on the interests in property hereby conveyed, a valid grant of a security interest in the interests in property hereby made, and a valid assignment and pledge of the revenues and receipts hereby made to secure the payment of the principal of, premium, if any, and interest on the Series 2014 Bonds, and to constitute this Bond Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms have been done and performed, and the creation, execution and delivery of this Bond Indenture and the creation, execution and issuance of the Series 2014 Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, BY THESE PRESENTS, THIS TRUST INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2014 Bonds by the Owners thereof and of the sum of One Dollar to it duly paid by the Bond Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds at any time Outstanding under this Bond Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Bond Indenture and does hereby, subject to the terms and provisions of the Agreement, grant, bargain, sell, transfer, convey, mortgage, pledge and assign, without recourse and irrevocably in trust, unto the Bond Trustee and unto its successors in trust, and to its assigns forever, and does hereby grant a continuing security interest in (to the extent permitted by law) the property, real and personal, tangible or intangible, which property is more particularly described below:

GRANTING CLAUSE FIRST

All the right, title and interest of the Issuer in and to (a) the Agreement (except for the Unassigned Rights) and (b) the Series 2014A-D Notes (excluding the Unassigned Rights), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things which the Issuer is or may become entitled to do under the foregoing, provided that the assignment made by this clause will not impair or diminish any obligation of the Issuer under the provisions of the foregoing or impair or diminish the right of the Issuer to enforce compliance with the obligations of the Obligor under the foregoing, as long as no Event of Default (as hereinafter defined) has occurred and is continuing hereunder.

GRANTING CLAUSE SECOND

All the right, title and interest of the Issuer in and to all cash proceeds and receipts arising out of or in connection with the sale of the Bonds and all moneys and investments held by the Bond Trustee in the funds and accounts created under this Bond Indenture (except the Rebate Fund), or held by the Bond Trustee as special trust funds derived from payments on contractor's performance or payment bonds or other surety bonds, or any other source.

GRANTING CLAUSE THIRD

All the right, title and interest of the Issuer in and to all moneys and securities and interest earnings thereon from time to time delivered to and held by the Bond Trustee under the terms of this Bond Indenture and all other rights of every name and nature and any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone on its behalf or with its written consent to the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

GRANTING CLAUSE FOURTH

All the right, title and interest of the Issuer in and to all proceeds (cash and noncash) of any or all of the foregoing, including, without limiting the generality of the foregoing, all inventory, accounts, chattel paper, documents, equipment, instruments, farm products, consumer goods and general intangibles constituting proceeds acquired with cash proceeds of any or all of the foregoing.

IN EACH CASE, whether now owned or hereafter acquired by the Issuer and howsoever its interest therein may arise or appear (whether by ownership, security interest, claim or otherwise) and whether due or to become due and whether or not earned by performance;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby pledged, conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in such trusts and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued under and secured by this Bond Indenture without privilege, priority or distinction as to the lien or otherwise of any Bonds over any other Bonds;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner stipulated in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Bond Trustee the entire amount due or to become due hereon, or certain securities as herein permitted and shall keep, perform and observe all the covenants and conditions pursuant to the terms of this Bond Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Bond Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said rights hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. Certain words and terms used in this Bond Indenture have the meaning given them in Article I of the Agreement which by this reference is incorporated herein. When used herein, such words and terms will have the meanings given to them by the language employed in Article I of the Agreement defining such words and terms, unless the context or use clearly indicates otherwise.

Section 1.02. Recital Incorporation. The recitals set forth in the beginning of this Bond Indenture are hereby incorporated herein.

Section 1.03. Construction of Certain Terms.

For all purposes of this Bond Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction will apply:

(1) The use of the masculine, feminine or neuter gender is for convenience only and will be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(2) "This Bond Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(3) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument. The words "herein," "hereof," "hereto," "hereby" and "hereunder" and other words of similar import refer to this Bond Indenture as a whole and not to any particular Article, Section or other subdivision.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP.

Section 1.04. Table of Contents: Titles and Headings.

The table of contents, the titles of the articles and the headings of the sections of this Bond Indenture are solely for convenience of reference, are not a part of this Bond Indenture and will not be deemed to affect the meaning, construction or effect of any of its provisions.

Section 1.05. Contents of Certificates or Opinions.

Upon any request or application by the Issuer or the Obligor to the Bond Trustee to take any action under this Bond Indenture, and if requested by the Bond Trustee, the Issuer or the Obligor shall furnish to the Bond Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in the Bond Documents relating to the proposed action have been satisfied; and (ii) an Opinion of Counsel stating that, in the opinion of such counsel (who may rely upon an Officer's Certificate as to matters of fact), all such conditions precedent and covenants have been satisfied.

Every certificate or opinion with respect to the compliance with a condition or covenant provided for in this Bond Indenture and which is precedent to the taking of any action by the Bond Trustee under this Bond Indenture must include a statement (i) that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto, (ii) as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (iii) that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with, and (iv) as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by an officer of the Issuer or an officer of the Obligor may be based, insofar as it relates to legal or accounting matters, upon a certificate or an opinion of Independent Counsel or an Accountant, which certificate or opinion has been given only after due inquiry of the relevant facts and circumstances, unless such officer knows that the certificate or opinion with respect to the matters upon which his certificate or opinion may be based as aforesaid is erroneous or in the exercise of reasonable care should have known that the same was erroneous. Any such certificate or opinion made or given by Independent Counsel or an Accountant may be based (insofar as it relates to factual matters with respect to information which is in the possession of an officer of the Issuer or an officer of the Obligor or any third party) upon the certificate or opinion of or representations by an officer of the Issuer or an officer of the Obligor or any third party on whom Independent Counsel or an Accountant could reasonably rely unless such Independent Counsel or such Accountant knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous. The same officer of the Issuer or officer of the Obligor, or the same Independent Counsel or Accountant, as the case may be, need not certify or opine to all of the matters required to be certified or opined under any provision of this Agreement, but different officers, Independent Counsel or Accountants may certify or opine to different matters, respectively.

[End of Article I]

ARTICLE II AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 2.01. Authorized Amount of Series 2014 Bonds. No Series 2014 Bonds may be issued under this Bond Indenture except in accordance with this Article. The total original principal amount of Series 2014A Bonds that may be issued hereunder is hereby expressly limited to \$ _____; the total original principal amount of Series 2014B Bonds that may be issued hereunder is expressly limited to \$ _____; the total original principal amount of Series 2014C Bonds that may be issued hereunder is expressly limited to \$ _____; and the total original principal amount of Series 2014D Bonds that may be issued hereunder is expressly limited to \$ _____.

Section 2.02. All Bonds Equally and Ratably Secured; Bonds Not an Obligation of Issuer. All Bonds issued under this Bond Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Bond Indenture and shall all be equally and ratably secured hereby.

The Bonds shall be payable solely out of the revenues and other security pledged hereby; the Bonds, together with interest and any premium thereon, will be limited obligations of the Issuer payable solely from the Trust Estate and will be a valid claim of the respective Owners thereof only against the Trust Estate. The Bonds and the interest on them are not debts or charges against the general credit or taxing powers of the Issuer within the meaning of any constitutional or charter provision or statutory limitation and may not give rise to any pecuniary liability of the Issuer. The Bonds are not a debt to which the Issuer's faith and credit is pledged. Neither the members of the Governing Body of the Issuer nor any person executing Bonds will be liable personally on the Bonds by reason of the issuance thereof.

Section 2.03. Authorization of Series 2014 Bonds.

(a) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as "The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A." The Series 2014A Bonds shall be numbered consecutively upward from RA-1.

(b) The Series 2014A Bonds shall bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2014A Bonds. The Series 2014A Bonds shall bear interest on the basis of a 360-day year composed of twelve 30-day months payable each July 1 and each January 1, beginning January 1, 2015, at the rates per annum and shall mature on July 1 in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
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(c) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as “The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B.” The Series 2014B Bonds shall be numbered consecutively upward from RB-1.

(d) The Series 2014B Bonds shall bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2014B Bonds. The Series 2014B Bonds shall bear interest on the basis of a 360-day year composed of twelve 30-day months payable each July 1 and each January 1, beginning January 1, 2015, at the rate per annum and shall mature on July 1 in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
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(e) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as “The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C.” The Series 2014C Bonds shall be numbered consecutively upward from RC-1.

(f) The Series 2014C Bonds shall bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2014C Bonds. The Series 2014C Bonds shall bear interest on the basis of a 360-day year composed of twelve 30-day months payable each July 1 and each January 1, beginning January 1, 2015, at the rate per annum and shall mature on July 1 in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
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(g) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as “The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D.” The Series 2014D Bonds shall be numbered consecutively upward from RD-1.

(h) The Series 2014D Bonds shall bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Delivery Date of the Series 2014D Bonds. The Series 2014D Bonds shall bear interest on the basis of a 360-day year composed of twelve 30-day months payable each July 1 and each January 1, beginning January 1, 2015, at the rate per annum and shall mature on July 1 in the years and principal amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate (%)</u>
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(i) The Series 2014 Bonds shall be issued in Authorized Denominations and shall be dated the date of authentication. The Series 2014 Bonds are subject to prior redemption as herein set forth and shall be substantially in the form and tenor set forth in Exhibit A hereto, with appropriate variations, omissions and insertions as are permitted or required by this Bond Indenture.

(j) The principal of, premium, if any, and interest on the Series 2014 Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Bond Trustee, or at the designated corporate trust office of its successor, and if such Bonds are not then registered in the name of DTC or its nominee, upon presentation and surrender of the Series 2014 Bonds. Payment of interest on any Series 2014 Bond shall be made to the person who is the registered owner thereof at the close of business on the Regular Record Date for such Interest Payment Date by check mailed by the Bond Trustee on such Interest Payment Date to such registered owner at his or her address as it appears on the registration records kept by the Bond Trustee or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a registered owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds at the time such initial request is made. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal, premium, if any, and interest on the Series 2014 Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner of such Series 2014 Bond at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Series 2014 Bonds not less than ten days prior thereto by first class postage prepaid mail or sent electronically pursuant to Applicable Procedures to each such registered owner as shown on the registration records, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed upon between the owners of any Series 2014 Bonds and the Bond Trustee. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on any Bonds that are subject to the book entry system as provided in Article II of this Bond Indenture shall be made in accordance with the rules, regulations and procedures established by the securities depository in connection with the book entry system.

Section 2.04. Execution of Bonds, Signatures. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Mayor, and the official seal of the Issuer shall be impressed or reproduced thereon and attested by the manual or facsimile signature of the City Clerk or the Acting City Clerk of the Issuer. The reproduction of the seal of the Issuer on the Bonds will have the same force and effect as if the seal of the Issuer had been impressed on the Bonds. In case any officer who shall have signed any of the Bonds shall cease to hold such office and any of such Bonds shall have been authenticated by the Bond Trustee or delivered or sold, such Bonds with the signatures thereto affixed may, nevertheless, be authenticated by the Bond Trustee, and delivered, and may be sold by the Issuer, as though the person or persons who signed such Bonds had remained in office.

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Section 2.05. Registration and Exchange of Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Bond Indenture to be kept by the Bond Trustee which is hereby appointed the bond registrar of the Issuer for the Bonds. Upon surrender for transfer of any fully registered Bond at the Corporate Trust Office of the Bond Trustee, duly endorsed for transfer or accomplished by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series for a like principal amount and maturity.

The Issuer shall execute and the Bond Trustee shall authenticate and deliver Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Issuer of any fully registered Bond of any denomination shall constitute full and due authorization of such denomination and the Bond Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Bond Trustee shall not be required to transfer or exchange any Bond after notice calling such Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business fifteen days before the day the Bond Trustee gives notice of redemption and ending at the close of business on the day such notice is given.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal of or interest on any Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Bond Trustee shall require the payment by any Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.06. Lost, Stolen, Destroyed and Mutilated Bonds. Upon receipt by the Bond Trustee of evidence satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to it, and upon surrender and cancellation of the Bond if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond in lieu of such lost, stolen, destroyed or mutilated Bond or (ii) if such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Issuer may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Bond Trustee in connection with the issue of such new Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities. If, after the delivery of such new Bond, a bona fide purchaser of the original Bond in lieu of which such duplicate Bond was issued presents for payment such original Bond, the

Obligor or the Bond Trustee shall be entitled to recover upon such new Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Obligor or the Bond Trustee in connection therewith.

Section 2.07. Delivery of Series 2014 Bonds. Upon the execution and delivery of this Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Series 2014 Bonds and deliver them to the initial purchasers thereof as directed by the Issuer and as hereinafter in this Section provided.

Prior to the delivery by the Bond Trustee of any of the Series 2014 Bonds there shall be filed with and delivered to the Bond Trustee the following:

- (a) A Certified Resolution of the Issuer authorizing the execution and delivery of the Agreement and this Bond Indenture and the issuance of the Series 2014 Bonds.
- (b) Original executed counterparts of the Agreement and this Bond Indenture, and copies of the fully executed Master Trust Indenture and the Supplemental Indenture.
- (c) The Series 2014 Master Obligations, duly executed and authenticated and duly issued and payable to the Bond Trustee.
- (d) A written request and authorization to the Bond Trustee on behalf of the Issuer and signed by an Issuer Representative to authenticate and deliver the Series 2014 Bonds to the purchasers therein identified upon payment to the Bond Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, together with instructions as to the disposition of the proceeds of the Series 2014 Bonds pursuant to Section 3.01.
- (e) An Opinion of Bond Counsel to the effect that the Series 2014 Bonds have been duly and validly authorized, issued and delivered and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms, and that each of the instruments to which the Issuer is a party has been duly and validly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to customary qualifications on enforceability.
- (f) An Opinion of Bond Counsel to the effect that the interest payable on the Tax Exempt Bonds is excludable from gross income for federal income tax purposes.
- (g) Copies of Maryland Uniform Commercial Code financing statements filed pursuant to Section 4.03 with evidence of filing noted thereon.
- (h) An Opinion of Counsel to the Obligor and such other documents as the Bond Trustee may reasonably request.

Section 2.08. Bond Trustee's Certificate of Authentication. The Bond Trustee's certificate of authentication upon the Series 2014 Bonds shall be substantially in the form and tenor set forth in Exhibit A hereto. No Series 2014 Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Bond Trustee; and such

certificate of the Bond Trustee upon any Series 2014 Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The Bond Trustee's certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized signatory of the Bond Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Series 2014 Bonds issued hereunder.

Section 2.09. Issuance of Additional Bonds. Additional Bonds are hereby authorized to be issued hereunder for the purposes set forth in Section 4.1 of the Agreement. If the Obligor requests the issuance of any Additional Bonds, it shall file with the Issuer and the Bond Trustee a certificate specifying the amount of Additional Bonds to be issued and the purpose for such issuance.

Thereupon, the Issuer may request the authentication and delivery of such Additional Bonds; provided that the Obligor and the Issuer shall have entered into an amendment to the Agreement to provide, among other things, that the Project shall include the additional facilities, if any, being financed by the Additional Bonds, for delivery of Master Obligations entitled to the benefit and security of the Master Indenture in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Additional Bonds when due, for a deposit into a separate account in the Debt Service Reserve Fund relating to such Additional Bonds of additional Debt Service Reserve Fund Obligations which, together with amounts then contained in the other accounts in the Debt Service Reserve Fund, will equal the Debt Service Reserve Fund Requirement on all Bonds Outstanding at the date of issuance of such series of Additional Bonds and for such additional covenants and conditions as the Issuer and the Obligor deem desirable. All Additional Bonds shall be secured in the same manner as and rank on a parity with the Series 2014 Bonds, but shall bear such date or dates, bear such interest rate or rates, have such maturity dates, redemption dates, options and premiums, and be issued at such prices as shall be approved in writing by the Issuer and the Obligor. Upon the execution and delivery of appropriate supplements to this Bond Indenture and the Master Indenture and amendments to the Agreement, the Issuer may execute and deliver to the Bond Trustee, and the Bond Trustee shall authenticate, such Additional Bonds and deliver them to the initial purchasers thereof as directed by the Issuer.

Section 2.10. Requirements for Authentication and Delivery of Additional Bonds. Whenever requesting the authentication and delivery under this Article II of any Additional Bonds, the Issuer shall furnish the Bond Trustee the following:

(a) Obligor's Certificate. A certificate of the Obligor stating (i) that no default exists under the Agreement, the Master Indenture or this Bond Indenture, (ii) that the Obligor approves the issuance and delivery of such Additional Bonds and (iii) any other matters to be approved by the Obligor pursuant to Section 4.1 of the Agreement and this Section 2.10.

(b) Certified Resolution. A Certified Resolution of the Issuer authorizing the issuance of the Additional Bonds and the execution and delivery of the amendment to the Agreement and a supplement to this Bond Indenture.

(c) Amendment to the Agreement. An original executed counterpart of the amendment to the Agreement.

(d) Supplemental Bond Indenture. An indenture supplemental hereto, designating the new series to be created and prescribing expressly or by reference with respect to the Bonds of such series:

(i) the principal amount of the Bonds of such series,

(ii) the text of the Bonds of such series,

(iii) the maturity date or dates thereof,

(iv) the place or places where principal, premium, if any, and interest are to be paid and where the Bonds are to be registerable, transferable or exchangeable,

(v) the rate or rates of interest and the date from which, and the date or dates on which, interest is payable,

(vi) provisions as to redemption,

(vii) provisions (if any) as to exchangeability,

(viii) any other provisions necessary to describe and define such series within the provisions and limitations of this Bond Indenture, and

(ix) any other provisions and agreements in respect thereof provided, or not prohibited, by this Bond Indenture.

(e) Supplement to Master Indenture. Original executed counterparts of a supplement to the Master Indenture authorizing the execution and delivery of an additional Master Obligation or Obligations.

(f) Additional Master Obligations. A Master Obligation or Obligations executed by the Obligor which shall:

(i) require payment or payments of principal of, premium, if any, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal of, premium, if any, and interest on the Additional Bonds, taking into account any mandatory sinking fund requirements (pursuant to this Bond Indenture) which are required in respect of the related bonds, and

(ii) require each payment on the Master Obligation to be made on the due date for the corresponding payment to be made on the related bonds of the Issuer.

(g) Debt Service Reserve Fund. For deposit into a separate account in the Debt Service Reserve Fund relating to such Additional Bonds, Debt Service Reserve Fund Obligations which will equal the Debt Service Reserve Fund Requirement on such Additional Bonds, as shall be set forth in the supplemental bond indenture relating to such Additional Bonds.

Section 2.11. Cancellation and Destruction of Bonds By the Bond Trustee. Whenever any Outstanding Bonds shall be delivered to the Bond Trustee for the cancellation thereof pursuant to this Bond Indenture, upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly

cancelled and treated in accordance with the Bond Trustee's standard retention policies. In the event of destruction of the Bonds by the Bond Trustee, a certificate of destruction evidencing such destruction shall be furnished by the Bond Trustee to the Issuer and the Obligor upon written request.

Section 2.12. Book-Entry Only System. The Series 2014 Bonds shall be initially issued in the form of a single fully registered Series 2014 Bond for each maturity of each series of the Series 2014 Bonds registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 2.13 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The Bond Trustee in each of its capacities is hereby authorized to act in accordance with such letter and the Applicable Procedures.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Bond Trustee shall have no responsibility or obligation to any participant in DTC (a "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Bond Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the registration books, of any notice with respect to the Bonds, including but not limited to any notice of redemption, or (c) the payment to any DTC Participant or any other person, other than a Bondholder as shown in the registration books, of any amount with respect to principal of, premium, if any, or interest on, the Bonds. Notwithstanding any other provision of this Bond Indenture to the contrary, the Issuer and the Bond Trustee shall be entitled to treat and consider the person in whose name each Bond is registered in the registration books as the absolute and sole owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the registration books as provided in this Bond Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, pursuant to this Bond Indenture. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Bond Indenture with respect to payment of interest to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Bond Indenture shall refer to such new nominee of DTC.

Section 2.13. Successor Securities Depository: Transfers Outside Book-Entry Only System.

(a) In the event that the Obligor determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC (the "DTC Letter") and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer, at the direction of the Obligor, shall (i) appoint a successor

securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, as amended, notify DTC and DTC Participants, identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants, identified by DTC, having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the registration books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Bond Indenture.

(b) Upon the written consent of 100% of the beneficial owners of the Bonds of any series, the Bond Trustee, in accordance with the DTC Letter, shall withdraw the Bonds of such series from DTC, and authenticate and deliver Bonds of such series fully registered to the assignees of DTC or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the Persons requesting such withdrawal, authentication and delivery.

Section 2.14. Payments to Cede & Co. Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on, such Bond and all notices, transfers and deliveries with respect to such Bond shall be made and given, respectively, in the manner provided in the DTC Letter.

Section 2.15. CUSIP Numbers. The Issuer in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Bond Trustee may use "CUSIP" numbers in notices as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such notice shall not be affected by any defect in or omission of such numbers. The Obligor shall promptly notify the Bond Trustee of any change in the "CUSIP" numbers.

[End of Article II]

**ARTICLE III
REVENUES AND FUNDS**

Section 3.01. Application of Proceeds of Series 2014 Bonds.

(a) The Issuer will sell and cause to be delivered to the initial purchasers thereto the Series 2014A Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the Series 2014A Account of the Debt Service Reserve Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d); and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(b) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014B Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the Series 2014B Account of the Debt Service Reserve Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d); and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(c) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014C Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the Series 2014C Account of the Debt Service Reserve Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d); and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(d) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014D Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the Series 2014D Account of the Debt Service Reserve Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

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(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d);

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d); and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d).

(e) The Issuer agrees to consider the authorization of the issuance of Additional Bonds upon the terms and conditions provided herein and in Sections 2.09 and 2.10. Additional Bonds may be issued to provide funds (i) to pay the Costs of financing and refinancing Expansions, (ii) to pay the Cost of financing, refinancing, acquiring, providing, constructing, enlarging, remodeling, renovating, improving, furnishing or equipping and refinancing the acquiring, constructing, equipping or completing any Project, (iii) to the extent permitted by law, to refund any Bonds theretofore issued and then Outstanding under the Bond Indenture or (iv) for any combination of such purposes. In the event of the issuance of Additional Bonds for any such purposes, the amount of Additional Bonds issued may include the costs of the issuance and sale of the Additional Bonds, capitalized interest for such period allowed by law, reserve funds and such other costs reasonably related to the financing as shall be agreed upon by the Obligor and the Issuer and is permissible under the Act.

(f) If the Obligor is not in default hereunder, the Issuer agrees, on request of the Obligor, from time to time, subject to satisfying the requirements of the Act, to consider issuing the amount of Additional Bonds specified by the Obligor; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved in writing by the Obligor, and provided further that (i) the Obligor and the Issuer shall have entered into an amendment to this Bond Indenture to provide, among other things, that the Project shall include the facilities, if any, being financed by the Additional Bonds, for additional loan payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due, and for a deposit into the Debt Service Reserve Fund of additional Debt Service Reserve Fund Obligations which, together with amounts at that time contained in the Debt Service Reserve Fund, will equal the Maximum Annual Debt Service on all Bonds Outstanding at the date of issuance of such series of Additional Bonds, and (ii) the Obligor and the Master Trustee shall have entered into a supplement to the Master Indenture whereby the Obligor issues a Master Obligation securing payment of the principal of, premium, if any, and interest on the Additional Bonds. The Issuer agrees to comply with Sections 2.09 and 2.10 with respect to the issuance of Additional Bonds.

Section 3.02. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Bond Trustee a trust fund to be designated as the “Westminster, Maryland Revenue Bonds (Lutheran Village at Miller’s Grant) Bond Fund” (the “Bond Fund”). There are hereby created by the Issuer and ordered established with the Bond Trustee three separate accounts within the Bond Fund to be designated as the Principal Account, the Interest Account and the Entrance Fee Redemption Account, respectively. Moneys on deposit in the Principal Account shall be used to pay the principal of and premium, if any, on the Series 2014

Bonds, when due and payable. Moneys on deposit in the Interest Account shall be used to pay the interest on the Series 2014 Bonds when due and payable. Moneys on deposit in the Entrance Fee Redemption Account shall be used to pay the redemption price of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds on each Entrance Fee Redemption Date as provided in Section 5.10 hereof.

Section 3.03. Payments into the Bond Fund.

(a) There shall be deposited into the Principal Account or the Interest Account, as and when received, (i) all payments on the Series 2014A-D Master Obligations, (ii) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to Section 3.10 hereof, (iii) all other moneys required to be deposited therein pursuant to the Agreement or the Master Indenture, and (iv) all other moneys received by the Bond Trustee when accompanied by directions that such moneys are to be paid into the Principal Account or the Interest Account. There also shall be retained or deposited in the Principal Account or the Interest Account all interest and other income received on investments or moneys required to be transferred thereto in accordance with Section 6.02 hereof.

(b) There shall be deposited into the Entrance Fee Redemption Account all moneys received by the Bond Trustee from the Master Trustee on each Entrance Fee Transfer Date pursuant to Section 2.01 of the Supplemental Indenture for deposit therein. When all of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds have been paid in full, any money remaining in the Entrance Fee Redemption Account will be deposited into the Entrance Fee Fund created under the Master Indenture or, if the Entrance Fee Fund has been closed pursuant to Section 2.01(f) of the Supplemental Indenture, will be delivered to the Obligor, and the Entrance Fee Redemption Account shall be closed.

Section 3.04. Use of Moneys in the Entrance Fee Redemption Account, Principal Account and Interest Account. Except as provided in Sections 3.15 and 8.05 hereof, moneys in the Entrance Fee Redemption Account shall be used solely for the payment of the principal of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds. The Series 2014D Bonds shall be redeemed in full prior to any redemption of the Series 2014C Bonds and the Series 2014B Bonds, and the Series 2014C Bonds shall be redeemed in full prior to any redemption of the Series 2014B Bonds, pursuant to this Section and Section 5.10 hereof. Except as provided in Sections 3.15, 5.01 and 8.05 hereof, moneys in the Principal Account or the Interest Account shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds on a pro rata basis based upon the outstanding principal amounts thereof.

Section 3.05. Custody of the Bond Fund. The Bond Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to withdraw sufficient funds from the Principal Account or the Interest Account of the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same come due and payable, which authorization and direction the Bond Trustee hereby accepts.

Section 3.06. Construction Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the “Westminster, Maryland Revenue Bonds (Lutheran Village at Miller’s Grant) Construction Fund” (the “Construction Fund”). There are hereby created by the Issuer and

ordered established with the Bond Trustee two separate accounts within the Construction Fund to be designated as the Funded Interest Account and the Project Account. Moneys in the Construction Fund shall be used to pay Costs of constructing the Project or as hereinafter provided. Under no circumstances shall moneys in the Construction Fund be used to pay Costs of Issuance.

(b) In the event there are insufficient moneys in the Funded Interest Account of the Construction Fund to pay interest on the Bonds when due, the Bond Trustee shall transfer such moneys as are in the Funded Interest Account of the Construction Fund to the Interest Account of the Bond Fund, which moneys, together with such other moneys as are on deposit in the Interest Account of the Bond Fund, shall be used to pay interest when due. Moneys in the Funded Interest Account of the Construction Fund shall be used to pay investment management fees as set forth in a written request of the Obligor to the Bond Trustee. The Bond Trustee shall disburse moneys in the Project Account of the Construction Fund as provided in Section 4.1 of the Agreement. Subject to Section 3.06(d) hereof, all Surplus Construction Fund Money remaining in the Construction Fund after a Completion Certificate is filed with the Bond Trustee and payment of all other costs then due and payable shall be transferred to the Principal Account and shall be used to redeem Bonds in accordance with Section 5.11 hereof.

(c) Payments from the Construction Fund shall be made in accordance with this Article III and Article IV of the Agreement. Upon receipt of the required certificates, the Bond Trustee shall pay the amount requested to or upon the order of the Obligor.

(d) If an Event of Default occurs under this Bond Indenture, and the principal of all Bonds and the interest accrued thereon are declared due and payable, except as otherwise provided herein, no moneys may be paid out of the Project Account of the Construction Fund by the Bond Trustee during the continuance of such an Event of Default; provided, however, that if such an Event of Default shall be waived and such declaration shall be rescinded pursuant to the terms of this Bond Indenture, the full amount of any such remaining moneys in the Construction Fund may again be requisitioned by the Obligor and disbursed by the Bond Trustee in accordance with the provisions of the Agreement and this Bond Indenture.

Section 3.07. Completion Certificate. The Obligor shall provide the Bond Trustee the Completion Certificate required to be delivered under Section 4.2(b) of the Agreement.

Section 3.08. Creation of the Debt Service Reserve Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the “Westminster, Maryland Revenue Bonds (Lutheran Village at Miller’s Grant) Debt Service Reserve Fund” (the “Debt Service Reserve Fund”).

(b) There shall be created four accounts within the Debt Service Reserve Fund: (i) a Series 2014A Account, (ii) a Series 2014B Account, (iii) a Series 2014C Account and (iv) a Series 2014D Account.

(c) Moneys on deposit in each Reserve Account of the Debt Service Reserve Fund shall be used to provide a reserve solely for the payment of the principal of and interest on the series of Bonds to which such Reserve Account relates except as otherwise provided in this Bond Indenture.

Section 3.09. Payments into the Debt Service Reserve Fund. In addition to the deposits required by Section 3.01 hereof, there shall be deposited into the Debt Service Reserve Fund any Debt Service Reserve Fund Obligations delivered by the Obligor to the Bond Trustee pursuant to Section 5.6 of the Agreement. In addition, there shall be deposited into the Debt Service Reserve Fund all moneys required to be transferred thereto pursuant to Section 6.02 hereof, and all other moneys received by the Bond Trustee when accompanied by directions that such moneys are to be paid into the Debt Service Reserve Fund. There shall also be retained in the Debt Service Reserve Fund all interest and other income received on investments of Debt Service Reserve Fund moneys to the extent provided in Section 6.02 hereof.

Section 3.10. Use of Moneys in the Debt Service Reserve Fund.

(a) Except as provided herein and in Sections 3.15 and 8.05(c) hereof, moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of and interest on the Bonds in the event moneys in the Bond Fund or the Funded Interest Account of the Construction Fund, including any funds transferred to the Bond Fund by the Obligor from the Working Capital Fund (as defined in and created by the Master Indenture), the Liquidity Support Fund (as defined in and created by the Master Indenture), the Renewal and Replacement Fund (as defined in and created by the Master Indenture) or the Operating Reserve Fund (as defined in and created by the Master Indenture), are insufficient to make such payments when due, whether on an interest payment date, redemption date, maturity date, acceleration date or otherwise. Subject to paragraph (b) below, monies in the Series 2014A Account shall only be available to pay debt service on the Series 2014A Bonds, monies in the Series 2014B Account shall only be available to pay debt service on the Series 2014B Bonds, monies in the Series 2014C Account shall only be available to pay debt service on the Series 2014C Bonds, and monies in the Series 2014D Account shall only be available to pay debt service on the Series 2014D Bonds.

(b) Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice hereunder and the election by the Bond Trustee of any remedy specified in Section 8.02(a) hereof, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund shall, subject to the provisions of Section 3.16 hereof, be transferred by the Bond Trustee to the Principal Account and applied in accordance with Section 8.05 hereof. In the event of the redemption of any series of Bonds, any Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement on the Bonds to be Outstanding immediately after such redemption shall, subject to the provisions of Section 3.16 hereof, be transferred to the Principal Account and applied to the payment of the principal of the series of Bonds to be redeemed. On January 1 and July 1 in each year, any earnings on the Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement shall be transferred during the construction period for any Project into the Funded Interest Account of the Construction Fund created in connection with the issuance of Bonds for such Project or, if after the completion of such construction period, into the Interest Account of the Bond Fund.

(c) On the final maturity date of any series of Bonds, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement after giving effect to such maturity shall be used to pay the principal of and interest on such series of Bonds on such final maturity date.

(d) If at any time moneys in the Debt Service Reserve Fund are sufficient to pay the principal or redemption price of all Bonds then Outstanding, the Bond Trustee shall use the moneys on deposit in the Debt Service Reserve Fund to pay such principal or redemption price of the Bonds.

Section 3.11. Custody of the Debt Service Reserve Fund. The Debt Service Reserve Fund shall be in the custody of the Bond Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Bond Trustee to transfer sufficient moneys from the Debt Service Reserve Fund to the Bond Fund to pay the principal of and interest on the Bonds for the purposes herein described, which authorization and direction the Bond Trustee hereby accepts. In the event there shall be a deficiency in the Principal Account or the Interest Account on any payment date for any series of Bonds, the Bond Trustee shall promptly make up such deficiency from the Debt Service Reserve Fund.

Section 3.12. Nonpresentation of Bonds. In the event that any Bonds shall not be presented for payment when the principal thereof or interest thereon becomes due, either at maturity, the date fixed for redemption thereof or otherwise, if funds sufficient for the payment thereof shall have been deposited into the Bond Fund or otherwise made available to the Bond Trustee for deposit therein as provided in Section 3.03 hereof, all liability of the Issuer to the owner or owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner or Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his or their part under this Bond Indenture or on, or with respect to, said Bonds, and all such funds shall remain uninvested. If any Bonds shall not be presented for payment within the period of two years following the date of final maturity of such Bonds, the Bond Trustee shall, to the extent required by law, transfer such funds to the state treasury of the State of Maryland, in which case the Owner or Owners of such Bonds shall look only to such state for payment, or, in the alternative, to the extent permitted by law, the Bond Trustee shall, upon request in writing by the Obligor, return such funds to the Obligor free of any trust or lien and such Bonds shall, subject to the defense of any applicable statute of limitation, thereafter be unsecured obligations of the Obligor. In either event, the Bond Trustee shall have no further responsibility with respect to such moneys or payment of such Bonds. Thereafter, the Bondholders shall be entitled to look only to the Obligor for payment, and then only to the extent of the amount so repaid by the Bond Trustee. The Obligor shall not be liable for any interest on any sums paid to it.

Section 3.13. Bond Trustee's and Paying Agents' Fees, Charges and Expenses. Pursuant to the provisions of the Agreement, the Obligor has agreed to pay to the Bond Trustee and to each Paying Agent, commencing with the effective date of the Agreement and continuing until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of this Bond Indenture, the reasonable and necessary fees and expenses (including attorneys' fees) of the Bond Trustee and each Paying Agent, as and when the same become due, upon the submission by the Bond Trustee and each Paying Agent of a statement therefor.

Section 3.14. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Bond Trustee under any provision of this Bond Indenture (except moneys in the Rebate Fund) shall be held by the Bond Trustee in trust for the purposes specified in this Bond

Indenture and, except for moneys deposited with or paid to the Bond Trustee for the redemption of Bonds for which the notice of redemption has been duly given, shall, while held by the Bond Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 3.15. Repayment to the Obligor from the Funds. Any amounts remaining in the Bond Fund, the Debt Service Reserve Fund or the Construction Fund after payment in full of the Bonds (or after making provision for such payment), the fees and expenses of the Bond Trustee and the Paying Agents (including attorneys' fees, if any), the Administration Expenses and all other amounts required to be paid hereunder and under the Agreement shall be paid to the Obligor upon the termination of the Agreement.

Section 3.16. Rebate Fund.

(a) There is hereby created and established with the Bond Trustee a trust fund designated as the "Westminster, Maryland Revenue Bonds (Lutheran Village at Miller's Grant) Rebate Fund" (the "Rebate Fund"). The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation the Bondholders. The Rebate Fund is established for the purpose of complying with Section 148 of the Code and the Regulations. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section. The Rebate Fund is not a portion of the Trust Estate and is not subject to the lien of this Bond Indenture. Notwithstanding the foregoing, the Bond Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(b) Within 60 days after the close of each fifth Bond Year, the Obligor shall deliver to the Bond Trustee a computation in the form of a certificate of an officer of the Obligor of the amount of "Excess Earnings," if any, for the period beginning on the date of delivery of the Tax Exempt Bonds and ending at the close of such Bond Year, and the Obligor shall pay to the Bond Trustee for deposit into the Rebate Fund an amount equal to the difference, if any, between the amount then in the Rebate Fund and the Excess Earnings so computed. If, at the close of any Bond Year, the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States of America under paragraph (d) below if the Tax Exempt Bonds had been paid in full, such excess may, at the request of the Obligor, be transferred from funds available in the Rebate Fund and paid to the Obligor.

(c) In general, "Excess Earnings" for any period of time means the sum of

(i) the excess of --

(A) the aggregate amount earned during such period of time on all "Nonpurpose Investments" (including gains on the disposition of such Obligations) in which "Gross Proceeds" of the issue are invested (other than amounts attributable to an excess described in this subparagraph (c)(i)), over

(B) the amount that would have been earned during such period of time if the "Yield" on such Nonpurpose Investments (other than amounts attributable to an excess described in this subparagraph (c)(i)) had been equal to the yield on the issue, plus

(ii) any income during such period of time attributable to the excess described in subparagraph (c)(i) above.

The term Nonpurpose Investments, Gross Proceeds, Issue Date and Yield shall have the meanings given to such terms in Section 148 of the Code and the Regulations promulgated pursuant to such section.

(d) The Bond Trustee shall, as directed in writing by the Obligor, pay to the United States of America at least once every five years, to the extent that funds are available in the Rebate Fund or otherwise provided by the Obligor, an amount that ensures that at least 90 percent of the Excess Earnings from the date of delivery of the Tax Exempt Bonds to the close of the period for which the payment is being made will have been paid. The Bond Trustee shall pay to the United States of America not later than 60 days after the Tax Exempt Bonds have been paid in full as directed by the Obligor in writing, to the extent that funds are available in the Rebate Fund or otherwise provided by the Obligor, 100 percent of the amount then required to be paid under Section 148(f) of the Code as a result of Excess Earnings.

(e) The amounts to be computed, paid, deposited or disbursed under this Section shall be determined by the Obligor acting on behalf of the Issuer not less frequently than within thirty days after each fifth Bond Year after the date of issuance of each issue or series of Tax Exempt Bonds, but in any event in accordance with Section 148 of the Code and the Regulations. By such date, the Obligor shall also notify, in writing, the Bond Trustee and the Issuer of the determinations the Obligor has made and the payment to be made pursuant to the provisions of this Section. Upon written request of any registered owner of Tax Exempt Bonds, the Obligor shall furnish to such registered owner of Tax Exempt Bonds a certificate (supported by reasonable documentation, which may include calculation by Bond Counsel or by some other service organization) showing compliance with this Section and other applicable provisions of Section 148 of the Code.

(f) The Bond Trustee shall maintain a record of the periodic determinations by the Obligor of the Excess Earnings for a period beginning on the first anniversary date of the issuance of the Tax Exempt Bonds and ending on the date six years after the final retirement of the Tax Exempt Bonds. Such records shall state each such anniversary date and summarize the manner in which the Excess Earnings, if any, was determined.

(g) If the Bond Trustee shall declare the principal of the Tax Exempt Bonds and the interest accrued thereon immediately due and payable as the result of an Event of Default specified in this Bond Indenture, or if the Tax Exempt Bonds are optionally or mandatorily prepaid or redeemed prior to maturity as a whole in accordance with their terms, any amount remaining in any of the trust funds hereunder shall be transferred to the Rebate Fund to the extent that the amount therein is less than the Excess Earnings computed by the Obligor as of the date of such acceleration or redemption, and the balance of such amount shall be used by the Bond Trustee for the purpose of paying principal of, redemption premium, if any, and interest on the Tax Exempt Bonds when due. In furtherance of such intention, the Issuer hereby authorizes and directs the Issuer Representative, at the request of the Obligor or the Bond Trustee, to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Tax Exempt Bonds.

(h) The requirements contained in this Section relating to the computation and payment of Excess Earnings shall not be applicable if the Obligor delivers to the Issuer and the Bond Trustee an Officer's Certificate stating that available exemptions apply or applicable exceptions are satisfied under Section 148 of the Code and the Regulations thereunder.

(i) Notwithstanding any of the provisions of this Section, the Bond Trustee shall have no duty or responsibility with respect to the Rebate Fund except to follow the specific written instructions of the Obligor and in no event shall the Bond Trustee have any obligation to fund any amounts payable under this Section 3.16.

Section 3.17. Costs of Issuance Fund. There is hereby created and established with the Bond Trustee a trust fund designated as the "Westminster, Maryland Revenue Bonds (Lutheran Village at Miller's Grant) Costs of Issuance Fund" (the "Costs of Issuance Fund"). The Bond Trustee shall disburse moneys in the Costs of Issuance Fund as provided in Article IV of the Agreement. Moneys in the Costs of Issuance Fund may be used only for payment of the Costs of Issuance. Within six months of the date of issuance of the Series 2014 Bonds, any moneys remaining in the Costs of Issuance Fund shall be transferred to the Project Account of the Construction Fund, and thereafter no such moneys shall be used to pay Costs of Issuance. The Costs of Issuance Fund shall then be closed.

Section 3.18. Intercreditor Provisions. The Series 2014 Bonds and the Series 2014E Bond are both secured by Master Obligations issued under the Master Indenture, which Master Obligations are intended to be secured on a parity basis under the Master Indenture. In consideration of the parity security of the Master Obligations securing all of the Series 2014 Bonds and the Series 2014E Bond, the Holders of the Series 2014 Bonds, by their acceptance of the Series 2014 Bonds, and the Bond Trustee acknowledge and agree as follows:

(a) On any scheduled principal or interest payment date on the Series 2014 Bonds, if the Bond Trustee does not receive funds sufficient to make a scheduled principal or interest payment for the Series 2014 Bonds, the Bond Trustee shall notify the Series 2014E Bondholder in writing of such deficiency.

(b) On the Business Day prior to any scheduled principal or interest payment date on the Series 2014 Bonds, if the Bond Trustee shall receive timely written notice from the Series 2014E Bondholder that it did not receive funds sufficient to make a scheduled principal or interest payment for the Series 2014E Bond, the Bond Trustee shall and is hereby authorized to cooperate with the Series 2014E Bondholder regarding any transfers of funds to the Series 2014E Bondholder so that any corresponding principal and interest payments to be applied under the Bond Indenture and the Loan and Financing Agreement, as applicable, shall be applied pro rata based on the principal amount of the Series 2014 Bonds and the Series 2014E Bond then currently outstanding.

(c) In connection with any optional or extraordinary mandatory redemption under the Bond Indenture, the Bond Trustee, upon being provided with the Officer's Certificate with respect to such redemption pursuant to Section 5.04 of this Bond Indenture, shall promptly deliver a copy of such Officer's Certificate to the Series 2014E Bondholder with respect to such redemption and shall cooperate with the Series 2014E Bondholder to avoid any disparate treatment of the Series 2014E Bond and the related Master Obligation under the Master Indenture.

[End of Article III]

**ARTICLE IV
COVENANTS OF THE ISSUER**

Section 4.01. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Indenture, in any and every Bond and in all proceedings of the Governing Body pertaining hereto; provided, however, that except for the covenant of the Issuer set forth in Section 4.02 hereof relating to payment of the Bonds, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Obligor or by the Bond Trustee, or shall have received the instrument to be executed, such action or instrument shall not be adverse to the interests of the Issuer and at the option of the Issuer shall have received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument or such expenses shall be paid in behalf of the Issuer. The Issuer covenants that it is duly authorized under the laws of the State, including particularly and without limitation the Act, to issue the Series 2014 Bonds, to execute this Bond Indenture, to pledge the revenues and receipts hereby pledged, and to assign its rights under and pursuant to the Agreement and the Series 2014A-D Notes in the manner and to the extent herein set forth, that all action on its part, to the extent herein set forth, for the issuance of the Series 2014 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken and will be duly taken as provided herein, and that the Series 2014 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import hereof, except as enforcement thereof and hereof may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors and by the application of general principles of equity, if such remedies are pursued.

Section 4.02. Payments of Principal, Premium, If Any, and Interest. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from revenues and other amounts derived from the Loan Agreement, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, and from the other security pledged hereby, which revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Bond Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or requiring or obligating the Issuer to pay the Bonds from any source other than the pledged revenues and security as provided herein.

Section 4.03. Supplemental Indentures; Recordation of Bond Indenture and Supplemental Indentures. The Obligor will execute and deliver all indentures supplemental hereto and will cause this Bond Indenture, the Agreement and all supplements hereto and thereto, as well as all security instruments, financing statements and continuation statements relating thereto, as well as any necessary supplements thereto, to be filed in each office required by law in order to perfect and maintain the liens created by this Bond Indenture and the Agreement.

Section 4.04. Lien of Bond Indenture. The Issuer hereby agrees not to create any lien having priority or preference over the lien of this Bond Indenture upon the Trust Estate or any part thereof, other than the security interest granted by it to the Bond Trustee, except as otherwise specifically provided in Article VIII hereof. The Issuer agrees that no obligations the payment of which are secured by payments or other moneys or amounts derived from the

Agreement and the other sources provided herein will be issued by it except in accordance with Sections 2.09 and 2.10 of this Bond Indenture.

Section 4.05. Rights under the Agreement. The Issuer will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The Issuer agrees that wherever in the Agreement it is stated that the Issuer will notify the Bond Trustee, give the Bond Trustee some right or privilege or in any way attempt to confer upon the Bond Trustee the ability for the Bond Trustee to protect the security for payment of the Bonds such part of the Agreement shall be as though it were set out in this Bond Indenture in full.

The Issuer agrees that the Bond Trustee as assignee of the Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer (except those rights to indemnification and payment under Sections 5.7, 7.5 and 9.5 thereof) and all obligations of the Obligor under and pursuant to the Agreement for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

Section 4.06. Tax Covenants.

(a) The Issuer covenants and agrees that until the final maturity of the Tax Exempt Bonds, based upon the Obligor's covenants in Section 4.9 of the Agreement, it will not, to the extent within its control, knowingly take any action, use any money on deposit in any fund or account maintained in connection with the Tax Exempt Bonds, whether or not such money was derived from the proceeds of the sale of the Tax Exempt Bonds or from any other source, in a manner that would cause the Tax Exempt Bonds to be arbitrage bonds, within the meaning of Section 148 of the Code. In the event the Obligor determines that it is necessary to restrict or limit the yield on the investment of moneys held by the Bond Trustee pursuant to this Bond Indenture or to use such moneys in any certain manner to avoid the Tax Exempt Bonds being considered arbitrage bonds, the Obligor (and, if necessary, the Issuer at the written direction and expense of the Obligor) shall deliver to the Bond Trustee appropriate written instructions of the Issuer, in which event the Bond Trustee shall take such action as instructed to restrict or limit the yield on such investment or to use such moneys in accordance with such instructions.

(b) The Issuer shall not knowingly use any proceeds of Tax Exempt Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not knowingly take any other action or actions, that would result in any of the Tax Exempt Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(c) The Issuer will not knowingly use any portion of the proceeds of the Tax Exempt Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to Persons who are not Exempt Persons. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a loan to a Person who is not an Exempt Person.

(d) The Issuer will not knowingly take any action that would result in all or any portion of the Tax Exempt Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(e) For purposes of this Section, the Issuer's compliance shall be based solely on acts or omissions by the Issuer, and no acts, omissions or directions of the Obligor, the Bond Trustee or any other Persons shall be attributable to the Issuer.

Section 4.07. Change in Law. To the extent that published rulings of the Internal Revenue Service or amendments to the Code or the Regulations modify the covenants of the Issuer that are set forth in this Bond Indenture or that are necessary for interest on any issue of Tax Exempt Bonds to be excludable from gross income for federal income tax purposes, the Issuer, upon receiving the written Opinion of Bond Counsel to such effect, will comply, at the expense of the Obligor, with such modifications and direct the Bond Trustee to take such action as may be required to comply with such modifications to the extent such compliance is not prohibited under the Act.

[End of Article IV]

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**ARTICLE V
REDEMPTION OF BONDS**

Section 5.01. Optional Redemption of Series 2014 Bonds.

(a) Subject to the further provisions of this Section 5.01, the Series 2014A Bonds maturing on and after July 1, 20__, are subject to optional redemption prior to maturity by the Obligor in whole or in part on July 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of such Series 2014A Bonds to be redeemed, together with accrued interest to the redemption date. The Series 2014A Bonds shall not be optionally redeemed until all Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds have been paid in full.

(b) Subject to the further provisions of this Section 5.01, the Series 2014B Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014B Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees (as defined in the Master Indenture). The Series 2014B Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, but shall not be redeemed until all Series 2014C Bonds and Series 2014D Bonds have been paid in full.

(c) Subject to the further provisions of this Section 5.01, the Series 2014C Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014C Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees. The Series 2014C Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds or any Series 2014B Bonds, but shall not be redeemed until all Series 2014D Bonds have been paid in full.

(d) The Series 2014D Bonds are subject to optional redemption prior to maturity by the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014D Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees. The Series 2014D Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, any Series 2014B Bonds or any Series 2014C Bonds.

Section 5.02. Sinking Fund Redemption.

(a) The Series 2014A Bonds maturing on July 1, 20__, July 1, 20__, and July 1, 20__ are subject to mandatory sinking fund redemption from amounts deposited to the Principal Account of the Bond Fund established pursuant to the Bond Indenture, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, on July 1 in each of the years and amounts as follows:

(i) The Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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‡ Maturity

(ii) The Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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‡ Maturity

(iii) The Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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‡ Maturity

(b) On or before the thirtieth day prior to each sinking fund payment date, the Bond Trustee shall proceed to select for redemption (by lot in such manner as the Bond Trustee may determine, and subject to the Applicable Procedures) from all Series 2014A Bonds Outstanding maturing on July 1, 20__, 20__, or 20__, as the case may be, a principal amount of such Series 2014A Bonds equal to the Aggregate Principal Amount of such Series 2014A Bonds redeemable with the required sinking fund payment and shall call such Series 2014A Bonds or portions thereof (\$5,000 or any integral multiple thereof) for redemption from the sinking fund on the next July 1 and give notice of such call. At the option of the Obligor to be exercised by delivery of an Officer's Certificate to the Bond Trustee on or before the forty-fifth day next preceding any sinking fund redemption date, it may (i) deliver to the Bond Trustee for cancellation Series 2014A Bonds or portions thereof maturing on July 1, 20__, 20__, or 20__, as the case may be, in

an Aggregate Principal Amount desired by the Obligor or (ii) specify a principal amount of Series 2014A Bonds or portions thereof maturing on July 1, 20__, 20__, or 20__, as the case may be, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee at the request of the Issuer or the Obligor and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2014A Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation to redeem Series 2014A Bonds on any other sinking fund redemption date designated in an Officer's Certificate of the Obligor delivered to the Bond Trustee. In the event that the Obligor shall avail itself of the provisions of clause (i) of the second sentence of this paragraph, the certificate required by the second sentence of this paragraph shall be accompanied by the Series 2014A Bonds or portions thereof to be canceled.

Section 5.03. Method of Selection of Bonds in Case of Partial Redemption.

(a) In the event that less than all of the Outstanding Series 2014 Bonds or portions thereof are to be redeemed as provided in Section 5.10 hereof, the Series 2014 Bonds to be redeemed shall be selected first from any Outstanding Series 2014D Bonds, then from any Outstanding Series 2014C Bonds, then from any Outstanding Series 2014B Bonds and then from any Outstanding Series 2014A Bonds.

(b) In the event that less than all of the Outstanding Series 2014 Bonds or portions thereof of a particular series are to be redeemed as provided in Sections 5.01, 5.08, 5.10, 5.11 or 5.12 hereof, the Obligor may select the particular maturities of such series to be redeemed. If less than all Series 2014 Bonds or portions thereof of a single maturity are to be redeemed, they shall be selected by the Securities Depository in accordance with the Applicable Procedures or if the Series 2014 Bonds or portions thereof to be redeemed are not held by DTC in a book-entry system by lot or in such other manner as the Bond Trustee may determine.

(c) If a Series 2014 Bond is of a denomination larger than the minimum Authorized Denomination, a portion of such Series 2014 Bond may be redeemed, but Series 2014 Bonds shall be redeemed only in the principal amount of an Authorized Denomination and no Series 2014 Bond may be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

Section 5.04. Notice of Redemption. Series 2014 Bonds shall be called for redemption by the Bond Trustee as herein provided upon receipt by the Bond Trustee and the Series 2014E Bondholder at least 45 days prior to the redemption date (or such shorter period as may be acceptable to the Bond Trustee) of an Officer's Certificate of the Obligor specifying the principal amount of Series 2014 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Bond Indenture pursuant to which such Series 2014 Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the redemption of Series 2014 Bonds pursuant to the sinking fund redemption provided in Section 5.02 hereof or pursuant to the mandatory Entrance Fee Redemption provided in Section 5.10 hereof, and such Series 2014 Bonds shall be called for redemption pursuant to Sections 5.02 or 5.10 by the Bond Trustee without the necessity of any action by the Obligor or the Issuer. In case of every redemption, the Bond Trustee shall cause notice of such redemption to be given by mailing by first class mail, postage prepaid, or sending electronically pursuant to the Applicable Procedures, a copy of the redemption notice to the owners of the Series 2014 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration books (other than the Entrance Fee Redemption of the Series 2014B Bonds, the

Series 2014C Bonds and the Series 2014D Bonds, as provided in Section 5.10 hereof), in each case not more than 60 nor less than 30 days (and in the case of Entrance Fee Redemption of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds pursuant to Section 5.10 hereof, ten days) prior to the redemption date. In addition, notice of redemption shall be sent by first class or registered mail, return receipt requested, or by overnight delivery service (a) contemporaneously with such mailing: (i) to any owner of \$1,000,000 or more in principal amount of Series 2014 Bonds and (ii) to the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access website; and (b) to any securities depository registered as such pursuant to the Securities Exchange Act of 1934, as amended, that is an owner of Series 2014 Bonds to be redeemed so that such notice is received at least two days prior to such mailing date. An additional notice of redemption shall be given by certified mail, postage prepaid, mailed not less than 60 nor more than 90 days after the redemption date to any owner of Series 2014 Bonds selected for redemption that has not surrendered the Series 2014 Bonds called for redemption, at the address as the same shall last appear upon the registration books.

Notwithstanding the foregoing, if so stated in the Officer's Certificate of the Obligor, the notice of redemption for optional redemption pursuant to Section 5.01 hereof shall contain a statement to the effect that the redemption of the Series 2014 Bonds is conditioned upon the receipt by the Bond Trustee, prior to the date fixed for such redemption, of amounts equal to the redemption price of the Series 2014 Bonds to be redeemed. If any such condition will not be satisfied, the Obligor will provide notice to the Bond Trustee not less than two Business Days prior to the redemption date that such condition will not be satisfied, the notice of redemption shall be rescinded and the redemption subject to the satisfaction of such condition shall not occur. The Bond Trustee shall promptly send a copy of such notice to the Holders of the Bonds.

All notices of redemption shall state:

- (a) the redemption date,
- (b) the redemption price,
- (c) the identification, including complete designation (including series) and issue date of the Series 2014 Bonds and the CUSIP number, provided that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Bonds (and in the case of partial redemption if the Bonds are not held by DTC in a book-entry only system, the certificate number and the respective principal amounts, interest rates and maturity dates) of the Series 2014 Bonds to be redeemed,
- (d) that on the redemption date the redemption price will become due and payable upon such Series 2014 Bonds, and that except in case of default or the redemption is rescinded interest thereon shall cease to accrue from and after said date,
- (e) the name and address of the Bond Trustee and any paying agent for such Series 2014 Bonds, including the place where such Series 2014 Bonds are to be surrendered for payment of the redemption price and the name and phone number of a contact person at such address, and
- (f) whether the redemption is conditional;

provided, however, that failure to give any such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2014 Bonds.

Section 5.05. Bonds Due and Payable on Redemption Date: Interest Ceases to Accrue. On or before the Business Day prior to the redemption date specified in any notice of optional redemption, an amount of money sufficient to redeem all Series 2014 Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Bond Trustee, unless the redemption is conditional and has been rescinded. On the redemption date, the principal amount of each Series 2014 Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article V, then, notwithstanding that any Series 2014 Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Series 2014 Bonds. From and after such date of redemption (such notice having been given and such deposit having been made), the Series 2014 Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Issuer shall be under no further liability in respect thereof.

Section 5.06. Cancellation. All Bonds which have been redeemed shall be cancelled by the Bond Trustee and retained as provided in Section 2.11 hereof.

Section 5.07. Partial Redemption of Fully Registered Bonds. Upon surrender of any fully registered Bond for redemption in part only, the Issuer shall execute and the Bond Trustee shall authenticate and deliver to the Owner thereof, or transfer by book entry, at the expense of the Obligor, a new Bond or Bonds of the same series and of the same maturity of Authorized Denominations in an Aggregate Principal Amount equal to the unredeemed portion of the Bond surrendered.

Section 5.08. Extraordinary Optional Redemption. The Bonds shall be subject to optional redemption by the Obligor prior to their scheduled maturities, in whole or in part (proportionally among each series), at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any Property (as defined in the Deed of Trust), to the extent that the net proceeds of insurance or a condemnation award exceed the Threshold Amount and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such Property; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement.

Section 5.09. Purchase in Lieu of Redemption. If any Series 2014 Bond is called for optional redemption in whole or in part, the Obligor may elect to purchase such Series 2014 Bond in lieu of redemption.

Purchase in lieu of redemption shall be available to all Series 2014 Bonds called for optional redemption or for such lesser portion of such Series 2014 Bonds as constitute Authorized Denominations. If the Obligor shall elect to purchase all or such lesser portion of the Series 2014 Bonds so called for redemption, it shall notify the Bond Trustee in writing, state

either that all the Series 2014 Bonds called for redemption are to be purchased or, if less than all of the Series 2014 Bonds called for redemption are to be purchased, identify those Series 2014 Bonds to be purchased by maturity date, series and outstanding principal amount in Authorized Denominations, comply with Applicable Procedures and DTC requirements and be received by the Bond Trustee no later than two Business Days prior to the scheduled redemption date thereof.

Any of the Series 2014 Bonds called for redemption that are not purchased in lieu of redemption shall be redeemed as otherwise required by the Bond Indenture on such redemption date.

On or prior to the close of business two Business Days prior to the scheduled redemption date, any notice of purchase given to the Bond Trustee shall, at the direction of the Obligor by written notice to the Bond Trustee, be withdrawn. Subject generally to this Bond Indenture, should a purchase be withdrawn or rescinded, the scheduled redemption of such Series 2014 Bonds shall occur.

Settlement of the purchase shall be made by the Bond Trustee for the account of the Obligor or its designee. Any Series 2014 Bonds so purchased shall be cancelled in accordance with Section 2.11.

The purchase price of the Series 2014 Bonds shall be equal to the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, which would have been payable on such Series 2014 Bonds on the scheduled redemption date for such redemption. The Obligor shall provide written direction to the Bond Trustee to pay the purchase price of such Series 2014 Bonds. The Bond Trustee may use (a) such funds deposited by the Obligor with the Bond Trustee for such purpose and (b) funds, if any, held under the Bond Indenture that the Bond Trustee would have used to pay the outstanding principal of, accrued and unpaid interest on and the redemption premium, if any, that would have been payable on the redemption of such Series 2014 Bonds on the scheduled redemption date. The Series 2014 Bonds shall not be purchased pursuant to the above provisions if, by no later than two Business Days prior to the redemption date, sufficient moneys have not been deposited with the Bond Trustee, or such moneys are deposited but are not available.

No notice of the purchase in lieu of redemption shall be required to be given to the Bondholders (other than the notice of redemption otherwise required under the Bonds).

Section 5.10. Entrance Fee Redemption.

(a) The Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds are subject to redemption on each Entrance Fee Redemption Date (i) as to principal, from funds on deposit in the Entrance Fee Redemption Account and (ii) as to accrued interest, from funds on deposit in the Funded Interest Account in the Construction Fund or the Interest Account of the Bond Fund, in that order, at a redemption price equal to the principal amount of Series 2014B Bonds, Series 2014C Bonds or Series 2014D Bonds being redeemed, plus accrued interest to the date fixed for redemption. Funds on deposit in the Entrance Fee Redemption Account shall be applied first to redeem the Series 2014D Bonds, second to redeem the Series 2014C Bonds and third to redeem the Series 2014B Bonds. Redemption of the Series 2014B Bonds and the Series 2014C Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2014D Bonds have been paid in full, and redemption of the Series 2014B Bonds from funds on deposit in the Entrance Fee Redemption Account shall not begin until the Series 2014C Bonds and the Series 2014D Bonds have been paid in full.

(b) The principal amount of Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds to be redeemed on an Entrance Fee Redemption Date shall be equal to the largest Authorized Denomination of the Series 2014B Bonds, Series 2014C Bonds or Series 2014D Bonds for which the redemption price thereof is on deposit in the Entrance Fee Redemption Account on the day following the immediately preceding Entrance Fee Transfer Date.

(c) As soon as practicable after each Entrance Fee Redemption Date pursuant to this Section, the Bond Trustee shall give notice to the Master Trustee of the principal amount of the Series 2014B Bonds, Series 2014C Bonds or Series 2014D Bonds redeemed on such date, together with the principal amount of the Series 2014B Bonds, Series 2014C Bonds or Series 2014D Bonds that remains Outstanding after such redemption.

Section 5.11. Mandatory Redemption upon Completion of the Project. The Series 2014 Bonds are subject to mandatory redemption, on a pro rata basis among each series then outstanding, in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following delivery of an Officer's Certificate of the Obligor establishing the Completion Date at a redemption price equal to the aggregate principal amount of the Series 2014 Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys are transferred to the Principal Account of the Bond Fund.

Section 5.12. Mandatory Redemption upon Determination of Taxability. The Series 2014 Bonds are subject to mandatory redemption in whole at a redemption price equal to 105% of the principal amount of the Series 2014 Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability (as defined below); provided, however, if, in the Opinion of Bond Counsel, a mandatory redemption on account of a Determination of Taxability of less than all of the Series 2014 Bonds would result in the interest on the Series 2014 Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Series 2014 Bonds, then the Series 2014 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such Opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” means: (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service (the “IRS”) which in effect holds that an Event of Taxability (as defined below) has occurred; (b) the issuance of a proposed written adverse determination by the IRS to the Obligor or the Issuer, which in effect holds that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Obligor or the Issuer has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (i) abandonment of the appeals process by the Obligor, (ii) the date on which such appeals process has been concluded adversely to the Obligor or the Issuer and no further appeal is permitted or (iii) twelve (12) months after the receipt by the Obligor or the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in aggregate principal amount of the Series 2014 Bonds then Outstanding; (c) the deposit by the Obligor with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the date of taxability (i.e. the date on which the interest on the Series 2014 Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability; (d) the rendering of a final and

unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred; or (e) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014 Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014 Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

[End of Article V]

ARTICLE VI INVESTMENTS

Section 6.01. Investment of Bond Fund, Construction Fund, Costs of Issuance Fund and Debt Service Reserve Fund Moneys. Any moneys held as part of the Bond Fund, Construction Fund, Costs of Issuance Fund or Debt Service Reserve Fund shall be invested or reinvested by the Bond Trustee at the written request and direction of the Obligor (upon which the Bond Trustee is entitled to rely) in Permitted Investments. All Permitted Investments shall be either subject to redemption at any time at a fixed value at the option of the owner thereof or shall mature or be marketable not later than the Business Day prior to the date on which the proceeds are expected to be expended. For the purpose of any investment or replacement under this Section, the Permitted Investments shall be deemed to mature at the earliest date on which the issuer of such investment is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation. The Bond Trustee may make any and all investments permitted by the provisions of this Section through its trust department or other investment operations. In order to comply with the directions of the Obligor, the Bond Trustee may sell, at the best price obtainable, or present for redemption, or may otherwise cause liquidation prior to their maturities, any of the obligations in which funds have been invested, and the Bond Trustee shall not be liable for any loss or penalty of any nature resulting therefrom. In order to avoid loss in the event of any need for funds, the Obligor may instruct the Bond Trustee, in lieu of a liquidation or redemption of investments in the fund or account needing funds, to exchange such investment for investments in another fund or account that may be liquidated at no, or at reduced, loss. The Bond Trustee shall be under no liability for interest on any moneys received hereunder.

Section 6.02. Allocation and Transfers of Investment Income. Any investments in any Fund shall be held by or under the control of the Bond Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. The Bond Trustee shall not be liable for any loss or penalty resulting from any such investment made in accordance with any direction by the Obligor or for the Bonds becoming “arbitrage bonds” by reason of any such investment. Any interest or other gain from any fund from any investment or reinvestment pursuant to Section 6.01 hereof shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Funded Interest Account of the Construction Fund, the Costs of Issuance Fund or the Project Account of the Construction Fund shall be credited to the Project Account of the Construction Fund.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Principal Account and the Interest Account of the Bond Fund shall be credited at least semiannually on each Interest Payment Date to the Interest Account unless a deficiency exists in any Reserve Account of the Debt Service Reserve Fund, in which case such interest or other gain shall be paid into such Reserve Account forthwith.

(c) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if a deficiency exists therein at that time. If a deficiency does not exist in the Debt Service Reserve Fund at that time, such interest or other gain on other amounts paid into the Debt Service Reserve Fund shall be paid during the construction period for any Project for deposit into the Project Account of the Construction Fund created in connection with the issuance of Bonds

for such Project or, if after the completion of such construction period, for deposit into the Interest Account of the Bond Fund at least semiannually on each Interest Payment Date.

The Bond Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in any Fund is insufficient for the purposes of such Fund.

Section 6.03. Valuation of Permitted Investments. Accounting and valuation of Permitted Investments in any Fund or Account will be performed as follows:

(a) On a monthly basis the Bond Trustee shall furnish or make available to the Obligor a full and complete statement of all receipts and disbursements and Permitted Investments in any Fund and Account covering such period.

(b) The Bond Trustee shall also furnish on or before January 1 and July 1 of each year a statement of the assets contained in each Fund and Account. Assets will be valued at market value as of December 31 and June 30, respectively, by the Bond Trustee in such statement in accordance with the normal valuation procedures of the Bond Trustee. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 6.03(a) above.

(c) On a monthly basis the Bond Trustee shall furnish to the Obligor a full and complete statement of all receipts of the interest earned on Permitted Investments in any Fund and Account covering such period. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 6.03(a) above.

Section 6.04. Brokerage Confirmations. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Issuer and the Obligor periodic cash transaction statements that include detail for all investment transactions made by the Bond Trustee hereunder. A separate delivery of the information will not be required if the information is displayed in the information delivered pursuant to Section 6.03(a) above.

[End of Article VI]

ARTICLE VII DISCHARGE OF BOND INDENTURE

Section 7.01. Discharge of the Bond Indenture. If, when the Bonds secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Bond Indenture and the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable hereunder (including but not limited to the fees and expenses of the Bond Trustee and any Paying Agent, in accordance with Section 3.13 hereof and any amounts due pursuant to the Agreement), then the right, title and interest of the Bond Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon the written request of the Issuer or of the Obligor, and upon receipt of an Opinion of Counsel to the effect that all conditions precedent herein provided relating to the satisfaction and discharge of this Bond Indenture have been complied with, the Bond Trustee shall execute such documents as may be reasonably required by the Issuer and shall turn over to the Obligor any surplus in the Bond Fund, the Debt Service Reserve Fund and the Construction Fund.

All Outstanding Bonds of any one or more series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Section if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Obligor shall have given to the Bond Trustee in form satisfactory to it irrevocable written instructions to give on a date in accordance with the provisions of Section 5.04 hereof notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 5.04 hereof, (b) there shall have been deposited with the Bond Trustee (or another Paying Agent) either moneys in an amount which shall be sufficient, and/or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, or any other Person other than the holder thereof, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Bond Trustee or any Paying Agent at the same time (including the Bond Fund and the Debt Service Reserve Fund), shall be sufficient, in the opinion of an independent certified public accountant, to pay when due the principal of, premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event that said Bonds are not by their terms subject to redemption within the next 45 days, the Obligor shall have given the Bond Trustee in form satisfactory to it irrevocable written instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.04 hereof, a notice to the Owners of such Bonds that the deposit required by clause (b) above has been made with the Bond Trustee (or another depository) and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Bonds. Neither the Government Obligations nor moneys deposited with the Bond Trustee pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Bonds; provided any such cash received from such principal or interest payments on such Government Obligations deposited with the Bond Trustee, if not then needed for such purpose, shall, at the written direction of the Obligor accompanied by an Opinion of Bond Counsel and a verification report showing the adequacy of such other funds to pay principal of, premium, if

any, and interest on such Bonds, either (i) be reinvested, to the extent practicable, in Government Obligations of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, or (ii) be used to pay principal and/or interest on the Bonds. At such time as any Bond shall be deemed paid as aforesaid, it shall no longer be secured by or entitled to the benefits of this Bond Indenture, except for the purpose of any payment from such moneys or Government Obligations deposited with the Bond Trustee and the purpose of transfer and exchange pursuant to Section 2.05 hereof.

The release of the obligations of the Issuer under this Section shall be without prejudice to the rights of the Bond Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable and necessary expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

[End of Article VII]

ARTICLE VIII DEFAULTS AND REMEDIES

Section 8.01. Events of Default. If any of the following events occur, it is hereby defined as and shall be deemed an “Event of Default”:

- (a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, upon proceedings for redemption, as required by the sinking fund provisions hereof or otherwise.
- (b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable.
- (c) Declaration under the Master Indenture that the principal of, and accrued interest on, any Master Obligation issued thereunder is immediately due and payable.
- (d) Failure by the Issuer in the performance or observance of any other of the covenants, agreements or conditions on its part in this Bond Indenture or in the Bonds contained, which failure shall continue for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the Issuer and the Obligor by the Bond Trustee or to the Issuer, the Obligor and the Bond Trustee by the Holders of not less than 25% in Aggregate Principal Amount of the Bonds Outstanding.

Section 8.02. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Bond Trustee shall have the following rights and remedies:

- (a) In the event that the payment of the principal of and accrued interest on any Master Obligation has been declared due and payable immediately by the Master Trustee, the principal amount of all Bonds then Outstanding and the interest accrued thereon shall be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. If any other Event of Default occurs and is continuing, the Bond Trustee or the Holders of at least 25% in Aggregate Principal Amount of Bonds then Outstanding may declare all the Bonds of such series to be due and payable immediately by a notice in writing to the Issuer and the Obligor (and to the Bond Trustee if given by Holders). Upon any declaration of acceleration hereunder, the Bonds shall become due and payable immediately.

The provisions of the preceding paragraph, however, are subject to the condition that if, after the payment of the principal of, and accrued interest on, the Master Obligations and the Bonds has been declared due and payable immediately, the declaration of the acceleration of the Master Obligations shall be annulled in accordance with the provisions of the Master Indenture, the declaration of the acceleration of the Bonds shall be automatically annulled, provided that the expenses of the Bond Trustee, the Issuer and the Holders of such Bonds, including attorneys’ fees actually paid or incurred, have been paid or otherwise provided for; and the Bond Trustee upon receipt of notice of such annulments shall promptly give a copy of such notice to the Issuer and the Obligor and notice to Bondholders; but no such annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

- (b) The Bond Trustee may, by mandamus or other suit, action or proceeding at law or in equity, enforce the rights of the Bondholders and require the Issuer or the Obligor or both of them to carry out the agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act, the Agreement and this Bond Indenture.

(c) The Bond Trustee may, by action or suit in equity, require the Issuer to account as if it were the trustee of an express trust for the Bondholders but any such judgment against the Issuer shall be enforceable only against the funds and accounts hereunder on deposit with the Bond Trustee.

(d) The Bond Trustee may, by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(e) The Bond Trustee may, upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

(f) Upon the occurrence of an Event of Default, the Bond Trustee, in its own name and as trustee of an express trust, or in the name of the Issuer without the necessity of joining the Issuer, will be entitled to institute any action or proceedings at law or in equity and may prosecute any such action or proceedings to judgment or final decree and may enforce any such judgment or final decree against any obligor thereon and collect in the manner provided by law, but limited as provided in the Bond Documents, out of the property of any obligor thereon wherever situated the moneys adjudged or decreed to be payable for the benefit of the Bondholders, or on behalf of the Issuer.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Subject to the provisions of subsection (a) above and Section 8.03 hereof, if any Event of Default shall have occurred and if requested by the Holders of at least 25% in Aggregate Principal Amount of Bonds then Outstanding and indemnified as provided in Section 9.01(m) hereof, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as it, being advised by counsel, shall deem most expedient in the interests of such Bondholders. In the event the Bond Trustee shall receive inconsistent or conflicting requests and indemnity from two or more groups of Holders of Outstanding Bonds, each representing less than a majority of the aggregate principal amount of the Outstanding Bonds, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Section 8.03. Majority of Bondholders May Control Proceedings. Anything in this Bond Indenture to the contrary notwithstanding, the Owners of at least a majority in Aggregate Principal Amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture or for the appointment of a receiver and any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with applicable law and the provisions hereof and shall not be unduly prejudicial to the rights of those Owners not joining in such direction (it being understood that the Bond Trustee does not have an affirmative duty to ascertain whether or not any such directions are unduly prejudicial to such Owners) and provided, further, that notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have the sole ability to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of Section 4.10 of the Agreement. The Bond Trustee may take any other action deemed proper by the Bond Trustee which is not inconsistent with such direction. The

Bond Trustee shall not be required to act on any direction given to it pursuant to this Section until indemnity as set forth in Section 9.01(m) hereof is provided to it by such Bondholders.

Section 8.04. Rights and Remedies of Bondholders. No owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other applicable remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in Section 9.01 hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own names, nor unless they have also offered to the Bond Trustee indemnity as provided in Section 9.01(m) hereof, nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; for a period of 60 days; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture and to any action or cause of action for the enforcement of this Bond Indenture or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Indenture by his, her, its or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds then Outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any Owner of Bonds to enforce the payment of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

Section 8.05. Application of Moneys.

(a) Subject to the provisions of subparagraph (c) hereof, upon an Event of Default and if moneys held by the Bond Trustee are insufficient to pay the principal of, premium, if any, and interest on the Bonds, all moneys or properties received and held by the Bond Trustee pursuant to this Bond Indenture (except for the Rebate Fund) and all moneys or properties received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the reasonable expenses, liabilities and advances incurred or made by the Bond Trustee, be deposited into the Bond Fund, and all moneys so deposited into the Bond Fund and all moneys held in or deposited into the Bond Fund during the continuance of an Event of Default and available for payment of the Bonds under the provisions of Section 3.04 hereof shall (after payment of all amounts due the Bond Trustee and the Issuer) be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any

particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due at the rate of interest borne by such Bonds and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds (together with interest on overdue installments of principal at the rate of interest borne by each Bond), without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, of any Bond over any other Bond, or of any series of Bonds over any other series of Bonds ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege.

(iii) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (ii) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of the foregoing paragraph (i) of this Section.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any unpaid Bond until such unpaid Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Notwithstanding the foregoing, any moneys transferred pursuant to this Section into any Account of the Bond Fund from any Reserve Account of the Debt Service Reserve Fund shall be (i) held by the Bond Trustee separate and apart from any other moneys in such Account of the Bond Fund and (ii) applied solely first to all amounts due to the Bond Trustee arising from the Event of Default and then to payment of principal of and interest on the series of Bonds related to such Reserve Account.

(d) Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Bond Trustee and the Paying Agents and all Administration Expenses have been paid, any balance remaining in any funds shall be paid to the Obligor as provided in Section 3.15 hereof.

Section 8.06. Bond Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Bond Indenture or any of the Bonds Outstanding hereunder may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the owners of the Bonds, subject to the provisions of this Bond Indenture.

Section 8.07. Bond Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Obligor, the Bond Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Bond Trustee and of the Bondholders allowed in such proceedings for the entire amount due and payable by the Issuer under the Bond Indenture or by the Obligor at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Bondholder to file a claim in his, her or its own behalf. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Bond Trustee, its agents and counsel, and any other amounts due the Bond Trustee hereunder or under the Agreement out of the estate in any such proceeding shall be unpaid for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise.

No provision of this Bond Indenture empowers the Bond Trustee to authorize, consent to, accept or adopt on behalf of any Bondholder any plan of reorganization, arrangement, adjustment or composition affecting any of the rights of any Bondholders or authorizes the Bond Trustee to vote in respect of the claim in any proceeding described in this Section. The Bond Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' committee or other similar committee.

In the event the Bond Trustee incurs expenses or renders services in any proceedings affecting the Obligor and described in this Section, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

Section 8.08. Delay or Omission No Waiver. No delay or omission of the Bond Trustee or of any Bondholder to exercise any right or power accruing upon any default or Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every power and remedy given by this Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 8.09. Discontinuance of Proceedings on Default, Position of Parties Restored. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture and

**ARTICLE IX
CONCERNING THE BOND TRUSTEE AND PAYING AGENTS**

such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 8.10. Enforcement of Rights. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title and interest of the Issuer in and to the Agreement (except those rights under Section 5.7, 7.5, and 9.5 thereof or otherwise relating to the Unassigned Rights) and the Series 2014A-D Notes, shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article VIII, be the sole real party in interest in respect of, and shall have standing, exclusive of owners of Bonds, to enforce each and every right granted to the Issuer under the Agreement and under the Master Obligations. The Issuer may take any action available at law or in equity to enforce the Unassigned Rights. The Issuer and the Bond Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Bond Trustee of any and all rights of the Issuer in and to the Series 2014A-D Notes and the Agreement shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of this Bond Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Bonds.

Section 8.11. Undertaking for Costs. All parties to this Bond Indenture agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Bond Indenture, or in any suit against the Bond Trustee for any action taken or omitted by it as Bond Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Bond Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding in aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by a Bondholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective maturities thereof expressed in such Bond (or, in the case of redemption, on or after the redemption date).

Section 8.12. Waiver of Events of Default. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding by written notice to the Bond Trustee may waive any Event of Default hereunder and its consequences; provided, however, that no Event of Default described in subparagraph (a) of Section 8.01 hereof may be waived without the written consent of the registered owners of all Bonds then Outstanding; and provided, further, that notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have the sole ability to waive any Event of Default in connection with the covenants and obligations of the Obligor under Section 4.4 of the Agreement or with respect to the Unassigned Rights.

[End of Article VIII]

Section 9.01. Duties of the Bond Trustee. The Bond Trustee hereby accepts the trust imposed upon it by this Bond Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee:

(a) The Bond Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture and no others, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee. In the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bond Trustee and conforming to the requirements of this Bond Indenture. However, the Bond Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Bond Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein). Whether or not therein expressly so provided, every provision of this Bond Indenture that in any way relates to the Bond Trustee is subject to paragraphs (a), (b) and (h) of this Section 9.01.

(b) In case an Event of Default has occurred (which has not been cured or waived), the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The Bond Trustee may execute any of the trusts or powers hereof and perform any of its duties hereunder, either directly or by or through attorneys, agents, receivers, other professionals or employees, and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder, shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, other professionals and employees as may reasonably be employed in connection with the trust hereof. The Bond Trustee may rely or act upon an Opinion of Counsel, an Opinion of Bond Counsel or the advice of other professionals and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel or the advice of other professionals.

(d) The Bond Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication by the Bond Trustee endorsed on the Bonds). Notwithstanding the effective date of any Bond Document, the Bond Trustee shall have no liability or responsibility for any act or event relating to the Bond Documents which occurs prior to the date the Bond Trustee formally executes this Bond Indenture or any other Bond Document and commences acting as Bond Trustee hereunder or thereunder. The Bond Trustee shall not be responsible for and makes no representation as to the tax exempt status of any Bond. The Bond Trustee shall not be responsible for and makes no representation as to the Construction Contract, the Disbursement Agent, the Contractor or the Construction Monitor and shall have no responsibility for any act or omission of the Contractor or the Construction Monitor.

(e) The Bond Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder or the proceeds thereof or for any moneys disbursed by the Bond Trustee

in accordance with this Bond Indenture or any other Bond Document. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture, the Bonds, any other Bond Document, the Trust Estate or the Project. The Bond Trustee is not a party to, is not responsible for and makes no representations with respect to matters set forth in any official statement or similar document prepared and distributed in connection with the sale of the Bonds. The Bond Trustee may become the owner of the Bonds and may have relationships with the Obligor and the Obligated Group Members with the same rights which it would have if not Bond Trustee. The Bond Trustee shall not be responsible for and makes no representation as to the Issuer's or the Obligor's right, title or ownership in any of the Trust Estate and shall have no obligation for any defects therein or to inquire or investigate the same in any manner. The Bond Trustee shall not be responsible for and makes no representation as to the existence or sufficiency of the Trust Estate, the creation, perfection, priority, sufficiency or protection of any liens securing the Bonds and this Bond Indenture, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any lien or Bond Document. The Bond Trustee shall not be responsible for and makes no representation as to the compliance by the Issuer or the Obligor with any covenant or statutory or regulatory requirement related to the Trust Estate. The Bond Trustee makes no representation as to, and shall not be responsible for, the recording or re-recording, filing or re-filing, or filing or re-filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Lien or security interest in the Trust Estate except as expressly provided in Section 9.06. The Bond Trustee shall not be liable or responsible for the failure of the Issuer or the Obligor to maintain insurance on the Trust Estate as provided in any Bond Document, nor shall it be responsible for any loss due to the insufficiency of such insurance or by reason of the failure of any insurer to pay the full amount of any loss against which it may have insured to the Issuer, the Obligor, the Bond Trustee or any other Person. The Bond Trustee shall have no duty hereunder with respect to any complaint, claim, demand, notice or other document it may receive or which may be alleged to have been delivered to or served upon it by third parties as a consequence of the filing or recordation of any portion of the Trust Estate; provided, however, that the Bond Trustee shall use commercially reasonable efforts to deliver to the Issuer and the Obligor a copy of any such complaint, claim, demand, notice or other document which is delivered to the Corporate Trust Office and contains sufficient information to enable the Bond Trustee to identify such complaint, claim, demand, notice or other document as pertaining to the Bond Documents. The Bond Trustee shall have no responsibility to determine whether any variable rate of interest on the Bonds has been correctly computed or is usurious or otherwise complies with applicable law.

(f) The Bond Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram, teletransmission or other paper or document (whether in original or facsimile form) reasonably believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any request or direction of the Issuer or the Obligor mentioned herein shall be sufficiently evidenced by an Officer's Certificate, written request, order or consent signed in the name of the Issuer or the Obligor, by the Issuer Representative or the Obligated Group Representative, as the case may be. Any action taken by the Bond Trustee pursuant to this Bond Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(g) As to the existence or nonexistence of any fact or matter or as to the sufficiency or validity of any instrument, paper or proceeding, the Bond Trustee shall be entitled to rely and

shall be protected in acting or refraining to act upon an Officer's Certificate or other certificate signed on behalf of the Issuer or the Obligor by the Issuer Representative or the Obligated Group Representative or such other person as may be designated for such purpose by Certified Resolution as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(h) The permissive right of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty, and the Bond Trustee shall not be answerable for other than its own negligence or willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (a) of this Section 9.01;

(ii) the Bond Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts;

(iii) the Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders pursuant to Section 8.02 hereof or the direction of at least a majority in Aggregate Principal Amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture; and

(iv) the Bond Trustee shall not be liable if the Bond Trustee reasonably relies in good faith upon an Officer's Certificate delivered pursuant to this Bond Indenture or an Opinion of Counsel, an Opinion of Bond Counsel or the advice of its counsel.

(i) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by Article III hereof unless the Bond Trustee shall be specifically notified in writing of such default or Event of Default by the Issuer, the Obligor or the Owners of at least a majority in Aggregate Principal Amount of Bonds then Outstanding; all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee must, in order to be effective, be delivered to a Responsible Officer at the designated corporate trust office of the Bond Trustee, and in the absence of such notice so delivered, the Bond Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

(j) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received, but need not be segregated from other funds except to the extent required by or law.

(k) At any and all reasonable times, the Bond Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not

be required, to inspect any Project, including all books, papers and records of the Issuer and the Obligor pertaining to any Project and the Bonds.

(l) The Bond Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises, and no provision of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have grounds for believing that repayment of such funds or indemnity satisfactory against such risk or liability is not assured to it.

(m) Notwithstanding anything in this Bond Indenture contained, the Bond Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash or any action whatsoever within the purview of this Bond Indenture, any showings, certificates, opinion, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Bond Trustee deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Bond Trustee.

(n) Before taking any action under this Section or Article VIII hereof, the Bond Trustee may require that security or indemnity satisfactory to it be furnished to it for the reimbursement of its fees, costs, liabilities and all expenses (including attorneys' fees) which it may incur and to protect it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken. The Bond Trustee shall have no duty to advance its own funds for any reason or to take any action for which it has not been adequately indemnified or which might be contrary to applicable law. The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Bond Indenture at the request or direction of any of the Bondholders pursuant to the provisions of the Bond Documents, unless such Holders shall have provided to the Bond Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction.

(o) Except as provided in Section 9.01(a) above, it shall not be the duty of the Bond Trustee, except as expressly provided herein, to see that any duties or obligations imposed herein or in the Agreement, the Disbursement Agreement or any other Bond Document upon the Issuer, the Obligor or other Persons are performed. The Bond Trustee shall not be liable or responsible because of the failure of the Issuer, the Obligor or other Persons to perform any act required of them pursuant to the terms of this Bond Indenture or any other Bond Document.

(p) In acting or omitting to act pursuant to the provisions of the Agreement, the Disbursement Agreement or any other related agreement, the Bond Trustee shall be entitled to and be protected by the rights and immunities accorded to it by the terms of this Bond Indenture.

(q) In the event the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(r) The Bond Trustee's immunities and protections from liability in connection with the performance of its duties under this Bond Indenture shall extend to the Bond Trustee's officers, directors, agents and employees. Such immunities and protections, together with the

Bond Trustee's right to compensation, reimbursement and indemnity, shall survive the Bond Trustee's resignation or removal and final payment of the Bonds.

(s) In no event shall the Bond Trustee be responsible or liable for any special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Bond Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(t) The Bond Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Bond Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God, earthquakes, fire, flood, hurricanes or other storms, wars, terrorism, similar military disturbances, sabotage, epidemic, pandemic, riots, interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services, accidents, labor disputes or acts of civil or military authority or governmental action, it being understood that the Bond Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(u) The Bond Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Bond Indenture.

(v) The Bond Trustee may request that the Issuer and the Obligor deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to furnish the Bond Trustee with Officer's Certificates, Requests, directions, notices and any other matters or directions pursuant to the Bond Documents.

(w) Notwithstanding anything contained herein or in the Deed of Trust to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Bond Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Bond Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action and the Bond Trustee shall not be required to take such foreclosure or similar action if it reasonably determines that the approval of a governmental regulator that cannot be obtained is necessary for such foreclosure or similar action.

Section 9.02. Fees and Expenses of Bond Trustee and Paying Agent. The Issuer agrees, but solely from any funds received from the Obligor pursuant to the Agreement for such purpose,

(a) to pay to the Bond Trustee, each Paying Agent and all other agents their reasonable and necessary fees for services rendered hereunder as and when the same become due and all expenses (including attorneys' fees) reasonably and necessarily made or incurred by the Bond Trustee, such Paying Agent or such other agent in connection with such services as and when the same become due as provided in Section 3.13 hereof; and

(b) to reimburse the Bond Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bond Trustee in accordance with any provisions of this Bond Indenture (including the reasonable compensation, expenses and

disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the negligence or bad faith of the Bond Trustee. The foregoing shall not affect the prescribed application of moneys after an Event of Default set forth in Section 8.05 hereof.

As security for the performance of the obligations of the Issuer under this Section, the Bond Trustee shall be secured under this Bond Indenture by a lien subject and subordinate to the Bonds, in the case of money held for the credit of the Construction Fund or the Debt Service Reserve Fund, and otherwise prior to the Bonds, and for the payment of the expenses and reimbursements due hereunder, the Bond Trustee shall have the right to use and apply any trust funds held by it hereunder, unless held or required to be held in the Construction Fund or the Debt Service Reserve Fund.

Section 9.03. Resignation or Replacement of Bond Trustee. The present or any future Bond Trustee may resign by giving to the Issuer, the Obligor and each Bondholder thirty days' notice of such resignation. Such resignation shall not be effective until such time as a successor Bond Trustee shall have accepted its appointment. The present or any future Bond Trustee may be removed (a) at any time by an instrument in writing executed by the Owners of at least a majority in Aggregate Principal Amount of Bonds Outstanding or (b) if an Event of Default hereunder has not occurred and is continuing, by an instrument in writing executed by the Obligor. Pursuant to the Agreement and this Bond Indenture, the Obligor shall make such payments directly to the Bond Trustee.

In case the present or any future Bond Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Bondholders or their attorneys in fact duly appointed; provided that the Issuer may, by an instrument executed by order of the Board of Directors, appoint a successor until a new successor shall be appointed by the Bondholders as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to each Bondholder and to the Obligor, which notice may be given concurrently with the notice of resignation given by any resigning Bond Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Owners of at least a majority in Aggregate Principal Amount of the Bonds Outstanding. In the event that the Issuer does not so act within thirty days after notice of resignation, the Bond Trustee shall have the right to petition a court of competent jurisdiction to appoint a successor Bond Trustee.

Every successor Bond Trustee shall always be a bank, banking corporation or trust company with trust powers in good standing, qualified to act hereunder, and having a combined capital and surplus of not less than \$50,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the Issuer and the predecessor Bond Trustee an instrument accepting such appointment hereunder and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Bond Trustee herein; but the Bond Trustee retiring shall (except as provided in Section 9.04 hereof), nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, except for the predecessor's rights to any indemnity provided to it. The predecessor Bond Trustee shall, upon payment of the expenses,

charges and other disbursements which are due and owing to it pursuant to Sections 3.13 and 9.02 hereof, duly assign, transfer and deliver to the successor all properties and moneys held by it under this Bond Indenture. Should any instrument in writing from the Issuer be required by any successor for more fully and certainly vesting in and confirming to it all of such estates, properties, rights, powers and trusts, the Issuer shall, on request of such successor, make, execute, acknowledge and deliver the deeds, conveyances and necessary instruments in writing.

The notices herein provided for shall be given by mailing a copy thereof to the Obligor and the registered owners of the Bonds at their addresses as the same shall last appear on the registration books. The instruments evidencing the resignation or removal of the Bond Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded by the successor Bond Trustee in each recording office where this Bond Indenture shall have been filed and/or recorded.

Section 9.04. Conversion, Consolidation or Merger of Bond Trustee. Any bank, banking corporation or trust company into which the Bond Trustee merges or is consolidated, or to which it (or a receiver on its behalf) may sell or transfer its corporate trust business as a whole, or substantially as a whole, shall be the successor of the Bond Trustee under this Bond Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Bond Trustee may adopt the certificate of any predecessor Bond Trustee and deliver the same as authenticated; and in case any of such Bonds shall not have been authenticated, any successor Bond Trustee may authenticate such Bonds in the name of such successor Bond Trustee.

Section 9.05. Designation and Succession of Paying Agent. The Bond Trustee and any other banks or trust companies, if any, designated as Paying Agent or Paying Agents in any supplemental indenture providing for the issuance of Additional Bonds shall be the Paying Agent or Paying Agents for the applicable series of Bonds.

Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Bond Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within thirty days thereafter, appoint such bank or trust company as shall be specified by the Obligor and located in the same city as such Paying Agent to fill such vacancy; provided, however, that if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Trustee shall make such appointment.

The Paying Agents, if any, shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 9.01 hereof with respect to the Bond Trustee insofar as such provisions may be applicable.

Section 9.06. Filing of Financing Statements. The Obligated Group shall file or record or cause to be filed or recorded all financing statements that are required in order fully to protect and preserve the security interests in the Trust Estate granted to the Bond Trustee herein and the priority thereof and the rights and powers of the Bond Trustee in connection therewith. The Bond Trustee shall file or record or cause to be filed or recorded all continuation statements for the purpose of continuing without lapse the effectiveness of (a) those financing statements which

shall have been filed at or prior to the issuance of the Series 2014 Bonds in connection with the security for the Series 2014 Bonds and delivered to it pursuant to Section 2.07 and (b) any previously filed continuation statements to those financing statements delivered to it pursuant to Section 2.07 that shall have been filed as required pursuant to this Section 9.06. Upon the filing of any such financing statement or continuation statement, the Obligor shall immediately notify the Issuer and the Bond Trustee that the same has been accomplished.

Section 9.07. Approval of Consultant. The Bond Trustee hereby acknowledges and agrees, and is hereby authorized, to comply with the provisions of Section 4.28 of the Master Indenture which, among other things, require it, upon request by the Obligated Group Representative, to send a notice to the owners of all Series 2014 Bonds outstanding with respect to the selection of a Consultant (as defined in and required by the Master Indenture) and to consent or object to the selection in accordance with the response of the owners of the Series 2014 Bonds.

[End of Article IX]

ARTICLE X SUPPLEMENTAL INDENTURES AND AMENDMENTS TO THE AGREEMENT

Section 10.01. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may, without the consent of, or notice to, the Bondholders, enter into such indentures or agreements supplemental hereto (which supplemental indentures or agreements shall thereafter form a part hereof) for any one or more or all of the following purposes:

First: To add to the covenants and agreements in this Bond Indenture contained other covenants and agreements thereafter to be observed for the protection or benefit of the Bondholders.

Second: To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Bond Indenture, or to make any provisions with respect to matters arising under this Bond Indenture or for any other purpose if such provisions are necessary or desirable and do not, in the judgment of the Bond Trustee, adversely affect the interests of the owners of Bonds.

Third: To subject to this Bond Indenture additional revenues, properties or collateral.

Fourth: To qualify this Bond Indenture under the Trust Indenture Act of 1939, if such is hereafter required in the Opinion of Counsel.

Fifth: To set forth the terms and conditions of Additional Bonds issued pursuant to Sections 2.09 and 2.10 hereof.

Sixth: To satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds.

Seventh: To maintain the extent to which the interest on the Series 2014 Bonds is not includable in the gross income of the recipients thereof, if in the opinion of Bond Counsel such supplemental indenture or agreement is necessary.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 10.01 hereof, the Owners of not less than a majority in aggregate principal amount of the Bonds of all series then Outstanding affected thereby, in case one or more but less than all series of Bonds then Outstanding hereunder are so affected, shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Bond Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Bond Indenture; provided, however, that without the consent of the owners of all the Bonds at the time Outstanding nothing herein contained shall permit or be construed as permitting any of the following:

(a) An extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond, without the consent of the Owner of such Bond.

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by this Bond Indenture and the Master Indenture (other than as originally permitted hereby).

(c) A privilege or priority of any Bond or Bonds over any other Bond.

(d) A reduction in the aggregate principal amount of the Bonds required for consent to any supplemental indenture.

Notwithstanding the foregoing, during any period of time in which an Event of Default has occurred and is continuing, an amendment of the type described in clauses (a) and (c) above may be made with respect to an Outstanding Bond with the consent of the Holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Senior Secured Bonds; provided, however, any such amendment shall not result in a change in preference or priority of Senior Secured Bonds over any other Senior Secured Bonds and no such amendment described in clauses (a) and (c) above shall result in a disproportionate change, reduction or modification with respect to any Senior Secured Bonds.

Upon the execution of any supplemental indenture pursuant to the provisions of this Section, this Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

If at any time the Obligor or the Issuer shall request the Bond Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified by the Obligor with respect to costs, fees and expenses (including attorneys' fees), cause notice prepared by the Issuer or the Obligor of the proposed execution of such supplemental indenture to be mailed to the registered owners of the Bonds at their addresses as the same last appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated office of the Bond Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Issuer or the Obligor following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 10.03. Execution of Supplemental Indenture. The Bond Trustee is authorized to join with the Issuer in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Bond Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Bond Indenture. The Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Bond Counsel or an Opinion of Counsel stating that the execution and delivery of a supplemental indenture is authorized or permitted by this Bond Indenture and has been effected in compliance with the provisions hereof. In connection with a supplemental indenture entered into pursuant to clause Second of Section 10.01 hereof, the Bond Trustee may in its discretion determine whether or not in accordance with such

provision the Bondholders would be adversely affected by modification or amendment of this Bond Indenture, and any such determination shall be binding and conclusive upon the Issuer, the Obligor and the Bondholders. The Bond Trustee may receive an Opinion of Counsel or an Opinion of Bond Counsel as conclusive evidence as to whether the Bondholders would be so adversely affected by any such modification or amendment to this Bond Indenture.

Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Bond Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Bond Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any, if deemed necessary or desirable by the Bond Trustee.

Section 10.04. Consent of Obligor. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article shall not become effective unless and until the Obligor shall have consented in writing to the execution and delivery of such supplemental indenture.

Section 10.05. Amendments, Etc. of the Agreement Not Requiring Consent of Bondholders. The Issuer (to the extent its rights, duties and immunities are not adversely affected and subject to the provisions of this Bond Indenture relating to the issuance of Additional Bonds) and the Bond Trustee shall, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Agreement as may be required (a) by the provisions of the Agreement and this Bond Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) in connection with the issuance of Additional Bonds as herein provided, (d) to satisfy any requirements imposed by a Rating Agency if necessary to maintain the then current rating on the Bonds, (e) to maintain the extent to which the interest on the Bonds is not includable in the gross income of the recipients thereof, if in the opinion of Bond Counsel such amendment is necessary, and (f) in connection with any other change therein which does not adversely affect the Bond Trustee or the owners of the Bonds.

Section 10.06. Amendments Etc. of the Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 10.05 hereof, neither the Issuer nor the Bond Trustee shall consent to any other amendment, change or modification of the Agreement without the giving of notice to and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in Section 10.02 hereof. If at any time the Issuer and the Obligor shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Agreement, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification prepared by the Issuer or the Obligor to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Bond Trustee for inspection by all Bondholders.

In executing any amendment, change or modification of the Agreement, the Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution and delivery of such amendment, change or modification of the Agreement is authorized or permitted by this Bond Indenture and the Agreement and has been effected in compliance with the provisions of this Bond Indenture and the Agreement. The Bond Trustee may, but shall not be obligated to, enter into any such amendment, change or

modification which affects the Bond Trustee's own rights, duties or immunities. In connection with any amendment, change or modification in connection with Section 10.05(f), the Bond Trustee may in its discretion determine whether or not in accordance with such provision the Bond Trustee or the Bondholders would be prejudiced by such amendment, change or modification. Any such determination shall be binding and conclusive on the Issuer, the Obligor and the Bondholders. The Bond Trustee may receive an Opinion of Counsel as conclusive evidence as to whether the Bondholders would be so affected by any such amendment, change or modification of the Agreement.

[End of Article X]

ARTICLE XI MISCELLANEOUS

Section 11.01. Evidence of Signature of Bondholders and Ownership of Bonds. Any request, consent or other instrument which the Bond Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney or of the ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Bond Trustee may, nevertheless, in its discretion, require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any fully registered Bond and the amount and numbers of such Bonds and the date of holding the same shall be proved by the registration books of the Issuer kept by the Bond Trustee. Any request or consent of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Bond Trustee in accordance therewith.

Section 11.02. No Personal Liability. No recourse under or upon any obligation, covenant or agreement contained in this Bond Indenture, or in any Bond hereby secured, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond Indenture, shall be had against any officer, member, official, director, agent or employee, as such, past, present or future, of any of the Issuer or the Bond Trustee, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond issued hereunder or otherwise of any sum that may be due and unpaid by the Issuer upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such person to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof or for or to the holder of any Bond issued hereunder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issue of such Bonds.

Section 11.03. Limited Obligation. The Bonds, together with interest and any premium thereon, will be limited obligations of the Issuer payable solely from the Trust Estate and any other moneys made available to the Issuer or the Bond Trustee for such purpose through the Master Indenture. The Bonds and the interest on them are not debts or charges against the general credit or taxing power of the Issuer within the meaning of any constitutional or charter provision or statutory limitation and may not give rise to any pecuniary liability of the Issuer. The Bonds are not a debt to which the Issuer's faith and credit is pledged. Neither the members of the Governing Body of the Issuer nor any person executing the Bonds will be liable personally on the Bonds by reason of the issuance thereof.

The Bond Trustee hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Obligor to the Bond Trustee pursuant to the Agreement, together with investment income on certain Funds and Accounts held by the Bond Trustee under this Bond Indenture and from the exercise of remedies upon an Event of Default, and hereby agrees that if the payments to be made under the Agreement shall ever prove insufficient to pay all principal of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Bond Trustee shall give notice to the Obligor in accordance with Article VIII of this Bond Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Obligor, the Issuer or any third party, subject to any right of reimbursement from the Bond Trustee, the Issuer or any such third party, as the case may be, therefor.

Notwithstanding anything to the contrary in this Bond Indenture, the Issuer shall have no obligation to and instead the Bond Trustee may, without further direction from the Issuer, take any and all steps, actions and proceedings to enforce any or all rights of the Issuer (other than the Unassigned Rights) under this Bond Indenture or the Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Obligor under the Agreement.

Section 11.04. Parties Interested Herein. With the exception of rights herein expressly conferred on the Obligor, nothing in this Bond Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Issuer, the Bond Trustee, the Paying Agents and the Owners of the Bonds any right, remedy or claim under or by reason of this Bond Indenture, and any covenants, stipulations, promises and agreements in this Bond Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Bond Trustee, the Paying Agents and the Owners of the Bonds.

Section 11.05. Titles, Headings Etc. The titles and headings of the articles, sections and subdivisions of this Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.06. Severability. In the event any provision of this Bond Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.07. Governing Law. This Bond Indenture shall be governed and construed in accordance with the laws of the State.

Section 11.08. Execution of Counterparts. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Bond Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Bond Indenture as to the parties hereto and may be used in lieu of the original Bond Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 11.09. Notices. Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

- (a) The date of notice by telefax, teletype, or similar telecommunications, which is confirmed promptly in writing;
- (b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail;
- (c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above.

The address for notice for each of the parties shall be as follows:

If to the Issuer:	The Mayor and Common Council of Westminster 56 West Main Street Westminster, Maryland 21157 Attention: City Administrator Facsimile Number: 410-857-7476
with a copy to:	The Mayor and Common Council of Westminster 56 West Main Street Westminster, Maryland 21157 Attention: Director of Finance Facsimile Number: 410-848-5345
If to the Obligor:	The Lutheran Village at Miller's Grant, Inc. c/o Carroll Lutheran Village, Inc. 300 St. Luke Circle Westminster, Maryland 21158 Attention: President Facsimile Number: 410-848-8133
If to the Bond Trustee:	Manufacturers and Traders Trust Company 25 South Charles Street, 11 th Floor MC MD2-SS58 Baltimore, Maryland 21201 Attention: Corporate Trust Department Facsimile Number: 410-244-3725

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

Section 11.10. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Bond Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding day that is a Business Day with the same force and effect as if done on the nominal date provided in this Bond Indenture.

[End of Article XI]

IN WITNESS WHEREOF, the Issuer and the Bond Trustee have caused this Bond Indenture to be executed and sealed by their duly authorized officers as of the day and year first above written.

**THE MAYOR AND COMMON
COUNCIL OF WESTMINSTER**

By: _____
Mayor

(SEAL)

Attest:

Acting City Clerk

[Signatures and Seals Continued]

**MANUFACTURERS AND TRADERS
TRUST COMPANY**, as Bond Trustee

By: _____
Authorized Officer

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EXHIBIT A
FORM OF SERIES 2014 BONDS
(FORM OF SERIES 2014A BOND)

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER
PROJECT REVENUE BONDS
(THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.)
SERIES 2014A

No. RA-__			\$ _____
Interest Rate	Maturity Date	Dated Date	CUSIP
____%	July 1, 20__	August __, 2014	_____

Registered Owner:

Principal Amount: DOLLARS

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), for value received, promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2014A Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on January 1 and July 1 of each year, commencing January 1, 2015, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2014A Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated date set forth above. Capitalized terms used in this Series 2014A Bond and not defined herein shall have the meanings given to such terms in the Agreement identified herein.

THIS SERIES 2014A BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THIS SERIES 2014A BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND MONIES AND OTHER PROPERTY PLEDGED THEREFOR, AND ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

This Series 2014A Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including the Act. This Series 2014A Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2014A Bond are payable upon the presentation and surrender hereof at the Baltimore, Maryland trust office of Manufacturers and Traders Trust Company, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under a Bond Trust Indenture dated as of August 1, 2014 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Series 2014A Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2014A Bond is registered (the "Registered Owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds at the time such initial request is made. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2014A Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of such Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owner of this Series 2014A Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2014A Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, the "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2014A Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provision of notices or other communications, to beneficial owners of the Series 2014A Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2014A Bond is one of a duly authorized issue of bonds of the Issuer dated August __, 2014, known as "The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A" (the "Series 2014A Bonds") and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$ _____ for the purpose of providing funds to be loaned to The Lutheran Village at Miller's Grant, Inc., a Maryland nonstock corporation (the "Obligor"), to be used to finance costs of a continuing care

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retirement community located in Howard County, Maryland (the "Project"), refund the Bank Loan, fund a debt service reserve fund, fund a portion of the interest on the Series 2014 Bonds, fund working capital and pay costs of issuance.

To provide for its loan repayment obligations, the Obligor has issued its Series 2014A Master Obligation (the "Series 2014A Master Obligation") in connection with a Loan Agreement dated as of August 1, 2014, between the Issuer and the Obligor (the "Agreement"). The Series 2014A Master Obligation is issued pursuant to a Master Trust Indenture dated as of August 1, 2014, between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the "Master Trustee") and a Supplemental Indenture Number 1, dated as of August 1, 2014 between the Obligor and the Master Trustee (collectively, the "Master Indenture"). Pursuant to the Master Indenture, the Obligor has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2014A Master Obligation. The Issuer, on behalf of the Obligor, has also issued its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B in the aggregate principal amount of \$_____ (the "Series 2014B Bonds"), its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C in the aggregate principal amount of \$_____ (the "Series 2014C Bonds") and its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.), Series 2014D (the "Series 2014D Bonds") under the Bond Indenture, which will be on a parity with the Series 2014A Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2014A Master Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2014A Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement. The Series 2014A Bonds are issued under, are equally and ratably secured by and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture shall be had against any Common Council member, director, official, officer or employee as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the Registered Owner of any Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond.

Neither the Common Council members, directors, officials, officers or employees of the Issuer, past, present or future, nor any person executing this Series 2014A Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being

expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2014A Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds. Such additional Bonds may be issued at different times and in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and such additional Bonds are herein collectively called the "Bonds." Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties and obligations of the Issuer, the Bond Trustee and the owners of the Series 2014A Bonds, and the terms and conditions upon which the Series 2014A Bonds are, and are to be, secured.

The Series 2014A Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2014A Bonds maturing on and after July 1, 20__, are subject to optional redemption prior to maturity by the Issuer at the written direction of the Obligor in whole or in part on July 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of such Series 2014A Bonds to be redeemed, together with accrued interest to the redemption date. The Series 2014A Bonds shall not be optionally redeemed until all Series 2014B Bonds, Series 2014C Bonds and Series 2014D Bonds have been paid in full.

Mandatory Sinking Fund Redemption. The Series 2014A Bonds maturing on July 1, 20__, July 1, 20__ and July 1, 20__ are subject to mandatory sinking fund redemption from amounts deposited to the Principal Account of the Bond Fund established pursuant to the Bond Indenture by the Obligor at a redemption price equal to the principal amount of such Series 2014A Bonds to be redeemed, together with accrued interest to the redemption date, on July 1 in each of the years and amounts as follows:

The Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

Year	Amount	Year	Amount
20__		20__	
20__		20__‡	
20__			

‡ Maturity

The Series 2014A Bonds maturing on July 1, 20__ are required to be redeemed on July 1, in amounts and at a price of par plus accrued interest to the redemption date, as follows:

which the interest on the Series 2014A Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability, (iv) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or (v) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014A Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014A Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

If less than all Series 2014A Bonds are to be optionally redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2014A Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days prior to the redemption date to the Registered Owner of each Series 2014A Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2014A Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

In lieu of redeeming the Series 2014A Bonds, the Bond Trustee may, at the request of the Obligor, use such funds otherwise available under the Bond Indenture for redemption of Series 2014A Bonds to purchase Series 2014A Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2014A Bonds are also subject to purchase in lieu of optional redemption as described in the Bond Indenture.

The Series 2014A Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2014A Bonds are exchangeable for an equal principal amount of fully registered Series 2014A Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2014A Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2014A Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2014A Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2014A Bond after a notice calling such Series 2014A Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2014A Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2014A Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof or any setoffs or counterclaims.

The owner of this Series 2014A Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2014A Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2014A Bonds, may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2014A Bonds then Outstanding. Any such consent by the owner of this Series 2014A Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2014A Bond and of any Bond issued upon the transfer or exchange of this Series 2014A Bond whether or not notation of such consent is made upon this Series 2014A Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2014A Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2014A BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

[Signature page follows.]

IN WITNESS WHEREOF, The Mayor and Common Council of Westminster has caused this Series 2014A Bond to be executed by the signature of its Mayor, its official seal to be impressed or reproduced hereon, and attested by the signature of its Acting City Clerk, all as of the Dated Date set forth above.

THE MAYOR AND COMMON COUNCIL
OF WESTMINSTER

(SEAL)

By: _____
Mayor

Attest:

Acting City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2014A Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Bond Trustee

By: _____
Authorized Signatory

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the books kept for registration and transfer of the within Bond, with full power of substitution in the premises.

Date: _____ NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By: _____

Authorized Signatory _____

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

*** [END OF SERIES 2014A BOND FORM] ***

(FORM OF SERIES 2014B BOND)

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER
ENTRANCE FEE PRINCIPAL REDEMPTION BONDSSM
(THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.)
SERIES 2014B

No. RB-__			\$ _____
Interest Rate	Maturity Date	Dated Date	CUSIP
____%	July 1, 20__	August __, 2014	_____

Registered Owner: _____

Principal Amount: DOLLARS

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), for value received, promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2014B Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on January 1 and July 1 of each year, commencing January 1, 2015, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2014B Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date set forth above. Capitalized terms used in this Series 2014B Bond and not defined herein shall have the meanings given to such terms in the Agreement identified herein.

THIS SERIES 2014B BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THIS SERIES 2014B BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND MONIES AND OTHER PROPERTY PLEDGED THEREFOR, AND ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

This Series 2014B Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including the Act. This Series 2014B

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Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2014B Bond are payable upon the presentation and surrender hereof at the Baltimore, Maryland trust office of Manufacturers and Traders Trust Company, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under a Bond Trust Indenture dated as of August 1, 2014 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Series 2014B Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2014B Bond is registered (the "Registered Owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds at the time such initial request is made. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2014B Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of such Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owner of this Series 2014B Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2014B Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, the "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2014B Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provision of notices or other communications, to beneficial owners of the Series 2014B Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2014B Bond is one of a duly authorized issue of bonds of the Issuer dated August __, 2014, known as "The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B" (the "Series 2014B Bonds") and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$ _____ for the purpose of providing funds to be loaned to The Lutheran Village at Miller's Grant, Inc., a Maryland nonstock corporation (the "Obligor"), to be used to finance costs of a continuing care retirement community located in Howard County, Maryland

(the "Project"), refund the Bank Loan, fund a debt service reserve fund, fund a portion of the interest on the Series 2014 Bonds, fund working capital and pay costs of issuance.

To provide for its loan repayment obligations, the Obligor has issued its Series 2014B Master Obligation (the "Series 2014B Master Obligation") in connection with a Loan Agreement dated as of August 1, 2014, between the Issuer and the Obligor (the "Agreement"). The Series 2014B Master Obligation is issued pursuant to a Master Trust Indenture dated as of August 1, 2014, between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the "Master Trustee") and a Supplemental Indenture Number 1, dated as of August 1, 2014 between the Obligor and the Master Trustee (collectively, the "Master Indenture"). Pursuant to the Master Indenture, the Obligor has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2014B Master Obligation. The Issuer, on behalf of the Obligor, has also issued its Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A in the aggregate principal amount of \$ _____ (the "Series 2014A Bonds"), its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C in the aggregate principal amount of \$ _____ (the "Series 2014C Bonds") and its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014D in the aggregate principal amount of \$ _____ (the "Series 2014D Bonds") under the Bond Indenture, which will be on a parity with the Series 2014B Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2014B Master Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2014B Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement. The Series 2014B Bonds are issued under, are equally and ratably secured by and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any Common Council member, director, official, officer or employee, as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the Registered Owner of any Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond.

Neither the Common Council members, directors, officials, officers or employees of the Issuer, past, present or future, nor any person executing this Series 2014B Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2014B Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds. Such additional Bonds may be issued at different times and in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and such additional Bonds are herein collectively called the “Bonds.” Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties and obligations of the Issuer, the Bond Trustee and the owners of the Series 2014B Bonds, and the terms and conditions upon which the Series 2014B Bonds are, and are to be, secured.

The Series 2014B Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2014B Bonds are subject to optional redemption prior to maturity by the Issuer at the written direction of the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014B Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees (as defined in the Master Indenture). The Series 2014B Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, but shall not be redeemed until all Series 2014C Bonds and Series 2014D Bonds have been paid in full.

Entrance Fee Redemption. The Series 2014B Bonds are subject to redemption on each Entrance Fee Redemption Date from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of such Series 2014B Bonds to be redeemed, together with accrued interest to the redemption date, but not until the Series 2014C Bonds and the Series 2014D Bonds have been paid or redeemed in full.

Extraordinary Optional Redemption. The Series 2014B Bonds are subject to optional redemption by the Issuer at the direction of the Obligor prior to their scheduled maturities, in whole or in part at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any property, plant and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount (as defined in the Master Indenture), and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant and equipment; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable

in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement.

Mandatory Redemption with Surplus Moneys. The Series 2014B Bonds are subject to mandatory redemption in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following a Completion Date (as defined in the Agreement) at a redemption price equal to the aggregate principal amount of the Series 2014B Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Agreement) are transferred to the Principal Account of the Bond Fund.

Mandatory Redemption upon Determination of Taxability. The Series 2014B Bonds are subject to mandatory redemption in whole at a redemption price equal to 105% of the principal amount of the Series 2014B Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if, in the opinion of Bond Counsel, a mandatory redemption on account of a Determination of Taxability of less than all of the Series 2014B Bonds would result in the interest on the Series 2014B Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Series 2014B Bonds, then the Series 2014B Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such Opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” means: (i) the issuance of a statutory notice of deficiency by the Internal Revenue Service (the “IRS”) which in effect holds that an Event of Taxability has occurred, (ii) the issuance of a proposed written adverse determination by the IRS to the Obligor or the Issuer, which in effect holds that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Obligor or the Issuer has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (A) abandonment of the appeals process by the Obligor, (B) the date on which such appeals process has been concluded adversely to the Obligor or the Issuer and no further appeal is permitted or (C) twelve (12) months after the receipt by the Obligor or the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in aggregate principal amount of the Series 2014B Bonds then Outstanding, (iii) the deposit by the Obligor with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the date of taxability (i.e. the date on which the interest on the Series 2014B Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability, (iv) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or (v) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014B Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014B Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

If less than all Series 2014B Bonds are to be optionally redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2014B Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days (except in the case of Entrance Fee Redemption, 10 days) prior to the redemption date to the Registered Owner of each Series 2014B Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2014B Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

In lieu of redeeming the Series 2014B Bonds, the Bond Trustee may, at the request of the Obligor, use such funds otherwise available under the Bond Indenture for redemption of Series 2014B Bonds to purchase Series 2014B Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2014B Bonds are also subject to purchase in lieu of optional redemption as described in the Bond Indenture.

The Series 2014B Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2014B Bonds are exchangeable for an equal principal amount of fully registered Series 2014B Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2014B Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2014B Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2014B Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2014B Bond after a notice calling such Series 2014B Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2014B Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and

neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2014B Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof, or any setoffs or counterclaims.

The owner of this Series 2014B Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2014B Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2014B Bonds, may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2014B Bonds then Outstanding. Any such consent by the owner of this Series 2014B Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2014B Bond and of any Bond issued upon the transfer or exchange of this Series 2014B Bond whether or not notation of such consent is made upon this Series 2014B Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2014B Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2014B BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

[Signature page follows.]

IN WITNESS WHEREOF, The Mayor and Common Council of Westminster has caused this Series 2014B Bond to be executed by the signature of its Mayor, its official seal to be impressed or reproduced hereon, and attested by the signature of its Acting City Clerk, all as of the Dated Date set forth above.

THE MAYOR AND COMMON COUNCIL
OF WESTMINSTER

(SEAL)

By: _____
Mayor

Attest:

Acting City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2014B Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Bond Trustee

By: _____
Authorized Signatory

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

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[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the books kept for registration and transfer of the within Bond, with full power of substitution in the premises.

Date: _____ NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By: _____

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

*** [END OF SERIES 2014B BOND FORM] ***

(FORM OF SERIES 2014C BOND)

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER
ENTRANCE FEE PRINCIPAL REDEMPTION BONDSSM
(THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.)
SERIES 2014C

No. RC- _____ \$ _____

Interest Rate	Maturity Date	Dated Date	CUSIP
____%	July 1, 20__	August __, 2014	_____

Registered Owner:

Principal Amount: DOLLARS

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), for value received, promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2014C Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on January 1 and July 1 of each year, commencing January 1, 2015, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2014C Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date set forth above. Capitalized terms used in this Series 2014C Bond and not defined herein shall have the meanings given to such terms in the Agreement identified herein.

THIS SERIES 2014C BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THIS SERIES 2014C BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND MONIES AND OTHER PROPERTY PLEDGED THEREFOR, AND ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

This Series 2014C Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including the Act. This Series 2014C

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Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2014C Bond are payable upon the presentation and surrender hereof at the Baltimore, Maryland trust office of Manufacturers and Traders Trust Company, as bond trustee, or at the designated corporate trust office of its successor in trust (the "Bond Trustee") under a Bond Trust Indenture dated as of August 1, 2014 (the "Bond Indenture") by and between the Issuer and the Bond Trustee. Interest on this Series 2014C Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2014C Bond is registered (the "Registered Owner") in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such interest payment date (the "Regular Record Date") or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds at the time such initial request is made. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2014C Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of such Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owner of this Series 2014C Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2014C Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, the "Securities Depository"). The book entry system will evidence beneficial ownership of the Series 2014C Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provision of notices or other communications, to beneficial owners of the Series 2014C Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2014C Bond is one of a duly authorized issue of bonds of the Issuer dated August __, 2014, known as "The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C" (the "Series 2014C Bonds") and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$ _____ for the purpose of providing funds to be loaned to The Lutheran Village at Miller's Grant, Inc., a Maryland nonstock corporation (the "Obligor"), to be used to finance costs of a continuing care retirement community located in Howard County, Maryland

(the "Project"), refund the Bank Loan, fund a debt service reserve fund, fund a portion of the interest on the Series 2014 Bonds, fund working capital and pay costs of issuance.

To provide for its loan repayment obligations, the Obligor has issued its Series 2014C Master Obligation (the "Series 2014C Master Obligation") in connection with a Loan Agreement dated as of August 1, 2014, between the Issuer and the Obligor (the "Agreement"). The Series 2014C Master Obligation is issued pursuant to a Master Trust Indenture dated as of August 1, 2014, between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the "Master Trustee") and a Supplemental Indenture Number 1, dated as of August 1, 2014 between the Obligor and the Master Trustee (collectively, the "Master Indenture"). Pursuant to the Master Indenture, the Obligor has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2014C Master Obligation. The Issuer, on behalf of the Obligor, has also issued its Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A in the aggregate principal amount of \$ _____ (the "Series 2014A Bonds"), its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B in the aggregate principal amount of \$ _____ (the "Series 2014B Bonds") and its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014D (the "Series 2014D Bonds") under the Bond Indenture, which will be on a parity with the Series 2014C Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2014C Master Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2014C Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement. The Series 2014C Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any Common Council member, director, official, officer or employee, as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond.

Neither the Common Council members, directors, officials, officers or employees of the Issuer, past, present or future, nor any person executing this Series 2014C Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2014C Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds. Such additional Bonds may be issued at different times and in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and such additional Bonds are herein collectively called the "Bonds." Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties and obligations of the Issuer, the Bond Trustee and the owners of the Series 2014C Bonds and the terms and conditions upon which the Series 2014C Bonds are, and are to be, secured.

The Series 2014C Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2014C Bonds are subject to optional redemption prior to maturity by the Issuer at the written direction of the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014C Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees (as defined in the Master Indenture). The Series 2014C Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds or any Series 2014B Bonds, but shall not be redeemed until all Series 2014D Bonds have been paid in full.

Entrance Fee Redemption. The Series 2014C Bonds are subject to redemption on each Entrance Fee Redemption Date from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of such Series 2014C Bonds to be redeemed, together with accrued interest to the redemption date, but not until the Series 2014D Bonds have been paid or redeemed in full.

Extraordinary Optional Redemption. The Series 2014C Bonds are subject to optional redemption by the Issuer at the direction of the Obligor prior to their scheduled maturities, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any property, plant and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount (as defined in the Master Indenture), and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant and equipment; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable

in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement.

Mandatory Redemption from Surplus Moneys. The Series 2014C Bonds are subject to mandatory redemption in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following a Completion Date (as defined in the Agreement) at a redemption price equal to the aggregate principal amount of the Series 2014C Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Agreement) are transferred to the Principal Account of the Bond Fund.

Mandatory Redemption upon Determination of Taxability. The Series 2014C Bonds are subject to mandatory redemption in whole at a redemption price equal to 105% of the principal amount of the Series 2014C Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if, in the opinion of Bond Counsel, a mandatory redemption on account of a Determination of Taxability of less than all of the Series 2014C Bonds would result in the interest on the Series 2014C Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Series 2014C Bonds, then the Series 2014C Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such Opinion, provided that such redemption must be in an Authorized Denomination.

"Determination of Taxability" means: (i) the issuance of a statutory notice of deficiency by the Internal Revenue Service (the "IRS") which in effect holds that an Event of Taxability has occurred, (ii) the issuance of a proposed written adverse determination by the IRS to the Obligor or the Issuer, which in effect holds that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Obligor or the Issuer has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (A) abandonment of the appeals process by the Obligor, (B) the date on which such appeals process has been concluded adversely to the Obligor or the Issuer and no further appeal is permitted or (C) twelve (12) months after the receipt by the Obligor or the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in aggregate principal amount of the Series 2014C Bonds then Outstanding, (iii) the deposit by the Obligor with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the date of taxability (i.e. the date on which the interest on the Series 2014C Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability, (iv) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or (v) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014C Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014C Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

If less than all Series 2014C Bonds are to be optionally redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2014C Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days (except in the case of Entrance Fee Redemption, 10 days) prior to the redemption date to the Registered Owner of each Series 2014C Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2014C Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

In lieu of redeeming the Series 2014C Bonds, the Bond Trustee may, at the request of the Obligor, use such funds otherwise available under the Bond Indenture for redemption of Series 2014C Bonds to purchase Series 2014C Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2014C Bonds are also subject to purchase in lieu of optional redemption as described in the Bond Indenture.

The Series 2014C Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2014C Bonds are exchangeable for an equal principal amount of fully registered Series 2014C Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2014C Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2014C Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2014C Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2014C Bond after a notice calling such Series 2014C Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2014C Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and

neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2014C Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof or any setoffs or counterclaims.

The owner of this Series 2014C Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2014C Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2014C Bonds, may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2014C Bonds then Outstanding. Any such consent by the owner of this Series 2014C Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2014C Bond and of any Bond issued upon the transfer or exchange of this Series 2014C Bond whether or not notation of such consent is made upon this Series 2014C Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2014C Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2014C BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

[Signature page follows.]

IN WITNESS WHEREOF, The Mayor and Common Council of Westminster has caused this Series 2014C Bond to be executed by the signature of its Mayor, its official seal to be impressed or reproduced hereon, and attested by the signature of its Acting City Clerk, all as of the Dated Date set forth above.

THE MAYOR AND COMMON COUNCIL OF
WESTMINSTER

(SEAL)

By: _____
Mayor

Attest:

Acting City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2014C Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Bond Trustee

By: _____
Authorized Signatory

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

C-132

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond, and does hereby irrevocably constitute and appoint _____ attorney to transfer such Bond on the books kept for registration and transfer of the within Bond, with full power of substitution in the premises.

Date: _____ NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without enlargement or alteration or any change whatsoever.

Signature Guaranteed By: _____

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

*** [END OF SERIES 2014C BOND FORM] ***

UNITED STATES OF AMERICA

STATE OF MARYLAND

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER
ENTRANCE FEE PRINCIPAL REDEMPTION BONDSSM
(THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.)
SERIES 2014D

No. RD- _____ \$ _____
Interest Rate _____% Maturity Date July 1, 20__ Dated Date August __, 2014 CUSIP _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the "Issuer"), for value received, promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above (unless this Series 2014D Bond shall have been called for prior redemption) and to pay, from such sources, interest on said sum on January 1 and July 1 of each year, commencing January 1, 2015, at the interest rate specified above, until payment of the principal hereof has been made or provided for. This Series 2014D Bond will bear interest from the most recent interest payment date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date set forth above. Capitalized terms used in this Series 2014D Bond and not defined herein shall have the meanings given to such terms in the Agreement identified herein.

THIS SERIES 2014D BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE NOT DEBTS OR CHARGES AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR CHARTER PROVISION OR STATUTORY LIMITATION AND MAY NOT GIVE RISE TO ANY PECUNIARY LIABILITY OF THE ISSUER. THIS SERIES 2014D BOND, THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE REVENUES AND MONIES AND OTHER PROPERTY PLEDGED THEREFOR, AND ARE NOT A DEBT TO WHICH THE ISSUER'S FAITH AND CREDIT IS PLEDGED.

This Series 2014D Bond and the series of Bonds of which it is a part have been authorized and issued pursuant to the laws of the State, including the Act. This Series 2014D Bond is a limited obligation of the Issuer payable solely from the revenues, receipts and resources pledged to its payment and not from any other revenues, funds or assets of the Issuer.

The principal of and premium, if any, on this Series 2014D Bond are payable upon the presentation and surrender hereof at the Baltimore, Maryland trust office of Manufacturers and Traders Trust Company, as bond trustee, or at the designated corporate trust office of its successor in trust (the “Bond Trustee”) under a Bond Trust Indenture dated as of August 1, 2014 (the “Bond Indenture”) by and between the Issuer and the Bond Trustee. Interest on this Series 2014D Bond will be paid on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), by check or draft mailed to the person in whose name this Series 2014C Bond is registered (the “Registered Owner”) in the registration records of the Issuer maintained by the Bond Trustee at the address appearing thereon at the close of business on the last day of the calendar month next preceding such interest payment date (the “Regular Record Date”) or by wire transfer of same day funds upon receipt by the Bond Trustee prior to the Regular Record Date of a written request by a Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds at the time such initial request is made. The CUSIP number and appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, redemption premium, if any, and interest on the Series 2014D Bonds. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the hereinafter defined Agreement), for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Registered Owners of such Bonds not less than ten days prior to such Special Record Date. Alternative means of payment of interest may be used if mutually agreed upon between the Registered Owner of this Series 2014D Bond and the Bond Trustee, as provided in the Bond Indenture. All such payments shall be made in lawful money of the United States of America without deduction for the services of the Bond Trustee.

This Series 2014D Bond shall be issued pursuant to a book entry system administered by The Depository Trust Company (together with any successor thereto, the “Securities Depository”). The book entry system will evidence beneficial ownership of the Series 2014D Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book entry system is in effect, transfer of principal, interest and premium payments, and provision of notices or other communications, to beneficial owners of the Series 2014D Bonds will be the responsibility of the Securities Depository as set forth in the Bond Indenture.

This Series 2014D Bond is one of a duly authorized issue of bonds of the Issuer dated August __, 2014, known as “The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D” (the “Series 2014D Bonds”) and issued in an Aggregate Principal Amount (as defined in the Agreement) of \$ _____ for the purpose of providing funds to be loaned to The Lutheran Village at Miller’s Grant, Inc., a Maryland nonstock corporation (the “Obligor”), to be used to finance costs of a continuing care retirement community located in Howard County, Maryland (the “Project”), refund the Bank Loan, fund a debt service reserve fund, fund a portion of the interest on the Series 2014 Bonds, fund working capital and pay costs of issuance.

To provide for its loan repayment obligations, the Obligor has issued its Series 2014C Master Obligation (the “Series 2014D Master Obligation”) in connection with a Loan Agreement dated as of August 1, 2014, between the Issuer and the Obligor (the “Agreement”). The Series 2014D Master Obligation is issued pursuant to a Master Trust Indenture dated as of August 1, 2014, between the Obligor and Manufacturers and Traders Trust Company, as master trustee (the “Master Trustee”) and a Supplemental Indenture Number 1, dated as of August 1, 2014 between the Obligor and the Master Trustee (collectively, the “Master Indenture”). Pursuant to the Master Indenture, the Obligor has pledged and granted a security interest in the Gross Revenues (as defined in the Master Indenture) to the Master Trustee to secure the Series 2014D Master Obligation. The Issuer, on behalf of the Obligor, has also issued its Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014A in the aggregate principal amount of \$ _____ (the “Series 2014A Bonds”), its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B in the aggregate principal amount of \$ _____ (the “Series 2014B Bonds”) and its Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C (the “Series 2014C Bonds”) under the Bond Indenture, which will be on a parity with the Series 2014D Bonds and will also be secured by parity obligations issued under the Master Indenture. Additional obligations on a parity with the Series 2014D Master Obligation and the other parity obligations may be issued pursuant to the Master Indenture subject to the conditions and terms contained therein, and the payments on such additional obligations will also be secured by a pledge of the Gross Revenues.

This Series 2014D Bond and the claims for interest hereon are payable only out of the revenues derived by the Issuer pursuant to the Agreement. The Series 2014D Bonds are issued under and are equally and ratably secured and are entitled to the protection given by the Bond Indenture.

No recourse under or upon any obligation, covenant or agreement contained in the Bond Indenture, or in any Bond, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of the Bond Indenture, shall be had against any Common Council member, director, official, officer or employee, as such, past, present or future, of the Issuer, either directly or through the Issuer or otherwise, for the payment for or to the Issuer or for or to the registered owner of any Bond issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Bond.

Neither the Common Council members, directors, officials, officers or employees of the Issuer, past, present or future, nor any person executing this Series 2014D Bond or the Bond Indenture, shall be personally liable hereon or thereon or be subject to any personal liability by reason of the issuance hereof and thereof, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Bond Indenture and the issuance of this Series 2014D Bond.

Additional series of Bonds may be issued by the Issuer in accordance with the limitations and conditions of the Bond Indenture, which Bonds shall be in all respects on a parity with the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D

Bonds. Such additional Bonds may be issued at different times and in various principal amounts and denominations, may mature at different times, may bear interest at different rates, may be redeemable at different prices and may otherwise vary as provided in the Bond Indenture. The Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and such additional Bonds are herein collectively called the “Bonds.” Reference is hereby made to the Bond Indenture and all indentures supplemental thereto and the Master Indenture for a description of the revenues pledged, the nature and extent of the security, the rights, duties and obligations of the Issuer, the Bond Trustee and the owners of the Series 2014D Bonds and the terms and conditions upon which the Series 2014D Bonds are, and are to be, secured.

The Series 2014D Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2014D Bonds are subject to optional redemption prior to maturity by the Issuer at the written direction of the Obligor in whole or in part on any date at a redemption price equal to the principal amount of such Series 2014D Bonds to be redeemed, together with accrued interest to the redemption date, provided that any such optional redemption shall be from funds of the Obligor other than Initial Entrance Fees (as defined in the Master Indenture). The Series 2014D Bonds shall be redeemed prior to the optional redemption of any Series 2014A Bonds, any Series 2014B Bonds or any Series 2014C Bonds, but shall not be redeemed until the Series 2014E Bond has been paid in full.

Entrance Fee Redemption. The Series 2014D Bonds are subject to redemption on each Entrance Fee Redemption Date from funds on deposit in the Entrance Fee Redemption Account at a redemption price equal to the principal amount of such Series 2014D Bonds to be redeemed, together with accrued interest to the redemption date.

Extraordinary Optional Redemption. The Series 2014D Bonds are subject to optional redemption by the Issuer at the direction of the Obligor prior to their scheduled maturities, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date on any date following the occurrence of any of the following events:

- (a) in case of damage or destruction to, or condemnation of, any property, plant and equipment of any Obligated Group Member, to the extent that the net proceeds of insurance or condemnation award exceed the Threshold Amount (as defined in the Master Indenture), and the Obligor has determined not to use such net proceeds or award to repair, rebuild or replace such property, plant and equipment; or
- (b) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Obligor under the Agreement have become, as established by an Opinion of Counsel, void or unenforceable in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Agreement.

Mandatory Redemption from Surplus Moneys. The Series 2014D Bonds are subject to mandatory redemption in whole or in part on any date for which timely notice of redemption can be given by the Bond Trustee following a Completion Date (as defined in the Agreement) at a redemption price equal to the aggregate principal amount of the Series 2014D Bonds to be redeemed plus accrued interest to the redemption date, without premium, to the extent Surplus Construction Fund Moneys (as defined in the Agreement) are transferred to the Principal Account of the Bond Fund.

Mandatory Redemption upon Determination of Taxability. The Series 2014D Bonds are subject to mandatory redemption in whole at a redemption price equal to 105% of the principal amount of the Series 2014D Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date on any Business Day within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if, in the opinion of Bond Counsel, a mandatory redemption on account of a Determination of Taxability of less than all of the Series 2014D Bonds would result in the interest on the Series 2014D Bonds Outstanding following such mandatory redemption not being includable in the gross income of the holders of such Outstanding Series 2014D Bonds, then the Series 2014D Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such Opinion, provided that such redemption must be in an Authorized Denomination.

“Determination of Taxability” means: (i) the issuance of a statutory notice of deficiency by the Internal Revenue Service (the “IRS”) which in effect holds that an Event of Taxability has occurred, (ii) the issuance of a proposed written adverse determination by the IRS to the Obligor or the Issuer, which in effect holds that an Event of Taxability has occurred; provided that no Determination of Taxability will be deemed to occur if the Obligor or the Issuer has initiated an administrative appeal of such determination or has begun negotiating a closing agreement with the IRS, until the earliest of (A) abandonment of the appeals process by the Obligor, (B) the date on which such appeals process has been concluded adversely to the Obligor or the Issuer and no further appeal is permitted or (C) twelve (12) months after the receipt by the Obligor or the Issuer of the proposed adverse determination, unless otherwise approved by the Owners of at least a majority in aggregate principal amount of the Series 2014D Bonds then Outstanding, (iii) the deposit by the Obligor with the Bond Trustee of a certificate to the effect that an Event of Taxability has occurred or will occur and setting forth the date of taxability (i.e. the date on which the interest on the Series 2014D Bonds is declared taxable for federal income tax purposes); the Obligor will be obligated to deliver promptly to the Bond Trustee such a certificate upon the occurrence of an Event of Taxability, (iv) the rendering of a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction to the effect that an Event of Taxability has occurred, or (v) the delivery to the Bond Trustee of an unqualified opinion of Bond Counsel to the effect that an Event of Taxability has occurred or a written statement by Bond Counsel delivered to the Bond Trustee that Bond Counsel is unable to render an opinion to the effect that interest on the Series 2014D Bonds is excluded from gross income for purposes of federal income taxation.

“Event of Taxability” means any conditions or circumstances that cause the interest on any of the Series 2014D Bonds to become includable in the gross income of the Owners thereof for purposes of federal income tax.

If less than all Series 2014D Bonds are to be optionally redeemed, the Obligor may select the maturities eligible for redemption which are to be redeemed. If less than all Series 2014D Bonds of a single maturity are to be redeemed, the selection shall be made by the Securities Depository or by lot by the Bond Trustee. Notice of the call for any redemption shall be given by the Bond Trustee by sending a copy of the redemption notice by mail not more than 60 nor less than 30 days (except in the case of Entrance Fee Redemption, 10 days) prior to the redemption date to the Registered Owner of each Series 2014D Bond to be redeemed as shown on the registration records kept by the Bond Trustee, as provided in the Bond Indenture. All Series 2014D Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their payment are on deposit at the place of payment at that time.

In lieu of redeeming the Series 2014D Bonds, the Bond Trustee may, at the request of the Obligor, use such funds otherwise available under the Bond Indenture for redemption of Series 2014D Bonds to purchase Series 2014D Bonds in the open market at a price not exceeding the redemption price then applicable. The Series 2014D Bonds are also subject to purchase in lieu of optional redemption as described in the Bond Indenture.

The Series 2014D Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. Series 2014D Bonds are exchangeable for an equal principal amount of fully registered Series 2014D Bonds of the same maturity of other authorized denominations at the aforesaid office of the Bond Trustee, but only in the manner and subject to the limitations and on payment of the charges provided in the Bond Indenture.

This Series 2014D Bond is fully transferable by the Registered Owner hereof in person or by his or her duly authorized attorney on the registration books kept at the principal office of the Bond Trustee upon surrender of this Series 2014D Bond together with a duly executed written instrument of transfer satisfactory to the Bond Trustee. Upon such transfer a new fully registered Series 2014D Bond of authorized denomination or denominations for the same Aggregate Principal Amount and maturity will be issued to the transferee in exchange herefor, all upon payment of the charges and subject to the terms and conditions set forth in the Bond Indenture.

The Bond Trustee will not be required to transfer or exchange any Series 2014D Bond after a notice calling such Series 2014D Bond or any portion thereof for redemption has been given as herein provided, nor during the period beginning at the opening of business 15 days before the day of mailing by the Bond Trustee of a notice of prior redemption and ending at the close of business on the day of such mailing.

The Issuer and the Bond Trustee may deem and treat the person in whose name this Series 2014D Bond is registered as the absolute owner hereof for the purpose of making payment (except to the extent otherwise provided hereinabove and in the Bond Indenture with respect to Regular and Special Record Dates for the payment of interest) and for all other purposes, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. The principal of, premium, if any, and interest on this Series 2014D Bond shall be paid free from and without regard to any equities between the Obligor and the original or any intermediate owner hereof or any setoffs or counterclaims.

The owner of this Series 2014D Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all of the Series 2014D Bonds at any such time Outstanding under the Bond Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be waived by the Bond Trustee or the owners of a requisite principal amount of the Bonds Outstanding under the Bond Indenture.

To the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the Series 2014D Bonds, may be made with the consent of the Issuer and the Bond Trustee and, in certain instances, of not less than a majority or 80% in aggregate principal amount of the Series 2014D Bonds then Outstanding. Any such consent by the owner of this Series 2014D Bond shall be conclusive and binding upon such owner and upon all future owners of this Series 2014D Bond and of any Bond issued upon the transfer or exchange of this Series 2014D Bond whether or not notation of such consent is made upon this Series 2014D Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Indenture and issuance of this Series 2014D Bond do exist, have happened and have been performed in due time, form and manner as required by law.

THIS SERIES 2014D BOND shall not be entitled to any benefit under the Bond Indenture, or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Bond Trustee shall have manually signed the certificate of authentication hereon.

[Signature page follows.]

IN WITNESS WHEREOF, The Mayor and Common Council of Westminster has caused this Series 2014D Bond to be executed by the signature of its Mayor, its official seal to be impressed or reproduced hereon, and attested by the signature of its Acting City Clerk, all as of the Dated Date set forth above.

THE MAYOR AND COMMON COUNCIL OF
WESTMINSTER

(SEAL)

By: _____
Mayor

Attest:

Acting City Clerk

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Series 2014D Bonds referred to in the within mentioned Bond Indenture.

Date of Authentication:

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Bond Trustee

By: _____
Authorized Signatory

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

C-137

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____
_____ the within Bond, and does hereby irrevocably constitute and appoint _____
_____ attorney to transfer such Bond on the books kept for registration
and transfer of the within Bond, with full power of substitution in the premises.

Date: _____ NOTICE: The signature to this Assignment must correspond
with the name as it appears upon the face of the within Bond in
every particular, without enlargement or alteration or any
change whatsoever.

Signature Guaranteed By:

Authorized Signatory

NOTE: The signature to this Assignment must be guaranteed by a financial institution
that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock
Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion
Signature Program ("MSP").

* * * [END OF SERIES 2014D BOND FORM] * * *

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C-138

THE MAYOR AND COMMON COUNCIL OF WESTMINSTER
AND
THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.

LOAN AGREEMENT

DATED AS OF AUGUST 1, 2014

Relating to:

§
The Mayor and Common Council of Westminster
Revenue Bonds
(The Lutheran Village at Miller's Grant, Inc.)
Series 2014A-D

THE INTEREST OF THE MAYOR AND COMMON COUNCIL OF WESTMINSTER IN THIS LOAN AGREEMENT AND THE REVENUES AND RECEIPTS DERIVED THEREFROM, EXCEPT FOR ITS UNASSIGNED RIGHTS, AS DEFINED HEREIN, HAVE BEEN ASSIGNED AND ARE THE SUBJECT OF A GRANT OF A SECURITY INTEREST TO MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE, UNDER A BOND TRUST INDENTURE DATED AS OF AUGUST 1, 2014.

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of August 1, 2014, between **THE MAYOR AND COMMON COUNCIL OF WESTMINSTER**, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the “Issuer”), and **THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC.**, a nonstock corporation duly organized and existing under the laws of the State of Maryland (the “Obligor”),

WITNESSETH:

WHEREAS, the Maryland Economic Development Revenue Bond Act, being Sections 12-101 through 12-118 of the Economic Development Article of the Annotated Code of Maryland (2008 Replacement Volume, 2013 Supplement) (the “Act”), authorizes the Issuer to issue revenue bonds for the purposes of financing the costs of acquisition or improvement of a facility or facilities (within the meaning of the Act), refunding outstanding bonds, paying the costs of issuing the bonds, funding reserves, paying the interest on the bonds for a reasonable period and paying other costs permitted by the Act, and to lend the proceeds thereof to a facility user (within the meaning of the Act) to finance a facility; and

WHEREAS, the Act further authorizes the Issuer to pledge and assign revenues received from the financing of a facility; and

WHEREAS, the Obligor has requested the assistance of the Issuer in the financing the costs of acquiring, constructing and improving a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Howard County, Maryland, to be known as “Miller’s Grant” (as more particularly defined herein, the “Project”) to be owned and operated by the Obligor; and

WHEREAS, the Obligor and Carroll Lutheran Village, Inc. have previously obtained a line of credit to finance certain pre-development costs of the Project (as more particularly defined herein, the “Bank Loan”); and

WHEREAS, the Issuer has adopted a Resolution (the “Bond Resolution”) authorizing the issuance of its revenue bonds in one or more series in the maximum aggregate principal amount of \$150,000,000 for the purpose of providing funds to (i) currently refund the Bank Loan, (ii) finance the acquisition, construction and improvement of the Project, (iii) fund the applicable debt service reserve funds for the Series 2014 Bonds (as defined herein), (iv) fund a portion of the interest on the Series 2014 Bonds, (v) fund working capital and (vi) pay all or a portion of the costs of issuing the Series 2014 Bonds; and

WHEREAS, pursuant to the Resolution, the Issuer has previously issued its Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E in the maximum principal amount of \$25,000,000 (the “Series 2014E Bond”) under a Loan and Financing Agreement dated as of July 1, 2014 among the Issuer, the Obligor and Branch Banking and Trust Company (the “Lender”) (the “Loan and Financing Agreement”); and

WHEREAS, pursuant to the Loan and Financing Agreement, the Obligor has executed and delivered to the Issuer a promissory note dated the date of issuance of the Series 2014E Bond (the “Series 2014E Note”), which the Issuer has assigned to the Lender (except for the Unassigned Rights, as defined in the Loan and Financing Agreement); and

WHEREAS, the Series 2014 Bonds are being issued pursuant to a Bond Trust Indenture, dated the date hereof (the “Bond Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as trustee (the “Bond Trustee”); and

WHEREAS, the Issuer and the Obligor are entering into this Agreement pursuant to which (i) the Issuer will provide for the use of the proceeds of the Series 2014 Bonds by the Obligor to refund the Bank Loan, to finance the Project, to fund the applicable debt service reserve funds, to fund a portion of the interest on the Series 2014 Bonds, to fund working capital and to pay costs of issuing the Series 2014 Bonds, and (ii) the Obligor agrees to pay to or for the account of the Issuer such payments at such times and in such amounts as will be required to pay the principal of, premium, if any, and interest on the Series 2014 Bonds to be issued, as and when the same become due; and

WHEREAS, to evidence the obligation of the Obligor to make payments sufficient to pay the principal of, premium, if any, and interest on the Series 2014 Bonds, the Obligor will execute and deliver to the Issuer one or more promissory notes dated the date of issuance of the Series 2014 Bonds in the aggregate principal amount of \$_____ (collectively, the “Series 2014A-D Notes” and, together with the Series 2014E Note, the “Series 2014 Notes”); and

WHEREAS, to secure its obligations under the Series 2014 Notes, the Obligor (i) will grant to certain trustees for the benefit of the Issuer and its assigns a lien on and a security interest in the real property and personal property included in the Facilities pursuant to the Deed of Trust and (ii) will grant to the Master Trustee a security interest in the Gross Revenues and the Personal Property (as defined in the Master Indenture identified herein) pursuant to the Master Indenture, all subject to Permitted Encumbrances, as defined in the Master Indenture; and

WHEREAS, simultaneously with the issuance of the Series 2014 Bonds and the delivery of the Deed of Trust, (i) at the request of the Obligor, (a) the Lender, in exchange for the issuance of the Series 2014E Master Obligation (defined herein), will assign to the Master Trustee all of its right, title and interest in, to and under the Series 2014E Note (excluding the Unassigned Rights) and the Deed of Trust (excluding the Issuer’s right to indemnification and to payment of costs thereunder) and (b) the Issuer, in exchange for the issuance of the Series 2014A-D Master Obligations (defined herein), will cause the Bond Trustee to assign to the Master Trustee all of the Issuer’s right, title and interest in, to and under the Series 2014A-D Notes (excluding the Unassigned Rights) and the Deed of Trust (excluding the Issuer’s right to indemnification and to payment of costs thereunder) and (ii) pursuant to the Master Indenture and this Supplemental Indenture, the Obligated Group will issue (a) the Series 2014E Master Obligation created by the Supplemental Indenture in favor of the Lender in the maximum principal amount of the Series 2014E Bond and cause the Master Trustee to deliver the Series 2014E Master Obligation to the Lender to provide payment for, and secure payment of, the Series 2014E Bond and (b) the Series 2014A-D Master Obligations created by the Supplemental Indenture in favor of the Bond Trustee in the principal amount of the Series 2014 Bonds and

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cause the Master Trustee to deliver the Series 2014A-D Master Obligations to the Bond Trustee to provide payment for, and secure payment of, the Series 2014 Bonds; and

WHEREAS, to secure its obligations to pay principal of, premium, if any, and interest on the Series 2014 Bonds, the Issuer has agreed (i) to assign and pledge to the Bond Trustee, and grant a first priority security interest to the Bond Trustee in, all of its right, title, and interest in this Agreement (except for the Unassigned Rights, as defined herein) pursuant to the Bond Indenture, and (ii) to assign and endorse the Series 2014 Notes and all revenues, payments, receipts and moneys to be received and held thereunder (excluding the Unassigned Rights) to the order of the Bond Trustee, which assigns and endorses the same to the order of the Master Trustee in consideration of the issuance of the Series 2014 Master Obligations to the Bond Trustee with respect to the Series 2014 Bonds; and

WHEREAS, the Issuer hereby finds and determines that the refunding of the Bank Loan and the financing of the Project in the manner described above will further the purposes and policies of the Act; and

NOW, THEREFORE, IN CONSIDERATION OF the respective representations and agreements hereinafter contained, the parties hereto agree as follows, provided, that in the performance of the agreements of the Issuer herein contained, any obligation the Issuer may thereby incur for the payment of money will not be a debt or charge against the general credit or taxing powers of the Issuer within the meaning of any constitutional or charter provision or statutory limitation and may not give rise to any pecuniary liability of the Issuer, but will be a limited obligation of the Issuer payable solely from the revenues, receipts and other payments derived from this Agreement, the Bond Indenture, the Series 2014A-D Notes and the sale of the Series 2014 Bonds referred to herein and insurance proceeds, foreclosure proceeds, proceeds from released property and condemnation awards as herein provided:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

“Account” means any account established within a Fund.

“Accountant” means a certified public accountant, or a firm of certified public accountants, who or which is “independent” as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote his or its full time to the Obligor or its Affiliates (but who or which may be regularly retained by the Obligor or its Affiliates).

“Act” means the Maryland Economic Development Revenue Bond Act, being Sections 12-101 through 12-118 of the Economic Development Article of the Annotated Code of Maryland (2008 Replacement Volume, 2013 Supplement), as amended.

“Additional Bonds” means the one or more series of additional bonds authorized to be issued by the Issuer pursuant to Sections 2.09 and 2.10 of the Bond Indenture.

“Administration Expenses” means any reasonable and necessary fees and expenses incurred by the Issuer or the Bond Trustee pursuant to this Agreement and the Bond Indenture, including, but not limited to, the amounts described in Section 5.7 hereof.

“Affiliate” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“Aggregate Principal Amount” means the outstanding principal amount plus, in the case of a security sold at a discount to the purchaser thereof the accreted value of such discount calculated in accordance with the documents authorizing such security, or if not so defined, generally accepted accounting principles.

“Agreement” or “Loan Agreement” means this Loan Agreement and any amendments and supplements hereto made in conformity herewith and with the Bond Indenture.

“Applicable Procedures” means, with respect to any payment, tender, redemption, transfer or exchange of or for beneficial interests in any book-entry Bond, the rules and procedures of DTC that apply to such payment, tender, redemption, transfer or exchange.

“Architect” means, initially, Reese, Lower, Patrick & Short, Ltd. (for all phases of the Project except the detached and duplex homes) and D.W. Taylor Associates, Inc. (for the detached and duplex homes) and thereafter an independent architect or engineer or firm of architects or engineers which is appointed by the Obligor for the purpose of passing on questions relating to the design and construction of a Project or any Capital Addition, has all licenses and certifications necessary for the performance of such services, has a favorable reputation for skill and experience in performing similar services in respect of facilities of a comparable size and nature, and is not unsatisfactory to the Underwriter, the Construction Monitor or the Bond Trustee.

“Authorized Denominations” means, with respect to the Series 2014 Bonds, the denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof and, with respect to any series of Additional Bonds, as provided in the supplemental indenture creating such series of Additional Bonds.

“Authorized Obligor Representative” means the person or persons designated to act on behalf of the Obligor by written certificate furnished to the Issuer and the Bond Trustee, containing the specimen signature of such person and signed on behalf of the Obligor by the

Obligated Group Representative. Such certificate or any subsequent or supplemental certificate so executed may designate an alternate or alternates.

“Bank Loan” means the line of credit in the maximum principal amount of \$13,900,000 extended by Citizens Bank of Pennsylvania to the Obligor and CLV, as co-obligors, pursuant to the Amended and Restated Line of Credit Loan Agreement dated as of December 31, 2013.

“Bond Counsel” means Whiteford, Taylor & Preston L.L.P. or such other nationally recognized bond counsel as may be selected by the Obligor and reasonably acceptable to the Issuer.

“Bond Documents” means, collectively, the Bond Indenture, the Disbursement Agreement and the Obligor’s Documents.

“Bond Fund” means the Bond Fund created in Section 3.02 of the Bond Indenture.

“Bond Indenture” means the Bond Trust Indenture of even date herewith relating to the Bonds between the Issuer and the Bond Trustee, including any indentures supplemental thereto made in conformity therewith.

“Bond Year” means with respect to the Series 2014 Bonds each one-year period ending on the anniversary of the date of delivery of the Series 2014 Bonds or such other period as may be elected by the Obligor in accordance with the Regulations and notice of which election has been given to the Bond Trustee.

“Bondholder” or “owner” of the Bonds means the Registered Owner of any fully registered Bond.

“Bonds” means the Series 2014 Bonds and any Additional Bonds issued pursuant to the Bond Indenture.

“Bond Trustee” means Manufacturers and Traders Trust Company, being the registrar, a paying agent and the trustee under the Bond Indenture, until a successor replaces it and thereafter any successor corporate trustee appointed and serving as such under the Bond Indenture.

“Business Day” means any day other than (i) a Saturday, a Sunday or, in the City of New York, New York, or in Baltimore, Maryland (or, if different, in the city in which the designated corporate trust office of the Bond Trustee is located), a day on which banking institutions are authorized or required by law or executive order to close, or (ii) a day on which the New York Stock Exchange is closed.

“Capital Additions” means all property or interests in property, real, personal and mixed (a) which constitute additions, improvements or extraordinary repairs to or replacements of all or any part of the Mortgaged Property (as defined in the Master Indenture), and (b) the cost of which is properly capitalized under GAAP (as defined in the Master Indenture).

“Certificate of Occupancy” means a certificate of occupancy issued for the residential units in the Project.

“Certified Resolution” means a resolution duly adopted by the Governing Body, certified by an authorized signatory.

“CLV” means Carroll Lutheran Village, Inc., a Maryland nonstock corporation, and any and all successors thereto. CLV is the sole member of the Obligor.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Certificate” means a certificate of the Obligor delivered pursuant to Section 4.2(b) hereof.

“Completion Date” means the date specified in the Completion Certificate as the date of completion or termination of the Project.

“Construction Contract” means, collectively, the agreements by and between each Contractor and the Obligor.

“Construction Fund” means the construction fund created under Section 3.06 of the Bond Indenture and any construction fund created in connection with an issue of Additional Bonds under Section 2.09 of the Bond Indenture.

“Construction Monitor” means zumBrunnen and its successors and assigns.

“Contractor” means, collectively, Harkins Builders, Inc. and Williamsburg Group, LLC and their successors and assigns.

“Corporate Trust Office” of the Bond Trustee shall be the office of the Bond Trustee at which the Bond Indenture shall be principally administered, which at the date hereof is Manufacturers and Traders Trust Company, 25 South Charles Street, 11th Floor MC MD2-CS58, Baltimore, Maryland 21201, Attn: Corporate Trust Department, or such other address as to which the Bond Trustee may give notice to the Issuer and the Obligor.

“Cost” or “Costs” as applied to a Project means and includes any and all costs of such Project, subject to the limits of the Act and, in each instance, subject to the limitations or restrictions set forth in the Tax Agreement, and, without limiting the generality of the foregoing, shall include the following:

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

(b) the cost of the acquisition, construction, development, repair, renovation, remodeling or improvement of all buildings and structures to be used as or in conjunction with such Project, including all acquisition, construction and installation costs required to provide utility services or other similar facilities and all labor costs relating thereto;

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

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

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

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

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

(h) all direct and indirect costs of the Issuer incurred in connection with providing such Project;

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

(j) the cost of working capital during construction and fill up of the Project; and

(k) payment to the Obligor of such amounts, if any, as should be necessary to reimburse the Obligor in full for all advances of payments made by it for any of the items set forth in (a) through (j) above.

“Costs of Issuance” means all costs and expenses incurred by the Issuer or the Obligor in connection with the issuance and sale of the Bonds, including without limitation (a) reasonable fees and expenses of accountants, attorneys, engineers and financial advisors, (b) materials, supplies and printing and engraving costs, (c) recording and filing fees and (d) rating agency fees.

“Costs of Issuance Fund” means the costs of issuance fund created under Section 3.17 of the Bond Indenture.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created in Section 3.08 of the Bond Indenture.

“Debt Service Reserve Fund Obligations” means cash and Permitted Investments.

“Debt Service Reserve Fund Requirement” means (a) with respect to the Series 2014A Bonds for deposit to the Series 2014A Account, \$_____, which is equal to the least of (i) Maximum Annual Debt Service on the Series 2014A Bonds, (ii) 125% of average annual debt service on the Series 2014A Bonds and (iii) 10% of the aggregate principal amount of the Series 2014A Bonds, calculated on the basis of each Bond Year (provided, however, that if the Series 2014A Bonds have original issue discount or premium that exceeds two percent (2%) of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriters’ compensation, the issue price shall be used in lieu of the stated principal amount for purposes of the 10% limitation); (b) with respect to the Series 2014B Bonds for deposit to the Series 2014B Account, \$_____, which is equal to one year’s maximum interest on the Series 2014B Bonds; (c) with respect to the Series 2014C Bonds for deposit to the Series 2014C Account, \$_____, which is equal to one year’s maximum interest on the Series 2014C Bonds; and (d) with respect to the Series 2014D Bonds for deposit to the Series 2014D Account, \$_____, which is equal to one year’s maximum interest on the Series 2014D Bonds. The sum of the amounts set forth in (a), (b), (c) and (d) (\$____ plus \$____ plus \$____ plus \$____) is less than the least of (a)(i), (ii) and (iii) if applied to the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, collectively.

“Deed of Trust” means the Deed of Trust, Security Agreement and Fixture Filing dated as of August 1, 2014, between the Obligor and the individual trustees named therein which grants a lien on and a security interest in the Premises and the Facilities and a security interest in the Equipment and other personal property as security for the obligations of the Obligor under the Series 2014 Bonds and the related documents.

“default” means any event that, with the passage of time or the giving of notice or both, would be an Event of Default.

“Delivery Date” means the date the Series 2014 Bonds are delivered to the initial purchasers against payment therefor.

“Disbursement Agreement” means the Construction Disbursement and Monitoring Agreement dated as of August 1, 2014 among the Obligor, the Construction Monitor, the Bond Trustee and the Lender.

“Entrance Fee Redemption Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Entrance Fee Redemption Date” means each January 1, April 1, July 1 and October 1 following an Entrance Fee Transfer Date.

“Entrance Fee Transfer Date” means each March 15, June 15, September 15 and December 15 prior to the termination of the Entrance Fee Fund pursuant to Section 2.01 in the Supplemental Indenture.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Equipment” means the equipment, machinery, furnishings and other personal property of the Obligor located on the Premises and all replacements, substitutions and additions thereto.

“Event of Default” means those defaults specified in Section 8.01 of the Bond Indenture.

“Expansion” means such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes in, on or to any Project permitted as a “facility” under the Act as the Obligor deems necessary or desirable, provided such Expansion does not materially impair the effective use of such Project.

“Facilities” means the continuing care retirement community known as “Miller’s Grant” under development by the Obligor, to be located on the Premises, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas, as the same may be expanded, modified or further improved.

“Fitch” means Fitch Ratings, or any successor thereto maintaining a rating on the Bonds.

“Funded Interest Account” means the account of such name in the Construction Fund created in Section 3.06 of the Bond Indenture.

“Funds” means the Bond Fund, the Debt Service Reserve Fund, the Construction Fund and the Costs of Issuance Fund.

“Governing Body” means, with respect to the Issuer, the Mayor and Common Council of the Issuer and, with respect to the Obligor, the Board of Directors of the Obligor.

“Government Obligations” means direct obligations of, or obligations the full and timely principal of and interest on which are guaranteed by, the United States of America.

“Governmental Unit” shall have the meaning set forth in Section 150 of the Code.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Premises or the Facilities or to persons on or about the Premises or the Facilities or (ii) cause the Premises or the Facilities to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substances” or words of similar import under any Environmental Regulation including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; and any applicable State environmental statutes, rules and regulations; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Premises

or the Facilities or the owners and/or occupants of property adjacent to or surrounding the Premises or the Facilities, or any other person coming upon the Premises or the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Holder” or “holder” or “Owner” or “owner” means the registered owner of any Bond.

“Interest Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Interest Payment Date” means (a) as to the Series 2014 Bonds, each July 1 and January 1, commencing January 1, 2015; and (b) as to Additional Bonds, the periods specified in the applicable supplemental indenture on which interest on such Additional Bonds is to be paid.

“Issuer” means The Mayor and Common Council of Westminster, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State, and its successors and assigns.

“Issuer Representative” means the Mayor of the Issuer, the City Administrator of the Issuer or such other person or persons designated by the Mayor of the Issuer by executive order or otherwise to act on behalf of the Issuer and identified by written certificate of the Issuer furnished to the Obligor and the Bond Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Mayor of the Issuer. Such certificate may designate an alternate or alternates.

“Issuer’s Fees and Expenses” means those reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Bond Trustee to prepare audits, financial statements, reports or opinions or provide such other services required under the Bond Indenture and this Agreement and all taxes and assessments of any type or character charged to the Issuer affecting the amount available to the Issuer from payments to be received under the Bond Indenture or this Agreement or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Obligor shall have the right to protest any such taxes or assessments and to require the Issuer, at the Obligor’s expense, to protest and contest any such taxes or assessments levied upon it, and the Obligor shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer.

“Lender” means Branch Banking and Trust Company, as the purchaser of the Series 2014E Bond, and its successors or any transferee of the Series 2014E Bond.

“Loan and Financing Agreement” means the Loan and Financing Agreement dated as of July 1, 2014 among the Issuer, the Obligor and the Lender pursuant to which the Series 2014E Bond is issued, including any supplements or amendments thereto and modifications thereof.

“Master Indenture” means the Master Trust Indenture dated as of August 1, 2014, between the Obligor and the Master Trustee, including any supplements or amendments thereto and modifications thereof.

“Master Obligations” means any promissory note, guaranty, lease, contractual agreement to pay money or other obligation of any Obligated Group Member which is authenticated and delivered pursuant to the Master Indenture and which is entitled to the benefits of the Master Indenture, including, without limitation, the Series 2014 Master Obligations.

“Master Trustee” means Manufacturers and Traders Trust Company, as trustee under the Master Indenture, until it is replaced and thereafter its successors as master trustee thereunder.

“Maximum Annual Debt Service” means the highest annual debt service requirement for the current or any succeeding fiscal year on the Series 2014A Bonds and any other long-term debt on a parity with the Series 2014A Bonds; provided that the amount due in the 12-month period preceding maturity of the Series 2014 Bonds shall be excluded from the calculation to the extent moneys are on deposit as of the date of calculation in the applicable Reserve Account.

“Moody’s” shall mean Moody’s Investors Service, or any successor thereto maintaining a rating on the Bonds.

“Obligated Group Members” has the meaning given such term in the Master Indenture.

“Obligated Group Representative” means (a) the Obligor and (b) any surviving, resulting or transferee corporation.

“Obligor” means The Lutheran Village at Miller’s Grant, Inc., a Maryland nonstock corporation, and any and all successors thereto in accordance with the Master Indenture.

“Obligor’s Documents” means, collectively, this Agreement, the Series 2014 Notes, the Master Indenture, the Series 2014 Master Obligations, the Deed of Trust, the Tax Agreement, the Bond Purchase Agreement, the Bond Placement Agreement and the Continuing Disclosure Certificate.

“Officer’s Certificate” means a certificate signed, in the case of a certificate delivered by the Obligor, by the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the President, any Vice President, the Director of Finance or any other Authorized Obligor Representative or in the case of a certificate delivered by any other corporation, by the President, any Vice President, the Chief Operating Officer, the Chief Financial Officer, the Director of Finance or any other officer or agent authorized to sign by resolution of the Governing Body of such corporation or, in the case of a certificate delivered by any other Person, the chief executive or chief financial officer of such other Person.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by Bond Counsel.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys who may be counsel to the Obligor or other counsel acceptable to the Bond Trustee.

“Outstanding” means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Bond Trustee under the Bond Indenture, except:

(a) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or Government Obligations to the extent permitted in Section 7.01 of the Bond Indenture) shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Bond Trustee shall have been filed with the Bond Trustee; and provided further that prior to such payment or redemption, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of transfers and exchanges under Section 2.05 of the Bond Indenture; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.06 of the Bond Indenture.

“Paying Agent” means any bank or trust company, including the Bond Trustee, designated pursuant to the Bond Indenture to serve as a paying agency or place of payment for the Bonds, and any successor designated pursuant to the Bond Indenture.

“Payment Office” with respect to the Bond Trustee or other Paying Agent means the office maintained by the Bond Trustee or any affiliate of the Bond Trustee or of another Paying Agent for the payment of interest and principal on the Bonds.

“Permitted Investments” has the meaning assigned to such term in the Master Indenture.

“Person” means an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof or any other entity.

“Plans and Specifications” means the plans and specifications for a Project prepared by an Architect.

“Premises” means the real estate described in Exhibit A attached to the Deed of Trust, constituting approximately 50 acres in Howard County, Maryland, which, by this reference thereto, is incorporated herein.

“Principal Account” means the account of such name in the Bond Fund created in Section 3.02 of the Bond Indenture.

“Project” means the facilities to be financed with the proceeds of the Series 2014 Bonds as described in Exhibit A hereto and any Capital Addition to be financed by Additional Bonds. References to “a Project” or “such Project” shall be deemed to refer to the components of the Project being financed from proceeds of the Bonds.

“Project Account” means the account of such name in the Construction Fund created in Section 3.06 of the Bond Indenture.

“Rating Agency” means Fitch, Moody’s or Standard & Poor’s, and any successor thereto.

“Rebate Fund” means that fund established in the name of the Issuer with the Bond Trustee pursuant to Section 3.16 of the Bond Indenture.

“Registered Owner” or “Owners” means the person or persons in whose name or names a Bond shall be registered on books of the Issuer kept by the Bond Trustee for that purpose in accordance with the terms of the Bond Indenture.

“Regular Record Date” means (a) for the Series 2014 Bonds, the June 15 or December 15 preceding each regularly scheduled Interest Payment Date therefor and the March 15, June 15, September 15 or December 15 preceding each Entrance Fee Redemption Date, and (b) for Additional Bonds, the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

“Regulations” means the applicable proposed, temporary or final Income Tax Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Account” means, collectively, the Series 2014A Account, the Series 2014B Account, the Series 2014C Account and the Series 2014D Account within the Debt Service Reserve Fund created pursuant to Section 3.08 of the Bond Indenture.

“Responsible Officer” when used with respect to the Bond Trustee means an officer in the Corporate Trust Department of the Bond Trustee having direct responsibility for administration of the Bond Indenture and any other officer of the Bond Trustee to whom such matter is referred because of such person’s knowledge of and familiarity with the particular subject.

“Securities Depository” means The Depository Trust Company, New York, New York, and any successor thereto as permitted by the Bond Indenture.

“Senior Secured Bonds” means, collectively, the Series 2014 Bonds and the Series 2014E Bond.

“Series 2014 Bonds” means, collectively, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds.

“Series 2014 Master Obligations” means, collectively, the Series 2014A Master Obligation, the Series 2014B Master Obligation, the Series 2014C Master Obligation, the Series 2014D Master Obligation and the Series 2014E Master Obligation.

“Series 2014 Notes” means the Series 2014A-D Notes and the Series 2014E Note.

“Series 2014A Bonds” means The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014A issued pursuant to the Bond Indenture.

“Series 2014A Master Obligation” means the Master Obligation relating to the Series 2014A Bonds issued by the Obligated Group pursuant to the Supplemental Indenture.

“Series 2014A-D Master Obligations” means the Series 2014A Master Obligation, the Series 2014B Master Obligation, the Series 2014C Master Obligation and the Series 2014D Master Obligation.

“Series 2014A-D Notes” means the promissory notes payable to the Issuer to evidence the obligation of the Obligor to make payments pursuant to this Agreement, which the Issuer will assign to the Bond Trustee (excluding the Unassigned Rights) as security for the Series 2014 Bonds and which the Bond Trustee will assign to the Master Trustee (excluding the Unassigned Rights) in exchange for the issuance of the Series 2014A-D Master Obligations to the Bond Trustee with respect to the Series 2014 Bonds.

“Series 2014B Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B issued pursuant to the Bond Indenture.

“Series 2014B Master Obligation” means the Master Obligation relating to the Series 2014B Bonds issued by the Obligated Group pursuant to the Supplemental Indenture.

“Series 2014C Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C issued pursuant to the Bond Indenture.

“Series 2014C Master Obligation” means the Master Obligation relating to the Series 2014C Bonds issued by the Obligated Group pursuant to the Supplemental Indenture.

“Series 2014D Bonds” means The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D issued pursuant to the Bond Indenture.

“Series 2014D Master Obligation” means the Master Obligation relating to the Series 2014D Bonds issued by the Obligated Group pursuant to the Supplemental Indenture.

“Series 2014E Bond” means The Mayor and Common Council of Westminster Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E issued pursuant to the Loan and Financing Agreement.

“Series 2014E Bondholder” means Branch Banking and Trust Company, its successors and assigns, including any transferee of the Series 2014E Bond.

“Series 2014E Master Obligation” means the Master Obligation relating to the Series 2014E Bond issued by the Obligated Group pursuant to the Supplemental Indenture.

“Series 2014E Note” means the promissory note payable to the Issuer to evidence the obligation of the Obligor to make payments pursuant to the Loan and Financing Agreement, which the Issuer has assigned to the Lender (excluding the Unassigned Rights) as security for the Series 2014E Bond and which the Lender will assign to the Master Trustee (excluding the Unassigned Rights) in exchange for the issuance of the Series 2014E Master Obligation to the Lender with respect to the Series 2014E Bond.

“Special Record Date” means a special date fixed to determine the names and addresses of owners of Series 2014 Bonds for purposes of paying defaulted interest on a special interest payment date, all as further provided in Section 2.03 of the Bond Indenture and for Additional Bonds shall be the day established by the supplement to the Bond Indenture relating to such Additional Bonds.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., or any successor thereto maintaining a rating on the Bonds.

“State” means the State of Maryland.

“Supplemental Indenture” means the Supplemental Indenture Number 1, dated as of August 1, 2014, by the Obligor executed and delivered to the Master Trustee, supplemental to the Master Indenture, providing for the issuance of the Series 2014 Master Obligations and certain other obligations, including any supplements or amendments thereto and modifications thereof.

“Surplus Construction Fund Moneys” means all moneys (including moneys earned pursuant to the provisions of Article VI of the Bond Indenture) remaining in the Construction Fund after completion of a Project (as evidenced by a Completion Certificate) and payment of all other costs then due and payable from the Construction Fund.

“Tax Agreement” means the Nonarbitrage Certificate and Tax Compliance Agreement dated the date of issuance of the Series 2014 Bonds, by and between the Obligor and the Issuer.

“Tax Exempt Bonds” means the Series 2014 Bonds and any Additional Bonds the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes.

“Tax Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxes under Section 501(a) of the Code or corresponding provisions of federal income tax laws from time to time in effect.

“Trust Estate” means the property pledged and assigned to the Bond Trustee pursuant to the granting clauses of the Bond Indenture.

“Unassigned Rights” means all of the rights of the Issuer under this Agreement to receive reimbursements of amounts expended by the Issuer and payments payable to the Issuer, to receive opinions, notices, reports and other statements, to be held harmless and indemnified, to enter the Facilities and examine the books and records of the Obligor, to enforce the Unassigned

Rights, and with respect to limited liability, including all such rights as secured by the Series 2014 Notes.

“Underwriter” means Herbert J. Sims & Co., Inc., as the underwriter of the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds.

[End of Article I]

**ARTICLE II
REPRESENTATIONS**

Section 2.1. Representations by the Issuer. The Issuer represents that:

The Issuer hereby finds and determines that:

(a) The Issuer is a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State;

(b) The Issuer is authorized under the Act to issue the Series 2014 Bonds and loan the proceeds thereof to the Obligor, and the Issuer is duly authorized to enter into this Agreement, the Bond Indenture and the Series 2014 Bonds and the transactions contemplated hereby and thereby and to perform all of its obligations hereunder and thereunder;

(c) The Issuer has duly authorized the issuance of the Series 2014 Bonds and the execution and delivery of this Agreement and the Bond Indenture under the terms and provisions of a resolution of the Issuer. The Issuer has taken all necessary action and has complied with all provisions of the Act, including, but not limited to, the making of the findings required by the Act, required to make the Series 2014 Bonds, this Agreement and the Bond Indenture the valid and binding obligations of the Issuer, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights;

(d) There are no actions, suits, proceedings, inquiries or investigations pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer in any court or by or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Agreement or which, in any way, would adversely affect the validity or enforceability of the Series 2014 Bonds, the Bond Indenture, this Agreement, the Series 2014A-D Master Obligations or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby, nor is the Issuer aware of any facts or circumstances presently existing which would form the basis for any such actions, suits or proceedings;

(e) Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor the offer, issue, sale or delivery of the Series 2014 Bonds is such as to require the consent, approval, permission, order, license or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery and performance of the Bond Indenture, this Agreement or the Series 2014 Bonds or the endorsement of the Series 2014A-D Notes (excluding the Unassigned Rights) to the order of the Bond Trustee, the consummation of any transaction therein contemplated, or the offer, issue, sale or delivery of the Series 2014 Bonds, except as shall have been obtained or made and as are in full force and effect, other than the recording of the Deed of Trust and the filing of financing statements or instruments effective as financing statements perfecting the security interests created by the Deed of Trust; provided that, no representation is made as to compliance with any blue sky, legal investment or similar laws in connection with the underwriting or sale of the Series 2014 Bonds.

(f) To the knowledge of the Issuer, no event has occurred and no condition exists which would constitute an Event of Default or which, with the lapse of time or with the giving of notice or both, would become an Event of Default. To the knowledge of the Issuer, the Issuer is not in default or violation in any material respect under the Act or under any charter, bylaw or other agreement or instrument to which it is a party or by which it may be bound;

(g) None of the Bond Indenture, this Agreement, the Series 2014 Bonds, the endorsement of the Series 2014A-D Notes (excluding the Unassigned Rights) to the order of the Bond Trustee, or any payments to be received by the Issuer under the Bond Indenture, this Agreement, the Series 2014A-D Notes or the Series 2014A-D Bonds has been mortgaged, pledged or hypothecated by the Issuer in any manner or for any purpose or has been the subject of a grant of a security interest by the Issuer other than as provided in the Bond Indenture as security for the payment of the Bonds;

(h) The representations of the Issuer contained in this Agreement and any certificate, document, written statement or other instrument furnished to the Bond Trustee or the Underwriter by or on behalf of the Issuer in connection with the transactions contemplated hereby do not contain any untrue statement of a material fact relating to the Issuer and do not omit to state a material fact relating to the Issuer necessary in order to make the statements contained herein and therein relating to the Issuer not misleading;

(i) The Project constitutes a "facility" within the meaning of the Act;

(j) All acts, conditions and things required to exist, happen and be performed by the Issuer precedent to and in the execution and delivery by the Issuer of the Series 2014 Bonds do exist, have happened and have been performed in due time, form and manner as required by law; the issuance of the Series 2014 Bonds, together with all other obligations of the Issuer, do not exceed or violate any constitutional or statutory limitation;

(k) The Issuer hereby covenants and agrees to comply with all requirements of the Code (to the extent within its control or direction), compliance with which subsequent to the issuance of the Series 2014 Bonds is necessary for the interest on the Tax Exempt Bonds to be, and to remain, excluded from the gross income of the owners thereof for federal income tax purposes and not to take any actions that would adversely affect such exclusion under the provisions of the Code.

Section 2.2. Representations by the Obligor. The Obligor represents and warrants to the Issuer that, as of the date of execution of this Agreement and as of the date of delivery of the Series 2014 Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Series 2014 Bonds or any investigations by or on behalf of the Issuer or the results thereof):

(a) The Obligor is a nonstock corporation duly incorporated and in good standing under the laws of the State of Maryland, is qualified to conduct business in the State of Maryland, has full legal right, power and authority to enter into this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, and to carry out and consummate all transactions contemplated hereby and

by the Bond Indenture, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, and by proper corporate action has duly authorized the execution, delivery and performance of this Agreement and the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations.

(b) The officers of the Obligor executing this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations are duly and properly in office and fully authorized to execute the same.

(c) This Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations have been duly authorized, executed and delivered by the Obligor.

(d) This Agreement, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, when assigned to or issued to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Obligor enforceable against the Obligor by the Bond Trustee in accordance with their terms for the benefit of the Owners of the Series 2014 Bonds, and any rights of the Issuer and obligations of the Obligor not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of the Obligor enforceable against the Obligor by the Issuer in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Obligor, its bylaws, any applicable law or administrative rule or regulation, any applicable court or administrative decree or order or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Obligor is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Obligor, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations or the financial condition, assets, properties or operations of the Obligor.

(f) No consent or approval of any trustee or holder of any indebtedness of the Obligor or any guarantor of indebtedness of or other provider of credit or liquidity of the Obligor, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D

Master Obligations, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Obligor, after reasonable investigation, threatened, against or affecting the Obligor or the assets, properties or operations of the Obligor which, if determined adversely to the Obligor or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Agreement, the Bond Indenture, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations, or upon the financial condition, assets, properties or operations of the Obligor, and the Obligor is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations or the financial condition, assets, properties or operations of the Obligor. All tax returns (federal, state and local) required to be filed by or on behalf of the Obligor have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Obligor in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(h) No written information, exhibit or report furnished to the Issuer by the Obligor in connection with the negotiation of this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) As of the date of this Agreement, (i) the Obligor is a Tax Exempt Organization, for federal income tax purposes, (ii) the Obligor has received a determination letter from the Internal Revenue Service to the effect that it is a Tax Exempt Organization, (iii) the Obligor is in full compliance with all terms, conditions and limitations, if any, contained in such determination letter, (iv) such status as a Tax Exempt Organization has not been adversely modified, limited or revoked, (v) the facts and circumstances which formed the basis for the status of the Obligor, as represented to the Internal Revenue Service in the Obligor's application for a determination letter, either substantially exist for the Obligor or differ in a manner consistent with the requirements of Section 501(c)(3) of the Code and (vi) the financing, ownership and operation of the Project as contemplated by the Bond Indenture and this Agreement do not adversely affect the status of the Obligor as a Tax Exempt Organization.

(j) The Obligor has good and marketable title to the Premises and the Facilities free and clear from all encumbrances other than Existing Liens, as described on Exhibit A to the Master Indenture.

**ARTICLE III
TERM OF AGREEMENT**

Section 3.1. Term of this Agreement. Subject to Section 11.12 herein and those obligations that survive by their terms, this Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or provision made for such payment pursuant to the Bond Indenture and all reasonable and necessary fees and expenses of the Bond Trustee and the Issuer accrued and to accrue through final payment of the Bonds and all liabilities of the Obligor with respect to the Bonds accrued and to accrue through final payment of the Bonds have been paid.

[End of Article III]

(k) The Obligor complies and covenants to comply in all material respects with all applicable Environmental Regulations.

(l) Neither the Obligor nor the Project are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(m) The Obligor does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(n) The representations, warranties and covenants of the Obligor set forth in the Tax Agreement are incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein.

[End of Article II]

**ARTICLE IV
ISSUANCE OF THE BONDS;
CONSTRUCTION OF THE PROJECT; DISBURSEMENTS**

Section 4.1. Agreement to Issue Bonds. In order to provide funds to pay Costs of the Project, pay Costs of Issuance and fund reserves and working capital, the Issuer agrees that it will issue, sell and deliver to the Underwriter the Series 2014 Bonds in the aggregate principal amount of \$ _____. The proceeds of the Series 2014 Bonds shall be deposited as follows:

(a) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014A Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the applicable Reserve Account the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture; and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(b) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014B Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the applicable Reserve Account the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture; and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(c) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014C Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the applicable Reserve Account the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture; and

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(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(d) The Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2014D Bonds and will deliver the proceeds thereof to the Bond Trustee for disposal as follows:

(i) Deposit into the applicable Reserve Account the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(ii) Deposit into the Costs of Issuance Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iii) Deposit into the Funded Interest Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(iv) Deposit into the Project Account of the Construction Fund for transfer to Citizens Bank of Pennsylvania for repayment of the Bank Loan the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture;

(v) Deposit with the Master Trustee for deposit into the Working Capital Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture; and

(vi) Deposit into the Project Account of the Construction Fund the amount specified in the request and authorization to the Bond Trustee described in Section 2.07(d) of the Bond Indenture.

(e) The Issuer agrees to authorize the issuance of Additional Bonds upon the terms and conditions provided herein and in Sections 2.09 and 2.10 of the Bond Indenture. Additional Bonds may be issued to provide funds (i) to pay the Cost of financing and refinancing Expansions, (ii) to pay the Cost of financing, refinancing, acquiring, providing, constructing, enlarging, remodeling, renovating, improving, furnishing or equipping and refinancing the acquiring, constructing, equipping or completing of any Project, (iii) to the extent permitted by law, to refund any Bonds theretofore issued and then Outstanding under the Bond Indenture or (iv) for any combination of such purposes. In the event of the issuance of Additional Bonds for any such purposes, the amount of Additional Bonds issued may include the costs of the issuance and sale of the Additional Bonds, capitalized interest for such period allowed by law, reserve funds and such other costs reasonably related to the financing as shall be agreed upon by the Obligor and the Issuer.

(f) If the Obligor is not in default hereunder, the Issuer agrees, on request of the Obligor, from time to time, to consider issuing the amount of Additional Bonds specified by the

Obligor, provided that the decision to issue or not issue such Additional Bonds shall be in the sole discretion of the Issuer, and provided further that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved in writing by the Obligor, and provided further that (i) the Obligor and the Issuer shall have entered into an amendment to this Agreement to provide, among other things, that the Project shall include the facilities, if any, being financed by the Additional Bonds, for additional loan payments in an amount at least sufficient to pay principal of, premium, if any, and interest on the Additional Bonds when due, and for a deposit into the Debt Service Reserve Fund of additional Debt Service Reserve Fund Obligations which, together with amounts at that time contained in the Debt Service Reserve Fund, will equal the Debt Service Reserve Fund Requirement on all Bonds Outstanding at the date of issuance of such series of Additional Bonds, and (ii) the Obligor and the Master Trustee shall have entered into a supplement to the Master Indenture whereby the Obligor issues a Master Obligation securing payment of the principal of, premium, if any, and interest on the Additional Bonds. The Issuer agrees to comply with Sections 2.09 and 2.10 of the Bond Indenture with respect to the issuance of Additional Bonds.

Section 4.2. Agreement to Construct Project; Completion Certificate.

(a) The Obligor shall cause the Project to be acquired, constructed and improved with due diligence and pursuant to the requirements of the applicable laws of the State in all material respects.

(b) The Obligor shall deliver to the Bond Trustee within 90 days after the final completion of the Project a certificate (the "Completion Certificate") of the Obligor to the effect that:

(i) The Project has been completed substantially in accordance with the Plans and Specifications, as then amended, and the date of completion;

(ii) The Cost of the Project has been fully paid for and no claim or claims exist against the Obligor or against the Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Obligor intends to contest such claim or claims in accordance with this Agreement, in which event such claim or claims shall be described; provided, further, that it shall be stated that moneys are on deposit in the Construction Fund sufficient to make payment of the full amount that might in any event be payable in order to satisfy such claim or claims; provided, further, that there may also be excepted from the foregoing statement any claim that has been insured over pursuant to an endorsement to any title insurance; and

(iii) All permits, certificates and licenses necessary for the occupancy and use of the Project have been obtained and are in full force and effect.

Section 4.3. Cost of Construction. The Obligor represents and warrants that it will use its best efforts to construct or cause the construction of each Project at a price which will permit

completion of each Project within the amount of the funds to be deposited in the Construction Fund and within the amount of other available funds of the Obligor. The Obligor will not permit any mechanic's or materialman's or other liens to be filed or remain against any improvements for labor or materials furnished in connection with the construction and installation of any improvements, provided it will not constitute an Event of Default hereunder upon such lien being filed, if the Obligor promptly notifies the Bond Trustee and the Master Trustee of any such liens and the Obligor in good faith contests such liens in accordance with Section 4.7 hereof; and in such event the Obligor may permit the liens so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

Section 4.4. Plans; Modifications of a Project. The Obligor hereby covenants and agrees that no changes or modifications, substitutions, deletions or additions shall be made with respect to a Project if such change, modification, substitution, deletion or addition disqualifies such Project under the Act or under the organizing documents of the Issuer.

Section 4.5. Compliance with Regulatory Requirements; Draw on Operating Reserve Fund.

(a) The Obligor agrees that each Project shall be constructed strictly in accordance with all applicable ordinances and statutes and in accordance with the requirements of all regulatory authorities in all material respects and any rating or inspection organization, bureau, association or office having jurisdiction, and it will furnish to the Issuer all information necessary for the Issuer to comply with all of the foregoing and all laws, regulations, orders and other governmental requirements.

(b) The Obligor shall, at no expense to the Issuer, promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Obligor or to its facilities and operations, including, without limitation, the Continuing Care Act (as defined in the Master Indenture). The Obligor shall cause the Operating Reserve Fund (as defined in the Master Indenture) to be maintained and funded in an amount which, together with other moneys available to it, shall satisfy all of the Obligor's requirements under the Continuing Care Act.

(c) The Obligor shall not draw upon the Operating Reserve Fund until the Liquidity Support Fund and the Working Capital Fund (each as defined in the Master Indenture) are depleted.

Section 4.6. Requests for Disbursements.

(a) The Obligor shall be entitled to disbursements of moneys in the Project Account of the Construction Fund to pay the Costs related to the Project. Requests for disbursements from the Project Account of the Construction Fund by the Obligor are to be made to the Bond Trustee in accordance with the Disbursement Agreement. The Obligor shall comply with all the requirements of the Disbursement Agreement.

(b) The Obligor shall be entitled to disbursement of moneys in the Costs of Issuance Fund to pay the Costs of Issuance. The Obligor shall request disbursements from the Costs of

Issuance Fund on the form attached hereto as Exhibit B to pay Costs of Issuance and to reimburse itself for Costs of Issuance paid by the Obligor upon presentation to the Bond Trustee of a request for disbursement signed by the Obligor, but in no event more often than four times a month.

(c) Notwithstanding the foregoing, the Obligor shall make no request for disbursement of moneys from any Account of the Construction Fund other than the Costs of Issuance Account for payment of Costs of Issuance.

Section 4.7. Contest of Liens. Section 4.3 of this Agreement permits the Obligor to contest certain liens. In order to contest any such liens, the Obligor will furnish the Master Trustee with a bond or cash deposit equal to at least the amount so contested and with an Opinion of Counsel reasonably acceptable to the Master Trustee stating that by nonpayment of any such items the lien of the Deed of Trust will not be materially endangered and neither the Premises and the Facilities nor any material part thereof will be subject to imminent loss or forfeiture. The proceeds of the bond or the cash deposit may be used by the Master Trustee to satisfy the lien if action is taken to enforce the lien and such action is not stayed. The bond or cash deposit will be returned to the Obligor if the lien is successfully contested. If the Obligor is unable or otherwise fails to obtain such a bond or provide such a cash deposit and such an Opinion of Counsel, the Obligor will cause to be satisfied and discharged promptly all such items by payment thereof.

Section 4.8. Modification of Disbursements. The making of any disbursement or any part of a disbursement shall not be deemed an approval or acceptance by the Bond Trustee of the work theretofore done. The Bond Trustee may deduct from any disbursement to be made under this Agreement any amount necessary for the payment of fees and expenses required to be paid under this Agreement and any insurance premiums, taxes, assessments, water rates, sewer rents and other charges, liens and encumbrances upon the facilities, whether before or after the making of this Agreement, and any amounts necessary for the discharge of mechanic's liens, and apply such amounts in payment of such fees, expenses, premiums, taxes, assessments, charges, liens and encumbrances. All such sums so applied shall be deemed disbursements under this Agreement.

Section 4.9. Covenants Regarding Tax Exemption. The representations, warranties and covenants of the Obligor and the Issuer set forth in the Tax Agreement are hereby incorporated herein and made a part hereof by this reference thereto, as if fully set forth herein. Without limiting the foregoing, the Obligor covenants and agrees to comply with any investment restrictions, including any yield restrictions, set forth in the Tax Agreement with respect to any funds held under any of the Bond Documents and to provide investment instructions or requests in connection therewith to the Master Trustee and the Bond Trustee as to funds held under the Master Indenture and the Bond Indenture, respectively.

Section 4.10. Tax Compliance. The Obligor hereby covenants and agrees to comply with all requirements of the Code compliance with which subsequent to the issuance of the Series 2014 Bonds is necessary for the Series 2014 Bonds to be, and to remain, Tax-Exempt Bonds and to not take any actions that would adversely affect the status of the Series 2014 Bonds as Tax-Exempt Bonds. The Obligor hereby further covenants and agrees that it will not take any

action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2014 Bonds under Section 103(a) of the Code or cause the interest on the Series 2014 Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

Section 4.11. Allocation of, and Limitation on, Expenditures for the Project. The Obligor covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Cost of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the Project is completed. The foregoing notwithstanding, the Obligor shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (iii) the fifth anniversary of the delivery of the Tax Exempt Bonds, or (iv) the date the Tax Exempt Bonds are retired, unless the Obligor delivers an Opinion of Bond Counsel to the Issuer and the Bond Trustee stating that such expenditure will not adversely affect the Tax Exempt status of the Tax Exempt Bonds. For purposes hereof, the Obligor shall not be obligated to comply with this covenant if it delivers an Opinion of Bond Counsel to the Issuer and the Bond Trustee that such failure to comply will not adversely affect the excludability of interest on the Tax Exempt Bonds.

Section 4.12. Representations and Warranties as to Tax Exempt Status of Obligor. The Obligor hereby represents and warrants as follows:

(a) The Obligor is an organization exempt from federal income taxation under Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(b) The purposes, character, activities and methods of operation of the Obligor have not changed materially since its organization and are not materially different from the purposes, character, activities and methods of operation at the time of its receipt of a determination by the Internal Revenue Service that it is an organization described in Section 501(c)(3) of the Code (the "Determination");

(c) The Obligor has not diverted a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or disclosed to the Internal Revenue Service in connection with its Determination;

(d) The Obligor has not operated since its organization in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-1(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) With the exception of the payment of compensation (and the payment or reimbursement of expenses) to any individual or individuals which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Obligor, no person controlled by any such individual or individuals nor any person having a personal or private interest in the activities of the Obligor has acquired or received, directly or indirectly, any income or assets, regardless of form, of the Obligor during the current Fiscal Year and the

period, if any, preceding the current Fiscal Year, other than as reported to the Internal Revenue Service by the Obligor;

(f) The Obligor will not be treated as a "private foundation" within the meaning of Section 509(a) of the Code or during any transition period as an "operating foundation" under Section 4943(j)(3) of the Code, which will exempt the Obligor from the tax on undistributed income;

(g) The Obligor has not received any indication or notice whatsoever to the effect that its exemption under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(h) The Obligor has filed with the Internal Revenue Service all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and have notified the Internal Revenue Service of any changes in its organization and operation since the date of its Determination;

(i) The Obligor has not devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and

(j) The Obligor has not taken any action, nor does it know of any action that any other person has taken, nor does it know of the existence of any condition, which would cause the Obligor to lose its exemption from taxation under Section 501(a) of the Code or cause the interest on the Tax Exempt Bonds to become taxable to the recipient thereof because such interest is not excludable from the gross income of such recipient for federal income tax purposes under Section 103(a) of the Code.

Section 4.13. Disposition of Project. The Obligor covenants that the property constituting the Project will not be sold or otherwise disposed of in a transaction resulting in the receipt by the Obligor of cash or other compensation, unless the Obligor obtains an Opinion of Bond Counsel that such sale or other disposition will not adversely affect the Tax Exempt status of the Tax Exempt Bonds and provided that such disposition is in compliance with the provisions of the Deed of Trust.

Section 4.14. Obligor Required to Pay Costs of the Project if Construction Fund Insufficient. If the moneys in the Construction Fund available for payment of the Costs of the Project are not sufficient to pay the costs thereof in full, the Obligor agrees to complete the acquisition, construction, renovation, equipping and installation of the Project and to pay all that portion of Costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the Costs of the Project will be sufficient to pay all the costs which will be incurred in that connection. The Obligor agrees that if, after exhaustion of the moneys in the Construction Fund, the Obligor will pay any portion of the Costs of the

Project pursuant to the provisions of this Section, it will not be entitled to any reimbursement therefor from the Issuer or from the Bond Trustee or from the owners of any of the Bonds, nor will it be entitled to any diminution of the loan payments payable under the Master Obligations. The obligation of the Obligor to complete the construction of the Project will survive any termination of this Agreement.

Section 4.15. Construction of the Project.

(a) *Completion of the Project.* The Obligor shall issue a notice to proceed with the Project concurrently with the issuance of the Series 2014 Bonds. The Obligor shall cause the Project to be substantially completed (with the exception of final landscaping) and a final Certificate of Occupancy therefor to be issued within thirty (30) months after the date of issuance of the Series 2014 Bonds and shall cause any Capital Addition to be financed with the proceeds of Additional Bonds or other Long-Term Indebtedness (as defined in the Master Indenture) to be completed as promptly as feasible and shall at its expense do or cause to be done all things necessary or proper for such completion in accordance with applicable law and regulations.

(b) *Disbursements from Construction Fund.* Disbursements from the Construction Fund for costs of the Project shall be made pursuant to the terms and conditions of the Disbursement Agreement.

(c) *Construction Contract Requirements.* The Obligor shall collaterally assign to the Master Trustee the Construction Contract for the Project and the construction contract for any Capital Addition financed with the proceeds of Additional Bonds, pursuant to which assignment, the general contractor or construction manager shall agree that if any Event of Default occurs hereunder, the Master Trustee shall thereupon have the same rights under such construction contract as the Obligor thereunder; provided, however, that the Master Trustee shall be under no obligation to perform any action under such Construction Contract and shall not be liable for failure to take any such action. The Construction Contract for the Project shall provide for liquidated damages. Such liquidated damages shall be payable to the Bond Trustee and shall be deposited in the Funded Interest Account of the Construction Fund and applied as provided for capitalized interest in Section 3.02 of the Bond Indenture.

Concurrently with the settlement for any Additional Bonds financing a Capital Addition, the Obligor shall execute and deliver to the Master Trustee a collateral assignment of its rights under the Construction Contract and the Obligor's agreement with the Architect, such assignment or assignments to become exercisable by the Master Trustee only upon the occurrence of an Event of Default by the Obligor hereunder.

(d) *Surety Bonds.* The Obligor agrees to maintain, or cause to be maintained, in connection with any construction with respect to the Project and any Capital Addition financed with Additional Bonds, the contracted cost of which is an amount equal to or greater than \$500,000, a surety bond or bonds with the Master Trustee, the Issuer and the Obligor as named obligees covering (i) performance of such contracts, including coverage for correction of defects developing within one year after completion and acceptance, and (ii) payment for labor and materials. The bond or bonds shall be executed by responsible surety companies qualified to do business in the State where the Project or Capital Addition is located satisfactory to the

Construction Monitor in the case of the initial Project and satisfactory to the parties providing financing in the case of Capital Additions and shall be in amounts aggregating not less than one hundred percent (100%) of the contract price. The Obligor, the Issuer or the Master Trustee, as the case may be, shall deposit in the Project Account of the Construction Fund the net amounts recovered on such bonds.

(e) *Insurance During Construction.* In connection with the Project, any Capital Addition financed with Additional Bonds and any Capital Addition costing in excess of \$500,000, the Obligor shall maintain or cause to be maintained:

(i) Builder's risk (or equivalent coverage) insurance upon any work done or materials furnished under the Construction Contract except excavations, foundations and any other structures not customarily covered by such insurance, the policy for which shall (A) be issued by a responsible insurance company qualified to do business in the State and acceptable to the Construction Monitor, (B) be written in completed value form for one hundred percent (100%) of the insurable value of the contract in the names of the Obligor and the general contractor and (C) be in an all-risk form approved by the Obligor and satisfactory to the Construction Monitor (and removing the occupancy restriction as of policy inception);

(ii) Worker's compensation insurance and employer's liability insurance underwritten by responsible companies qualified to do business in the State and satisfactory to the Construction Monitor, covering all employees of contractors and subcontractors in amounts required by law;

(iii) Public liability insurance maintained by each general contractor on an occurrence basis in an amount not less than \$1,000,000 combined single limit, such policy to cover premises and operations, independent contractors and products and completed operations, to be endorsed with a broad form comprehensive general liability endorsement or its equivalent including at least personal injury and broad form property damage coverage, provided that the contractor shall maintain completed operations coverage for at least one year after completion of the Project or such Capital Addition;

(iv) Automobile liability insurance covering owned, non-owned and hired automobiles of each contractor in an amount not less than \$1,000,000 combined single limit; and

(v) Umbrella liability coverage covering the contractor in the amount of \$1,000,000, applying in excess of the comprehensive general liability and automobile liability insurance required above.

Section 4.16. Obligor to Pursue Remedies Against Contractors and Subcontractors and Their Sureties.

In the event of default of any contractor or subcontractor under any contract made by it for acquisition, construction or installation of the Project or any Capital Additions for which Additional Bonds have been issued, the Obligor will take reasonable, appropriate measures, either separately or in conjunction with others, to exhaust the remedies of the Obligor against the

contractor or subcontractor so in default and against its surety (if any) for the performance of such contract. The Obligor will advise the Master Trustee, the Bond Trustee and the Construction Monitor by written notice of the steps it intends to take in connection with any such default.

Section 4.17. Obligations under Bond Indenture. The Obligor acknowledges that the Bond Indenture contains duties and obligations on its part to be performed and agrees to comply with the same.

[End of Article IV]

ARTICLE V LOAN OF BOND PROCEEDS; MASTER OBLIGATIONS; PROVISION FOR PAYMENT

Section 5.1. Loan of Bond Proceeds. The Issuer hereby agrees to loan to the Obligor the proceeds of the Bonds to provide financing for the Costs of the Project. The Obligor hereby agrees to repay the loan pursuant to the conditions set forth in Section 5.2 hereof.

Section 5.2. Repayment of Loan. The Obligor agrees to pay to the Bond Trustee for the account of the Issuer all payments when due on the Series 2014A-D Notes and the Series 2014A-D Master Obligations. If for any reason the amounts paid to the Bond Trustee by the Obligor on the Series 2014A-D Notes and the Series 2014A-D Master Obligations, together with any other amounts available in the Bond Fund, are not sufficient to pay principal of, premium, if any, and interest on the Series 2014 Bonds when due, the Obligor agrees to pay the amount required to make up such deficiency.

Section 5.3. Credits. Any amount in any account of the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding any payment date on the Series 2014 Bonds in excess of the aggregate amount then required to be contained in such account of the Bond Fund pursuant to Section 5.2 hereof shall be credited pro rata against the payments due by the Obligor on such next succeeding principal or interest payment date on the Series 2014 Bonds.

In the event that all of the Bonds then Outstanding are called for redemption, any amounts contained in the Debt Service Reserve Fund and the Bond Fund at the close of business of the Bond Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Obligor on the Series 2014A-D Notes and the Series 2014A-D Master Obligations, as provided below.

The principal amount of any Series 2014 Bonds to be applied by the Bond Trustee as a credit against any sinking fund payment pursuant to Section 5.02 of the Bond Indenture shall be credited against the obligation of the Obligor with respect to payment of installments of principal of the Series 2014A-D Master Obligations as described in the Supplemental Indenture.

The cancellation by the Bond Trustee of any Series 2014 Bonds purchased by the Obligor or of any Series 2014 Bonds redeemed or purchased by or on behalf of the Issuer through funds other than funds received on the corresponding Series 2014 Master Obligation shall constitute payment of a principal amount of the Series 2014 Master Obligation equal to the principal amount of the Series 2014 Bonds so cancelled. Upon receipt of written notice from the Bond Trustee of such cancellation, the Master Trustee shall at the request of the Obligor endorse on the Series 2014 Master Obligation such payment of such principal amount thereof.

Section 5.4. Master Obligations. Concurrently with the sale and delivery by the Issuer of the Series 2014 Bonds, the Obligor shall execute and deliver the Series 2014 Master Obligations substantially in the forms set forth in the Supplemental Indenture. Concurrently with the sale and delivery by the Issuer of any Additional Bonds, the Master Indenture shall be supplemented to reflect the issuance of the additional Master Obligations referred to below, and

to make any other changes, amendments or modifications which, in the opinion of the parties thereto, may be necessary or appropriate. Concurrently with the sale and delivery by the Issuer of any Additional Bonds, the Obligor shall execute and deliver one or more additional Master Obligations payable to the Bond Trustee for the account of the Issuer in substantially the form set forth in the Master Indenture. The additional Master Obligations shall:

(a) Require payment or payments of principal, premium, if any, and interest in amounts and at times sufficient, together with any other funds available therefor, to permit the payments of principal, premium, if any, and interest on the related Additional Bonds, taking into account any mandatory sinking fund requirements (pursuant to the supplemental indenture) which are required in respect of the related Additional Bonds, and

(b) Require each payment on the Master Obligations to be made on or before the due date for the corresponding payment to be made on the related Additional Bonds of the Issuer.

Section 5.5. Payment of Bond Trustee's and Paying Agent's Fees and Expenses. The Obligor agrees to pay the reasonable fees and expenses (including attorneys' fees) of the Bond Trustee and any Paying Agents as and when the same become due, upon submission by the Bond Trustee or any Paying Agent of a statement therefor.

Section 5.6. Debt Service Reserve Fund.

(a) In the event any moneys in the Debt Service Reserve Fund are transferred to the Bond Trustee for deposit to the Bond Fund pursuant to Section 3.10 or 3.11 of the Bond Indenture, except if such moneys are transferred due to the redemption of Bonds, the Obligor agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than 12 equal consecutive monthly installments, the first installment to be made within seven months of such transfer or receipt of written notice from the Bond Trustee of a deficiency.

(b) In the event the value of the Debt Service Reserve Fund Obligations (as determined pursuant to the statement of the Bond Trustee furnished in accordance with Section 6.03 of the Bond Indenture) on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Obligor agrees to deposit additional Debt Service Reserve Fund Obligations in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited in no more than three equal consecutive monthly installments, the first installment to be made within 30 days of such receipt of such statement.

Section 5.7. Payment of Administration Expenses. In addition to the payments on the loan from the Issuer, the Obligor shall also pay to the Issuer or to the Bond Trustee, as the case may be, "Administration Expenses," as follows:

(a) All taxes and assessments of any type or character charged to the Issuer or to the Bond Trustee affecting the amount available to the Issuer or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon

or measured by the net income of the Bond Trustee; provided, however, that the Obligor shall have the right to protest any such taxes or assessments and to require the Issuer or the Bond Trustee, at the Obligor's expense, to protest and contest any such taxes or assessments levied upon them, and the Obligor shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bond Trustee;

(b) All reasonable fees, charges and expenses of the Bond Trustee for services rendered under the Bond Indenture and all amounts referred to in Section 3.13 of the Bond Indenture, as and when the same become due and payable;

(c) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Issuer or the Bond Trustee to prepare audits, financial statements, reports or opinions or provide such other services required under this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations or the Bond Indenture; and

(d) The reasonable fees and expenses of the Issuer or any agent or attorney selected by the Issuer to act on its behalf in connection with this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations, the Series 2014 Bonds or the Bond Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Series 2014 Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Master Obligations, the Series 2014 Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Obligor, its properties, assets or operations or otherwise in connection with the administration of this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations, the Series 2014 Bonds and the Bond Indenture.

Such Administrative Expenses shall be billed to the Obligor by the Issuer or the Bond Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer or the Bond Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Obligor within thirty (30) days after receipt of the bill by the Obligor.

Section 5.8. Payees of Payments. The payments on the Series 2014A-D Master Obligations pursuant to Section 5.2 hereof shall be paid in funds immediately available at the Payment Office of the Bond Trustee, directly to the Bond Trustee for the account of the Issuer, and shall be deposited into the appropriate account of the Bond Fund. The payments provided for in Section 5.6 hereof shall be paid to the Bond Trustee for the account of the Issuer and shall be deposited into the applicable Reserve Account or Reserve Accounts of the Debt Service Reserve Fund. The payments to be made to the Bond Trustee and the Paying Agent under Section 5.5 hereof shall be paid directly to the Bond Trustee and the Paying Agent for their own use. The payments for Administration Expenses under Section 5.7 hereof shall be paid directly to the Issuer or to the Bond Trustee, as the case may be, for its own respective use.

Section 5.9. Obligations of Obligor Hereunder Unconditional. The obligations of the Obligor to make the payments required in Section 5.2 hereof shall be absolute and unconditional. The Obligor will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in Section 5.2 hereof for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to any Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Maryland or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, whether express or implied. Nothing contained in this Section shall be construed to release the Issuer from the performance of any agreements on its part herein contained; and in the event the Issuer shall fail to perform any such agreement, the Obligor may institute such action against the Issuer as the Obligor may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the Obligor contained herein and the Issuer shall not be required to pay any costs, expenses, damages or amounts of whatever nature except for amounts received pursuant to this Agreement. Nothing herein shall be construed to impair the Obligor's right to institute an independent action for any claim that it may have against the Issuer, the Bond Trustee, any Bondholder or any other third party, subject to the limitations on liability of the Issuer provided for in this Agreement and the Act. The Obligor may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceedings or take any other action involving third persons which the Obligor deems reasonably necessary in order to secure or protect this right of possession, occupancy and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Obligor.

[End of Article V]

ARTICLE VI MAINTENANCE AND INSURANCE

Section 6.1. Maintenance and Modifications of Projects by Obligor. The Obligor may, at its own expense, cause to be made from time to time any additions, modifications or improvements to any Project provided such additions, modifications or improvements do not impair the character of the Project as a "facility" within the meaning of the Act or impair the extent of the exclusion of interest on the Tax Exempt Bonds from federal income taxation.

Section 6.2. Insurance. Throughout the term of this Agreement, the Obligor will, at its own expense, provide or cause to be provided insurance against loss or damage to each Project in accordance with the terms of the Master Indenture and Section 4.15(e) hereof.

[End of Article VI]

**ARTICLE VII
SPECIAL COVENANTS**

Section 7.1. No Warranty of Merchantability, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the condition of any Project or that any Project will be suitable for the Obligor's purposes or needs. Without limiting the effect of the preceding sentence, it is expressly agreed that in connection with each sale or conveyance pursuant to this Agreement (a) the Issuer makes NO WARRANTY OF MERCHANTABILITY and (b) THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

Section 7.2. Right of Access to each Project. The Obligor agrees that the Issuer, the Bond Trustee and any of their duly authorized agents shall have the right at all reasonable times upon reasonable notice to the Obligor to examine and inspect any Project to determine that the Obligor is in compliance with the terms and conditions of this Agreement; provided that any such inspection will be conducted in a manner that will minimize any intrusion on the operations of any Project.

Section 7.3. Nonsectarian Use. The Obligor agrees that no proceeds of the Bonds will be used to construct, acquire or install any portion of any Project which is intended to be used or which are being used for sectarian purposes.

Section 7.4. Further Assurances. The Issuer and the Obligor agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

Section 7.5. Indemnification.

(a) To the fullest extent permitted by law, the Obligor agrees to indemnify, hold harmless and defend the Issuer, the Bond Trustee and each of their respective officers, governing body members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Series 2014 Bonds, the Bond Indenture, this Agreement, the Master Indenture, the Supplemental Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations or the Tax Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Series 2014 Bonds;

(ii) any act or omission of the Obligor or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Premises or the Facilities, the operation of the Premises or the Facilities or the condition, environmental

or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Premises or the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Obligor to the Issuer and the Bond Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Bond Trustee in respect of any portion of the Premises or the Facilities;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances from, the Premises or the Facilities or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, any allegations that interest on the Bonds is taxable, any regulatory audit or inquiry regarding whether interest in the Bonds is taxable, or any failure or alleged failure of the Obligor or its agents, contractors, servants, employees, lessees or assignees to comply with the Code or the Regulations;

(viii) the Bond Trustee's acceptance or administration of the Trust Estate of the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; or

(ix) any breach or default on the part of the Obligor in the performance of any of its obligations under the Bond Documents;

except (A) in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Obligor, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Obligor and reasonably acceptable to the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or

disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Obligor shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Obligor if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel or in the event that the matter at issue includes a criminal charge.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Bond Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Agreement.

Section 7.6. Authority of Obligor. Whenever under the provisions of this Agreement the approval of the Obligor is required, or the Issuer or the Bond Trustee are required to take some action at the request of the Obligor, such approval or such request shall be made by the Obligor unless otherwise specified in this Agreement, and the Issuer or the Bond Trustee shall be authorized to act on any such approval or request, and the Obligor shall have no complaint against the Issuer or the Bond Trustee as a result of any action taken.

Section 7.7. Authority of Issuer Representative. Whenever under the provisions of this Agreement the approval of the Issuer or the Bond Trustee is required, or the Obligor is required to take some action at the request of the Issuer, such approval or such request shall be made by the Issuer Representative unless otherwise specified in this Agreement, and the Obligor or the Bond Trustee shall be authorized to act on any such approval or request, and the Issuer shall have no complaint against the Obligor or the Bond Trustee as a result of any such action taken.

Section 7.8. No Personal Liability. The Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from Revenues (as defined in the Master Indenture) and other moneys and assets received by the Bond Trustee pursuant to this Agreement. Neither the faith and credit nor the taxing power of the Issuer is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Bond Indenture, except only to the extent amounts are received for the payment thereof from the Obligor under this Agreement.

The Obligor hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Obligor to the Bond Trustee pursuant to this Agreement, together with investment income on certain funds and accounts held by the Bond Trustee under the Bond Indenture and the Master Trustee under the Master Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond Trustee, the Obligor shall pay such amounts as are required from time to time to prevent any deficiency or

default in the payment of such principal, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Obligor, the Issuer or any third party, subject to any right of reimbursement from the Bond Trustee, the Issuer or any such third party, as the case may be, therefor.

No recourse under or upon any obligation, covenant or agreement contained in this Agreement, or for any claim based thereon, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity or statute or otherwise or under any other circumstances, under or independent of this Agreement or the Bond Indenture, will be had against any officers, Common Council members, directors, officials, employees, attorneys and agents, as such, past, present or future of the Issuer, for the payment for or to the Issuer or any receiver thereof of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officers, Common Council members, directors, officials, employees, attorneys and agents, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or by the Issuer or any receiver thereof, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and in consideration for the execution of this Agreement and the issuance of the Bonds.

Section 7.9. Fees and Expenses. The Obligor agrees to pay promptly upon demand therefor all costs paid, incurred or charged by the Issuer in connection with the Bonds, including without limitation, (a) all out of pocket expenses and Costs of Issuance (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the issuance of the Bonds and (b) all out of pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer) reasonably incurred by the Issuer in connection with the enforcement of any of its rights or remedies or the performance of its duties under the Bond Indenture or this Agreement.

Section 7.10. Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (a) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (b) by a person that is not an organization described in Section 501(c)(3) of the Code or a Governmental Unit or by an organization described in Section 501(c)(3) of the Code (including the Obligor) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Section 7.11. Related Party Transactions. The Obligor shall not enter into any transaction, including, without limitation, the purchase, sale, lease or exchange of property or the rendering of any service with any Affiliate except for the Development Services Agreement, the Management Agreement and the Liquidity Support Agreement (each as defined in the Master Indenture) and except in the ordinary course of business and pursuant to the reasonable requirements of the Obligor's business and upon terms found by the governing body of the Obligor to be fair and reasonable and no less favorable to the Obligor than would be obtained in a comparable arm's length transaction with a Person not an Affiliate.

Section 7.12. Continuing Disclosure. The Obligor has executed a Continuing Disclosure Certificate. While this Continuing Disclosure Certificate is in effect, the Obligor shall at all times remain party to the Continuing Disclosure Certificate, or if the Continuing Disclosure Certificate terminates, it shall enter into a similar agreement to provide for the dissemination of the financial statements and notices required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Obligor agrees that while the Series 2014 Bonds are Outstanding, it will perform its obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the Obligor to comply with the Continuing Disclosure Certificate shall not be a Default.

Section 7.13. Environmental Matters. There have not been any violations of any of the hereinafter defined Environmental Laws with respect to the Project. Without limiting any other provisions hereof, the Obligor will indemnify and hold harmless the Issuer and the Bond Trustee from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any kind whatsoever (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any of the following (collectively, “Environmental Laws”): the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act of 1976, any so-called “Superfund” or “Superlien” law, or any other federal, state or local statute, law, ordinance, code, rule, regulations, order or decree, now or hereafter in force, regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Substances) paid, incurred, suffered by or asserted against the Issuer or the Bond Trustee as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of, any of the Obligor: (a) the presence of any Hazardous Substances on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release of any Hazardous Substances from, the Project or any part thereof, (b) any liens against the Premises or the Facilities, or any part thereof, permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligations of the Obligor under any Environmental Laws, or (c) any actual or asserted liability or obligations of the Issuer or the Bond Trustee under any Environmental Law relating to the Premises or the Facilities. Notwithstanding any other provision of this Agreement, the covenants, indemnities and obligations provided for in this Section shall survive the payment and performance of the other obligations of the Obligor under this Agreement and the termination of this Agreement.

Section 7.14. Membership in Obligated Group. The Obligor hereby covenants and agrees that while the Series 2014 Bonds are Outstanding, it will remain an Obligated Group Member.

[End of Article VII]

ARTICLE VIII ASSIGNMENT AND LEASING

Section 8.1. Assignment and Leasing by Obligor. This Agreement may be assigned, and all or any portion of any Project may be leased by the Obligor, without the consent of either the Issuer or the Bond Trustee, provided that each of the following conditions is complied with:

(a) No assignment or leasing shall relieve the Obligor from primary liability for any of its obligations hereunder, and in the event of any such assignment or leasing the Obligor shall continue to remain primarily liable for payment of the loan payments and other payments specified in Article V hereof and for performance and observance of the other covenants and agreements contained herein; provided that if the Obligor withdraws from the Obligated Group (as defined in the Master Indenture) and is released from its obligations on the Master Obligations by the Master Trustee pursuant to the Master Indenture, the Obligor shall also be released from its liability for its obligations hereunder, including payment of the loan payments and other payments specified in Article V hereof and the performance and observance of the other covenants and agreements contained herein.

(b) The assignee or lessee shall assume in writing the obligations of the Obligor hereunder to the extent of the interest assigned or leased, provided that the provisions of this subsection shall not apply to a lease of a portion of any Project or an operating contract for the performance by others of health care, medical, social or commercial services on or in connection with any Project, or any part thereof.

(c) The Obligor shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Bond Trustee a true and complete copy of each such assumption of obligations and assignment or lease of any Project, as the case may be.

Section 8.2. Assignment and Pledge by Issuer. The Issuer may assign its interest in and pledge any moneys receivable under the Series 2014A-D Notes, the Deed of Trust (excluding the Issuer’s right to indemnification and to receive payments thereunder) and this Agreement (except in respect of Unassigned Rights, including, without limitation, certain rights to indemnification and for Administration Expenses, indemnification and payment of attorneys’ fees and expenses pursuant to Sections 5.7, 7.5 and 9.5 hereof) to the Bond Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds. The Obligor consents to such assignment and pledge.

[End of Article VIII]

**ARTICLE IX
FAILURE TO PERFORM COVENANTS AND REMEDIES THEREFOR**

Section 9.1. Failure to Perform Covenants. Upon failure of the Obligor to pay when due any payment (other than failure to make any payment on any Series 2014A-D Note or any Series 2014A-D Master Obligation, which default shall have no grace period or notice requirement) required to be made under this Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and continuation of such failure for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Obligor by the Issuer or the Bond Trustee, the Issuer or the Bond Trustee shall have the remedies provided in Section 9.2 hereof.

Section 9.2. Remedies for Failure to Perform. Subject to the terms and provisions of the Master Indenture, upon the occurrence of a failure of the Obligor to perform as provided in Section 9.1 hereof, the Issuer or the Bond Trustee, as assignee or successor of the Issuer, upon compliance with all applicable laws, in its discretion may take any one or more of the following steps:

(a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer and require the Obligor to carry out any agreements with or for the benefit of the Bondholders and to enforce performance and observance of any duty, obligation, agreement or covenant of the Obligor under the Act or this Agreement; or

(b) By action or suit in equity, require the Obligor to account as if it were the trustee of an express trust for the Issuer; or

(c) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer; or

(d) Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and the Bondholders, have appointed a receiver or receivers of the Trust Estate upon a showing of good cause with such powers as the court making such appointment may confer.

Section 9.3. Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Bond Trustee on account of any failure to perform under Section 9.1 shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer and the Bond Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had been taken.

Section 9.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or

power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required in Section 9.1 hereof. Such rights and remedies given the Issuer hereunder shall also extend to the Bond Trustee and the holders of the Bonds, subject to the Bond Indenture.

Section 9.5. Agreement to Pay Attorneys' Fees and Expenses. In the event the Issuer or the Bond Trustee employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Obligor herein or in the Bond Indenture contained, the Obligor agrees that it will on demand therefor pay to the Issuer or the Bond Trustee, as the case may be, the reasonable fees and expenses of such attorneys and such other reasonable expenses incurred by the Issuer or the Bond Trustee.

Section 9.6. Waivers. In the event any agreement contained in this Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Agreement to the Bond Trustee under the Bond Indenture, the Issuer shall have no power to waive any failure to perform under Section 9.1 hereunder without the consent of the Bondholders in accordance with the Bond Indenture; provided that the Issuer may exercise any remedies available at law or in equity with regard to enforcement of the Unassigned Rights without the consent of the Bond Trustee or the Bondholders (including, without limitation, the Series 2014E Bondholder).

[End of Article IX]

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**ARTICLE X
PREPAYMENT OF MASTER OBLIGATIONS**

Section 10.1. General Option to Prepay Series 2014A-D Master Obligations.

Subject to compliance with the terms and provisions set forth in the Master Indenture, the Obligor shall have and is hereby granted the option exercisable at any time to prepay all or any portion of its payments due or to become due on any or all of the Series 2014A-D Master Obligations and any or all of the Master Obligations relating to any Additional Bonds by depositing with the Bond Trustee for payment into the Bond Fund or any bond fund created with respect to any series of Additional Bonds an amount of money or Government Obligations the principal and interest on which, when due, will be equal to an amount sufficient to pay the principal of, premium, if any, and interest on any portion of the Bonds then Outstanding under the Bond Indenture, without penalty. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Bond Indenture and the Obligor specifies the date for such redemption. In the event the Obligor prepays all of its payments due and to become due on all the Series 2014A-D Master Obligations and all the Master Obligations relating to any Additional Bonds in compliance with the Master Indenture by exercising the option granted by this Section and upon payment of all reasonable and necessary fees and expenses of the Bond Trustee, the Issuer and any Paying Agent accrued and to accrue through final payment of the Bonds called for redemption as a result of such prepayment and of all Administration Expenses through final payment of the Bonds called for redemption as a result of such prepayment, this Agreement shall terminate; provided that no such termination shall occur unless all of the Bonds are no longer Outstanding.

Section 10.2. Conditions to Exercise of Option. To exercise the option granted in Section 10.1 hereof, the Obligor shall give written notice to the Issuer and the Bond Trustee which shall specify therein the date of such redemption, which date shall be not less than 45 days from the date the notice is mailed or sent (or such shorter time as may be acceptable to the Bond Trustee) and such other matters as are necessary to comply with the Bond Indenture.

[End of Article X]

**ARTICLE XI
MISCELLANEOUS**

Section 11.1. Notices. Any notice, request or other communication under this Agreement shall be given in writing and shall be deemed to have been given by either party to the other party at the addresses shown below upon any of the following dates:

- (a) The date of notice by telefax, teletype or similar telecommunications, which is confirmed promptly in writing;
- (b) Three Business Days after the date of the mailing thereof, as shown by the post office receipt if mailed to the other party hereto by registered or certified mail; or
- (c) The date of the receipt thereof by such other party if not given pursuant to (a) or (b) above. The address for notice for each of the parties shall be as follows:

The Issuer: The Mayor and Common Council of Westminster
56 West Main Street
Westminster, Maryland 21157
Attention: City Administrator
Facsimile Number: 410-857-7476

with a copy to: The Mayor and Common Council of Westminster
56 West Main Street
Westminster, Maryland 21157
Attention: Director of Finance
Facsimile Number: 410-848-5345

The Obligor: The Lutheran Village at Miller's Grant, Inc.
c/o Carroll Lutheran Village, Inc.
300 St. Luke Circle
Westminster, Maryland 21158
Attention: President
Facsimile Number: 410-848-8133

The Bond Trustee: Manufacturers and Traders Trust Company
25 South Charles Street, 11th Floor
MC MD2-CS58
Baltimore, Maryland 21201
Attention: Corporate Trust Department
Facsimile Number: 410-244-3725

The Series 2014E
Bondholder: Branch Banking and Trust Company
7200 Bank Court, 3rd Floor
Frederick, Maryland 21703
Attention: Scott Springmann

Facsimile: (301) 644-6338

Notwithstanding the foregoing, notices to the Bond Trustee shall be effective only upon receipt.

Section 11.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Obligor and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.8, 8.1, 8.2, 11.9 and 11.12 hereof.

Section 11.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Bond Fund, the Debt Service Reserve Fund and any Construction Fund upon expiration or sooner termination of this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Indenture), the fees, charges and expenses of the Bond Trustee, the Issuer and the Paying Agent in accordance with the Bond Indenture, the Administration Expenses and all other amounts required to be paid under this Agreement and the Bond Indenture, shall belong to and be paid to the Obligor by the Bond Trustee or the Issuer.

Section 11.5. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Indenture), this Agreement may not be effectively amended, changed, modified, altered or terminated except as permitted by the Bond Indenture.

Section 11.6. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 11.7. Payment. At such time as the principal of, premium, if any, and interest on all Series 2014 Bonds Outstanding under the Bond Indenture shall have been paid, or shall be deemed to be paid, in accordance with the Bond Indenture, and all other sums payable by the Obligor under this Agreement shall have been paid, the Series 2014A-D Master Obligations shall be deemed to be fully paid and shall be delivered by the Bond Trustee to the Master Trustee for cancellation pursuant to the Master Indenture.

Section 11.8. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State.

Section 11.9. No Pecuniary Liability of Issuer. No provision, covenant or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach

thereof, shall be a debt or charge against the general credit or taxing powers of the Issuer within the meaning of any constitutional or charter provision or statutory limitation or may not give rise to any pecuniary liability of the Issuer, but will be a limited obligation of the Issuer payable solely from the revenues, receipts and other payments derived from this Agreement, the Bond Indenture and the sale of the Bonds referred to herein and insurance proceeds, foreclosure proceeds, proceeds from released property and condemnation awards as herein provided. In making the agreements, provisions and covenants set forth in this Agreement, the Issuer has not obligated itself except with respect to the application of the revenues, income and all other property therefrom, as hereinabove provided.

Section 11.10. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in Baltimore, Maryland, are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed with the same force and effect as if done on the nominal date provided in this Agreement.

Section 11.11. Waiver of Personal Liability. No officer, member, director, official, employee, attorney or agent of the Issuer or any officer, Common Council member, director, official, employee, attorney or agent of the Obligor shall be individually or personally liable for the payment of any principal of, or premium, if any, or interest on the Bonds or any sum hereunder or under the Bond Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such officer, Common Council member, director, official, employee, attorney or agent from the performance of any official duty provided by law or by this Agreement.

Section 11.12. Issuer's Performance. None of the provisions of this Agreement shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder. The Issuer, in its discretion, may determine to take any such action if assured that any costs relating thereto shall be payable from the Revenues pledged under the Bond Indenture, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds and the Facilities (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Obligor or may be performed by the Bond Trustee pursuant to the Bond Documents. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part expressly contained in this Agreement, the Bond Indenture and any and every Bond executed, authenticated and delivered under the Bond Indenture; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Obligor or the Bond Trustee, (b) the Issuer shall have received the instrument to be executed and (c) the provisions of such instrument shall not be adverse to the Issuer.

Section 11.13. No Individual Liability. No covenant or agreement contained in this Agreement or the Bond Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors or the governing body of the Obligor or the Bond Trustee or of any officer, director, member, official, employee, attorney or agent of the Issuer, the Bond Trustee or the Obligor, in his or her individual capacity, and none of such persons shall be subject to any personal liability or accountability by reason of the execution hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement or any assessment or penalty, or otherwise.

Section 11.14. Survival of Covenants. All covenants, agreements, representations and warranties made by the Obligor in this Agreement, the Bond Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations and the Series 2014 Bonds, and in any certificates or other documents or instruments delivered pursuant hereto and thereto, shall survive the execution and delivery of this Agreement, the Bond Indenture, the Series 2014A-D Notes and the Series 2014A-D Master Obligations and shall continue in full force and effect until all Bonds and all Master Obligations (and any other promissory notes) issued in connection with the Series 2014 Bonds and any Additional Bonds are paid in full and all of the Obligor's other payment obligations (including, without limitation, the indemnification obligation under Section 7.5 and the obligations under Sections 5.5, 5.7 and 9.5 hereof) under this Agreement, the Bond Indenture, the Series 2014A-D Notes, the Series 2014A-D Master Obligations and all Master Obligations (and any other promissory notes) issued in connection with the Series 2014 Bonds and any Additional Bonds are satisfied. All such covenants, agreements, representations and warranties shall be binding upon any successor and assigns of the Obligor.

Section 11.15. Assignments. This Agreement may not be assigned by either party without consent of the other except that the Issuer shall assign to the Bond Trustee its rights under this Agreement (except its Unassigned Rights) and the Obligor may assign its rights under this Agreement as provided by Section 8.1 hereof.

Section 11.16. Rights of Bond Trustee. The Bond Trustee shall have and be protected by all of the rights, powers, indemnities, privileges, immunities and other protections provided to the Bond Trustee under the Bond Indenture which are hereby incorporated herein by reference.

Section 11.17. Receipt of and Compliance with Bond Indenture. The Obligor acknowledges that it has received an executed copy of the Bond Indenture and accepts and agrees to the provisions thereof, including, without limitation, the provisions of Section 9.02 of the Bond Indenture with respect to compensation and indemnification of the Bond Trustee, and agrees that it will take all such actions as are required or contemplated of it under the Bond Indenture to preserve and protect the rights of the Bond Trustee, the Issuer and of the Holders thereunder and that it will not take any action which would cause a default or an Event of Default thereunder. It is agreed by the Obligor and the Issuer that redemptions of Bonds prior to maturity shall be effected as provided in the Bond Indenture. The Obligor hereby agrees that its rights hereunder are subject to and subordinated to the interest and rights of the Bond Trustee under the Bond Indenture and acknowledges that the Bond Trustee has entered into the Bond Indenture in reliance upon the assignment to the Bond Trustee of the Issuer's rights under this Agreement (except the Unassigned Rights) and the Obligor's provision of indemnity. The Obligor covenants that it will perform all of the Issuer's obligations and covenants under the Bond Indenture to the

extent that they can be performed by the Obligor thereunder. The Obligor further agrees that it will pay or reimburse the Issuer for any expenses incurred by the Issuer in the administration of any of the foregoing agreements and this Agreement and will hold the Issuer harmless from any liabilities thereunder. The Obligor further covenants that it will perform all of the duties and obligations of the Obligor that are set forth in the Bond Indenture. The provisions of this Section 11.17 shall survive the termination or expiration of this Agreement.

[End of Article XI]

IN WITNESS WHEREOF, the Issuer and the Obligor have caused this Agreement to be executed and sealed by their duly authorized officers, as of the date first written above.

**THE MAYOR AND COMMON COUNCIL OF
WESTMINSTER**

By: _____
Mayor

(SEAL)

Attest:

Acting City Clerk

**THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC.**

By: _____
President

(SEAL)

Attest:

Authorized Officer

[Signature and Seals Continued]

**EXHIBIT A
PROJECT DESCRIPTION**

**EXHIBIT B
FORM FOR COSTS OF ISSUANCE DISBURSEMENT**

No. ____

Manufacturers and Traders Trust Company
25 South Charles Street, 11th Floor
MC MD2-CS58
Baltimore, Maryland 21201
Attention: Corporate Trust Department

Re: The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A-D

Gentlemen:

This request for disbursement is submitted to you pursuant to Section 4.6 of the Loan Agreement (the "Loan Agreement") dated as of August 1, 2014, between The Mayor and Common Council of Westminster and The Lutheran Village at Miller's Grant, Inc. (the "Obligor") relating to the above-captioned Bonds. You are hereby requested to make the following disbursements from the Costs of Issuance Fund for the payment of Costs of Issuance referred to below, as defined and provided in the Loan Agreement:

1. (List payments to be made)
- 2.
- 3.

**THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC., as Obligor**

Date: _____

By: _____
Authorized Officer

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THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC.,
as Grantor

and

DONALD C. HARGADON

and

PATRICK J. WOOD

as Individual Trustees

**DEED OF TRUST,
SECURITY AGREEMENT
AND FIXTURE FILING**

Relating to:

\$TOTAL BOND AMOUNT
The Mayor and Common Council of Westminster
Revenue Bonds
(The Lutheran Village at Miller’s Grant, Inc.)
Series 2014

Dated as of August 1, 2014

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Exhibit A – Property Description

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING

Total Principal Amount	Recordation Tax
Secured of \$TOTAL BOND AMOUNT	On \$TOTAL BOND AMOUNT
	Not Payable Pursuant to
	Tax-Property Article,
	Section 12-108(a)

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (this “Deed of Trust”) is made as of the 1st day of August, 2014, among THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC., a nonstock Maryland corporation with an address of 300 St. Luke Circle, Westminster, Maryland 21158 (the “Grantor”), as grantor, and DONALD C. HARGADON and PATRICK J. WOOD, as trustees (collectively, the “Individual Trustees”), for the benefit of THE MAYOR AND COMMON COUNCIL OF WESTMINSTER, a body corporate and a municipal corporation duly organized and existing under the Constitution and laws of the State of Maryland (the “Issuer”), and its assigns, for the benefit of the holders from time to time of the Deed of Trust Notes (defined herein).

Pursuant to the Maryland Economic Development Revenue Bond Act, being Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland (2008 Replacement Volume, 2013 Supplement) (the “Act”), the Grantor has requested that the Issuer (a) issue its (i) \$BOND AMOUNT The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014A (the “Series 2014A Bonds”), (ii) \$BOND AMOUNT The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014B (the “Series 2014B Bonds”), (iii) \$BOND AMOUNT The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014C (the “Series 2014C Bonds”), (iv) \$BOND AMOUNT The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller’s Grant, Inc.) Series 2014D (the “Series 2014D Bonds”) and (v) \$25,000,000 (The Lutheran Village at Miller’s Grant, Inc.) Series 2014E (the “Series 2014E Bond” and, collectively with the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, the “Series 2014 Bonds”) and (b) loan the proceeds of the Series 2014 Bonds to the Grantor for the purpose of providing funds to (i) finance costs of acquiring, constructing and improving a continuing care retirement community, initially consisting of approximately 241 independent living units, 20 assisted living units and 12 skilled nursing beds, and common areas to be located on approximately 50 acres of land in Howard County, Maryland to be known as “Miller’s Grant” (the “Project”), (ii) currently refund the outstanding \$13,900,000 promissory note issued to Citizens Bank of Pennsylvania to finance pre-development expenses of the Project, (iii) fund the debt service reserve fund accounts for the Series 2014 Bonds (excluding the Series 2014E Bond), (iv) fund a portion of the interest on the Series 2014 Bonds, (v) fund working capital and (vi) pay costs of issuing the Series 2014 Bonds; and the Grantor has executed and delivered the Deed of Trust Notes

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to the Issuer to evidence its obligations to repay the loan by the Issuer of the proceeds of the Series 2014 Bonds; and the Grantor wishes to grant and convey the Project, including, without limitation, the underlying land and all buildings, structures and improvements thereon or additions thereto or expansions or replacements thereof to the Individual Trustees, all upon the terms and conditions of (A) the Loan Agreement of even date herewith (as the same may be amended, modified or supplemented, the "Loan Agreement") between the Grantor and the Issuer and (B) the Loan and Financing Agreement dated as of July 1, 2014 (as the same may be amended, modified or supplemented, the "Loan and Financing Agreement") among the Issuer, the Grantor and Branch Banking and Trust Company (the "Lender"), among other purposes, to finance the Project. The Grantor desires by the execution and delivery of this Deed of Trust to secure the full and punctual payment and performance of the Grantor's obligations under the Deed of Trust Notes, including without limitation all obligations to which the Deed of Trust Notes are pledged as security.

The Series 2014 Bonds are issued pursuant to, as applicable, (A) a Bond Trust Indenture of even date herewith (the "Bond Trust Indenture") between the Issuer and Manufacturers and Traders Trust Company, as Trustee (the "Bond Trustee") and (B) the Loan and Financing Agreement.

As a condition precedent to the issuance of the Series 2014 Bonds and the advance of proceeds of the Series 2014E Bond, the Grantor is required to execute and deliver a deed of trust instrument constituting a first lien on and security interest in the Property (defined herein) to secure the Grantor's Obligations (defined herein) under the Loan Agreement, the Loan and Financing Agreement and the other Bond Documents (defined herein).

As used in this Deed of Trust, "Beneficiary" means the Issuer and its successors and assigns, including the Bond Trustee and the Lender and their assignee, the Master Trustee.

As used in this Deed of Trust, "Grantor's Obligations" means (a) the obligations of the Grantor under the Bond Documents to (i) pay the principal of, premium (if any) and interest on the Series 2014 Bonds as required by the Loan Agreement and the Loan and Financing Agreement, when and as the same become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of redemption or prepayment or otherwise), (ii) pay all other payments required by the Bond Documents to be paid by the Grantor to the Issuer, to the Bond Trustee, to the Master Trustee or to others, when and as the same shall become due and payable, and (iii) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations and agreements, express or implied, which the Grantor is required by any of the Bond Documents to perform or observe, (b) all other obligations of the Grantor under this Deed of Trust, including, without limitation, the payment of the Deed of Trust Indebtedness and all expenses, and (c) all interest accrued on any and all of the foregoing at the applicable rates set forth in this Deed of Trust, the Loan Agreement, the Loan and Financing Agreement or the other Bond Documents.

The aggregate principal amount secured hereby is \$ _____, representing the principal amount of the Series 2014 Bonds. This Deed of Trust also secures interest, expenses and other amounts which cannot be determined at the time of the execution and delivery of this Deed of Trust.

Capitalized terms not otherwise defined herein have the meanings assigned to them by the Loan Agreement or the Loan and Financing Agreement, as applicable.

GRANT

NOW, THEREFORE, in consideration of the Issuer entering into the Loan Agreement and the Loan and Financing Agreement and lending the proceeds of the Series 2014 Bonds to the Grantor and other good and valuable consideration, the receipt and legal sufficiency of which the Grantor hereby acknowledges, and to secure the repayment of and performance of the Grantor's Obligations, the Grantor does hereby grant, bargain, sell and convey unto the Individual Trustees and their survivors and successors in trust, and hereby grants to the Beneficiary a security interest (to the extent permitted under the Maryland Uniform Commercial Code) in its interests, both now owned and hereafter acquired, in the following:

(a) All that real property located in Howard County, Maryland, consisting of the tract of land more particularly described in Exhibit A attached hereto and made a part hereof (such property consisting generally of the site on which the Project is located) (the "Land"), together with (i) all right, title and interest of the Grantor, including any after-acquired title or reversion in and to the beds of the ways, streets, avenues and alleys adjoining the Land, and (ii) all and singular the tenements, hereditaments, easements, appurtenances, passages, waters, water rights, water courses, riparian rights, other rights, liberties and privileges thereof or in any way now or thereafter appertaining to the Property (defined herein) or any part thereof, including, but not limited to, any homestead or other claim at law or in equity, as well as any after-acquired title, franchise or license and reversion and reversions and remainder and remainders thereof and also all the estate, property, claim, right, title or interest now-owned or hereafter acquired by the Grantor in or to the Property or any part thereof.

(b) All buildings and improvements of every kind and description now or hereafter erected and placed on the Land (collectively, the "Improvements").

(c) All building materials, fixtures, machinery, equipment and tangible personal property of every kind and nature whatsoever (but not including consumable goods or trade fixtures or other personal property owned by any third parties occupying all or any portion of the Improvements), now or hereafter located or contained in or upon or attached to the Land or the Improvements or any part thereof, and used or usable in connection with any present or future use or operations of the Land or the Improvements or any part thereof, whether now owned or hereafter acquired by the Grantor, together with all Additions (defined herein) thereto (all of the foregoing being hereinafter sometimes referred to collectively as the "Equipment Collateral"). All of the Equipment Collateral, so far as permitted by law, shall be deemed to be fixtures and part of the Land and of the Improvements, and as to any part of the Equipment Collateral not deemed or permitted by law to be fixtures, this Deed of Trust shall also constitute a security agreement under the Maryland Uniform Commercial Code, and pursuant thereto, and in order to secure the repayment of the Deed of Trust Indebtedness (defined herein) and the performance of the obligations to be secured by this Deed of Trust, the Grantor hereby grants to the Beneficiary a continuing security interest under the Maryland Uniform Commercial Code in and to such part of the Equipment Collateral not deemed or permitted by law to be fixtures, and the proceeds thereof, including the proceeds of any and all insurance policies in connection therewith. With respect to

such Equipment Collateral, the Beneficiary shall have all the rights and remedies of a secured party under the Maryland Uniform Commercial Code.

(d) All of the rents, royalties, issues, profits, revenues, income and other benefits of the Property, or arising from the use or enjoyment of all or any portion thereof, or from any Lease or other agreement pertaining thereto, except as excluded under subparagraph (h) below, and all right, title and interest of the Grantor in and to, and remedies under, any and all leases and subleases of the Property, or any part thereof, both now in existence or hereafter entered into, and all accounts, general intangibles and other rights growing out of or in connection with such leases and subleases, together with all proceeds thereof; and including, without limitation, all cash or securities deposited thereunder to secure performance by the Residents (defined herein) of their obligations thereunder whether such cash or securities are to be held until the expiration of the terms of such leases and subleases or are to be applied to one or more of the installments of rent coming due immediately pursuant to such leases or subleases prior to the expiration of such terms; and reserving in the Grantor a license terminable upon the occurrence of an Event of Default (defined herein) to collect and receive the same.

(e) Any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (i) any taking of the Property or any part thereof under the power of eminent domain, either temporarily or permanently, (ii) any change or alteration of the grade of any street, and (iii) any other injury or damage to, or decrease in value of, the Property or any part thereof (all of the foregoing being hereinafter sometimes referred to, collectively, as the "Condemnation Awards", or singularly a "Condemnation Award"), to the extent of all Deed of Trust Indebtedness which may be secured by this Deed of Trust at the date of receipt of any such Condemnation Award by the Beneficiary, and of the reasonable counsel fees, costs and disbursements, if any, incurred by the Beneficiary in connection with the collection of such Condemnation Award.

(f) Any and all payments, proceeds, settlements or other compensation heretofore made (but not yet received by the Grantor) or hereafter made, including any interest thereon, and the right to receive the same, from any and all insurance policies covering the Property or any portion thereof.

(g) All of the Grantor's rights, options, powers and privileges in and to (but not the Grantor's obligations and burdens under) all architectural, engineering and similar plans, specifications, drawings, reports, surveys, plats, permits and the like, contracts for construction, operation and maintenance of, or provision of services to, the Property and all sewer taps and allocations, agreements for utilities, bonds and the like, all relating to the Land and the Improvements.

(h) All receipts, revenues, rentals, income, insurance proceeds, Condemnation Awards and other moneys received by or on behalf of the Grantor, including, without limitation, revenues derived from (i) ownership, operation or leasing of any portion of the Property, whether in the form of accounts, general intangibles or other rights, and the proceeds of such accounts,

general intangibles and other rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired, and (ii) gifts, grants, bequests, donations and contributions heretofore or hereafter made that are legally available to meet any of the obligations of the Grantor incurred in the financing, operation, maintenance or repair of any portion of the Property (collectively "Receipts"). Advance reservation deposits, security deposits and any other type of fee or deposit required in accordance with the terms of residence and care agreements or State law are not considered Receipts unless and until applied in satisfaction of Resident obligations under such residence and care agreements.

(i) All of the Grantor's right, title and interests in and to any and all rights that the Grantor may own, possess, use, enforce and have a license to use, or from which it shall otherwise benefit, with respect to the Property, including, without limitation, any and all permits, approvals, licenses, title insurance binders or policies, insurance policies, letters of credit, performance and payment bonds, easements, restrictive covenants, utility connection agreements, surveys, site plans, plans and specifications, environmental reports, studies and appraisals, including all amendments, modifications, supplements or addenda now or hereafter made.

(j) All cash and non-cash proceeds of the collateral identified in subparts (a) through (i) above.

Unless specifically designated otherwise, the Land, the Improvements, the Equipment Collateral, and all other items and property described in the preceding paragraphs (a) through (j) hereof, together with all Additions thereto, shall be herein collectively referred to as the "Property".

TO HAVE AND TO HOLD the Property and all other interests described above unto the Individual Trustees, the survivors and the survivor of them, and their or his or her successor or successors in interest in trust, forever in fee simple.

IN TRUST to secure to the Beneficiary and to the Individual Trustees for the benefit of the Beneficiary the prompt payment and performance of the Grantor's Obligations which include without limitation the following: (a) the prompt payment of all sums of money secured hereby (collectively, the "Deed of Trust Indebtedness"), which Deed of Trust Indebtedness shall include, but not be limited to, (i) all moneys and all sums of principal, interest and premium (if any) due or to become due in connection with the Grantor's Obligations, (ii) all other moneys now or hereafter advanced or expended by the Individual Trustees or by the Beneficiary as provided for herein or in the Loan Agreement and the Loan and Financing Agreement or by applicable law, and (iii) all reasonable costs, expenses, charges, liabilities, commissions, half-commissions and attorneys' fees now or hereafter chargeable to the Grantor, or incurred by, or disbursed by, the Individual Trustees or the Beneficiary on behalf of the Grantor as provided for herein or in the Loan Agreement and the Loan and Financing Agreement, including by applicable law, and (b) the prompt performance of, observance of and compliance with, by the Grantor, all of the terms, covenants, conditions, stipulations and agreements, express or implied, contained herein, contained in the Loan Agreement, the Loan and Financing Agreement or the other Bond Documents or otherwise included in the Grantor's Obligations.

PROVIDED HOWEVER, that until the occurrence of an Event of Default hereunder, and subject to any provisions hereof to the contrary, the Grantor shall have the right to remain in quiet and peaceful possession of the Property, and to collect, receive and retain the rents, revenues, profits, proceeds, income and royalties therefrom.

PROVIDED FURTHER, that if the Grantor pays, causes to be paid or provides for the payment of the Deed of Trust Indebtedness to the Beneficiary in full at the time and in the manner stated in the Loan Agreement, the Loan and Financing Agreement, this Deed of Trust and the other Bond Documents at any time before the sale hereinafter provided for, and the Grantor well and truly performs, complies with and observes each and all of the other Grantor's Obligations and upon the expiration or termination of the Loan Agreement and the Loan and Financing Agreement, then these presents and the estate granted hereby shall cease, determine and become void, and upon proof given to the satisfaction of the Individual Trustees that (a) the Deed of Trust Indebtedness has been so paid, satisfied or provided for in full, (b) the Grantor's Obligations have been so paid, satisfied or provided for in full, and (c) the Loan Agreement and the Loan and Financing Agreement have expired or terminated, the Individual Trustees shall (upon the receipt of the written request of the Beneficiary and at the expense of the Grantor) release and discharge the lien and security interest of this Deed of Trust of record upon payment to the Individual Trustees of a reasonable fee for the release and reconveyance of the Property or any partial release and reconveyance thereof.

AGREEMENTS

The Grantor hereby represents, warrants, covenants and agrees as follows, and stipulates that a breach of any of the following representations, warranties, covenants and agreements shall be deemed a breach of a material condition of this Deed of Trust, the Loan Agreement and the Loan and Financing Agreement:

ARTICLE I DEFINITIONS AND CONSTRUCTION

SECTION 1.01 Certain Definitions.

The terms defined in this Section shall have the meanings stated in this Section for all purposes of this Deed of Trust, except as otherwise expressly provided or unless the context otherwise requires.

"Additions" means any and all alterations, additions, accessions, extensions, betterments and improvements to the Property (or any portion thereof), substitutions therefor, and renewals and replacements thereof.

"Administrative Expenditures" means all those expenses and fees incurred in connection with the issuance and maintenance of the Series 2014 Bonds and the other Bond Documents, including without limitation the fees and expenses of the Individual Trustees acting as trustees under this Deed of Trust.

"Bond Documents" means the Series 2014 Bonds, the Deed of Trust Notes, the Bond Trust Indenture, the Loan Agreement, the Loan and Financing Agreement, this Deed of Trust, the Master Trust Indenture and all other documents evidencing or securing the Series 2014 Bonds.

"Deed of Trust Indebtedness" means all sums of money secured by this Deed of Trust and has the meaning given such term in the granting clauses of this Deed of Trust.

"Deed of Trust Notes" means the promissory notes so designated and delivered to the Issuer to evidence the payment obligations of the Grantor with respect to the loan of the proceeds of the Series 2014 Bonds.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication capable of being evidenced by a paper copy.

"Encumbrance" means any mortgage, pledge, lien, security interest, charge or other encumbrance.

"Environmental Report" means the Preliminary Environmental Site Assessment prepared by BL Companies dated April 21, 2014, with respect to the Project and the Land.

"Grantor's Obligations" shall have the meaning given such term in the recitals to this Deed of Trust.

"Hazardous Materials" means any radioactive materials, hazardous waste, toxic substances or related materials, including, without limitation, asbestos, polychlorinated byphenyls, urea-formaldehyde, radon and any substance defined as or included in the definition of (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. 6901 et seq.), as amended from time to time, and the regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. 9601 et seq.), as amended from time to time, and the regulations promulgated thereunder; (c) any substance the presence of which on the Property is prohibited by any law similar to those set forth in this definition; (d) any hazardous or infectious medical waste including, but not limited to, cultures and stocks of infectious agents and associated biologicals, pathological wastes, human and animal blood specimens and blood products, anatomical materials, blood, blood-soiled articles, contaminated materials, micro-biological laboratory wastes, sharps, chemical wastes, infectious wastes, chemotherapeutic wastes, and radioactive wastes; and (e) any other substance which by law requires special handling in its collection, storage, treatment or disposal.

"Hazardous Materials Contamination" means the contamination in violation of any applicable federal, state or local laws, statutes, ordinances and regulations (whether presently existing or occurring after the date of this Deed of Trust) of the Improvements, facilities, soil, ground water, air or other elements on, or of, the Property by Hazardous Materials, or the contamination in violation of any applicable federal, state or local laws, statutes, ordinances and regulations of the buildings, facilities, soil, ground water, air or other elements on, or of, any other

property as a result of Hazardous Materials at any time (whether before or after the date of this Deed of Trust) emanating from the Property.

“Leases” means any and all (a) leases, (b) subleases and (c) residence and care or other occupancy agreements executed by Residents, which may have been heretofore executed or which may be hereafter executed in connection with, or for, the use and occupation of the Property (or any part thereof), together with any and all supplements thereto.

“Master Trust Indenture” means the Master Trust Indenture, as supplemented by Supplemental Indenture Number 1, both dated as of August 1, 2014, between the Obligor and Manufacturers and Traders Trust Company, as master trustee, and as it may be further supplemented and amended in accordance with the terms thereof.

“Reimbursement Rate” means the rate of interest charged prime corporate borrowers per annum on demand loans by the commercial lending department of the Bond Trustee.

“Residents” means a person who occupies a unit on the Property pursuant to a residence and care or other occupancy agreement or any other agreement for the provision of services.

“Taxes” means all taxes, assessments and other governmental charges lawfully levied or assessed upon or in respect of the Property.

Unless specifically provided otherwise, all accounting terms have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable person on a consistent basis by its accountants in the preparation of its previous annual financial statements.

SECTION 1.02 Rules of Construction.

The words “hereof,” “herein,” “hereunder,” “hereto,” and other words of similar import refer to this Deed of Trust in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

References to Articles, Sections and other subdivisions of this Deed of Trust are to the designated Articles, Sections and other subdivisions of this Deed of Trust.

The headings of this Deed of Trust are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any references herein to an agreement, document or instrument shall mean to such agreement, document or instrument as amended, modified or supplemented from time to time.

Any reference to particular sections or subsections of the Internal Revenue Code and applicable income tax regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Series 2014 Bonds.

**ARTICLE II
REPRESENTATIONS AND WARRANTIES**

SECTION 2.01 Warranty of Title.

The Grantor warrants specially that, at the time of the execution and delivery of this Deed of Trust, it is the sole owner of all the good and marketable fee simple legal title to, and is lawfully seized and possessed of, the Property. The Grantor has the right and authority to convey the Property and does hereby warrant specially, and agree to defend, the Property and the title thereto, whether now owned or hereafter acquired, against all claims and demands by any person claiming by, through or under the Grantor.

SECTION 2.02 Tax Assessments.

The Land and the Improvements covered by this Deed of Trust are assessed for purposes of Taxes as a separate and distinct parcel from any other real property so that the Land and the Improvements shall never become subject to the lien of any Taxes levied or assessed against any real property other than the Land and the Improvements described in this Deed of Trust.

SECTION 2.03 Hazardous Materials.

To the best of the Grantor’s knowledge, information and belief, and except as to any matters disclosed in the Environmental Report, a copy of which has been provided to the Beneficiary, no Hazardous Materials are located on the Property, or if so located thereon, are stored and used in accordance with all applicable federal, state and local laws. The Grantor has never and, to the Grantor’s knowledge, no other Person has ever, used the Property as a manufacturing, storage or dump site for Hazardous Materials nor, to the best of the Grantor’s knowledge, is the Property affected by any Hazardous Materials Contamination. To the best of the Grantor’s knowledge, no property adjoining the Property has ever been used as a manufacturing, storage or dump site for Hazardous Materials nor, to the Grantor’s knowledge, is any such adjacent property affected by any Hazardous Materials Contamination.

**ARTICLE III
COVENANTS AND AGREEMENTS**

SECTION 3.01 Payment and Performance of Grantor’s Obligations.

The Grantor will: (a) punctually pay the Grantor’s Obligations to be paid by the Grantor, as and when the same become due and payable; and (b) punctually keep and perform each and all other of the Grantor’s Obligations under the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents and this Deed of Trust.

SECTION 3.02 Further Assurances.

At any time, and from time to time, upon request by the Beneficiary, the Grantor, at the sole expense of the Grantor, will make, execute, deliver and record or cause to be made, executed, delivered and recorded, any and all further instruments, certificates and other documents as may, in the reasonable opinion of the Beneficiary, be necessary or desirable in order to effectuate, complete, perfect or continue and preserve the obligations of the Grantor under the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents, this Deed of Trust and the lien of this Deed of Trust, and all modifications, extensions and other amendments of the same. Upon any failure by the Grantor so to do, the Beneficiary may make, execute and record any and all such instruments, certificates and documents for and in the name of the Grantor and at the sole expense of the Grantor, and the Grantor hereby irrevocably appoints the Beneficiary the agent and attorney-in-fact of the Grantor to do so, this appointment being coupled with an interest. The Beneficiary may, at its option, advance the expenses incurred in making, executing and recording any and all such instruments, certificates and documents, and such sums advanced, with interest at the Reimbursement Rate, will be repaid to the Beneficiary by the Grantor as provided in Section 3.11 hereof.

SECTION 3.03 Insurance.

The Grantor shall maintain, or cause to be maintained, insurance of the kinds and amounts required by the Bond Documents with respect to the Property. The proceeds of property insurance policies shall be applied as required by the Bond Documents. In the event of a sale of all or any part of the Property pursuant to the provisions of this Deed of Trust, the Beneficiary shall succeed to all the rights and interest of the Grantor, including any right of the Grantor to unearned premiums, in and to all such policies of insurance.

SECTION 3.04 Taxes.

(a) The Grantor will promptly pay, prior to the accrual of any penalties thereon, all Taxes lawfully levied or assessed upon or in respect of the Property. If the Grantor fails to pay, or cause to be paid, such Taxes at the time or in the manner provided in this Section, the Beneficiary may, at its option (but without being under any obligation to do so), pay such Taxes, and the Grantor shall pay to such Beneficiary the amount of any Taxes so paid, with interest thereon, as provided in Section 3.11 hereof.

(b) 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 deeds of trust or debts secured by deeds of trust or the manner of collecting any such taxes so as to adversely affect the Beneficiary (including, without limitation, a requirement that internal revenue stamps be affixed to, or a tax be paid with respect to the recordation of, this Deed of Trust), the Grantor will promptly pay any such tax. If the Grantor fails to make such prompt payment, or if any such law prohibits the Grantor from making such payment or would penalize the Beneficiary if the Grantor makes such payment, then an "Event of Default" shall be deemed to have occurred hereunder. In no event, however, shall any income taxes

or franchise taxes of the Beneficiary or any Holder, measured by income, or taxes in lieu of such income taxes or franchise taxes, be required to be paid by the Grantor.

(c) The fact that the Issuer is issuing the Series 2014 Bonds shall not imply that the Grantor is or shall be eligible for any decrease in or immunity from any applicable tax, assessment, charge or levy ordinarily imposed by the Issuer or any other governmental entity.

SECTION 3.05 Condemnation.

So long as an Event of Default shall not have occurred and be continuing, the Grantor is hereby authorized, at its option upon notice thereof to the Bond Trustee and the Lender, to commence, appear in and prosecute any action or proceeding relating to any condemnation of all or any part of the Property or any part thereof, or sale in lieu of condemnation, and to settle or compromise any claim in connection therewith with due regard to the interests of the Bond Trustee, the Issuer and the holders of the Series 2014 Bonds, subject to the terms of the Bond Documents. If an Event of Default shall have occurred and be continuing, the Beneficiary is hereby authorized, at its option, to commence, appear in and prosecute, in its own or in the Grantor's name, any action or proceeding relating to any condemnation of all or any part of the Property or any part thereof, or sale in lieu of condemnation, and to settle or compromise any claim in connection therewith, subject to the terms of the Bond Documents. Notwithstanding any taking by eminent domain, sale in lieu of condemnation, alteration of the grade of any street or other injury to or decrease in the value of the Property by any public or quasi-public authority or corporation, the Grantor will continue to pay the Deed of Trust Indebtedness as and when the same shall become due and payable by the Grantor, and any reduction in the Grantor's Obligations resulting from the application of the Condemnation Awards shall be deemed to take effect only on the date of such receipt. Any Condemnation Awards so received shall be deposited and applied as set forth in the Bond Documents. If, prior to the receipt of such Condemnation Award, the Property or any part thereof shall have been sold pursuant to the provisions of Section 4.02 of this Deed of Trust, the holders of the Series 2014 Bonds shall have the right to receive such Condemnation Award to the extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Deed of Trust shall have been sought or recovered or denied, and of the reasonable attorneys' fees, costs and disbursements incurred in connection with the collection of such Condemnation Award. The Grantor agrees to execute and deliver, from time to time, upon the request of the Beneficiary, such further instruments or documents as may be requested by the Beneficiary to confirm the grant and assignment to the Beneficiary of any such Condemnation Award.

SECTION 3.06 Damage and Destruction; Condemnation; Application of Proceeds.

If, at any time prior to the repayment in full of all of the Deed of Trust Indebtedness, (a) the Property or any part thereof is damaged by fire or other casualty or is destroyed (in whole or in part) by fire or other casualty, or (b) title to, or the use of, the Property or any part thereof, or the interest of the Grantor in the Property or any part thereof, is taken under the exercise of the power of eminent domain by any governmental body, or by any person acting under governmental authority or otherwise, either temporarily or permanently, the amounts resulting from any event described in this Section (including all proceeds received under any title insurance policy relative to the Property) will be applied as required by the Bond Documents.

The Grantor expressly waives, to the extent permitted by law, for the benefit of the Beneficiary any right or privilege now granted or created under the provisions of any of the real property laws of the State or any similar law, rule or regulation now or hereafter in effect relating to the disposition of Condemnation Awards with respect to the Property or the damage or destruction of the Property from any cause that may be in conflict with the provisions of the Bond Documents and agrees that the provisions of the Bond Documents, as the case may be, shall govern in lieu thereof.

SECTION 3.07 Additions to Security.

All right, title and interest of the Grantor in and to all Additions to the Property, hereafter acquired by or released to the Grantor, or constructed, assembled or placed by the Grantor on the Property, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further deed of trust, conveyance, assignment or other act by the Grantor, shall become subject to the lien and security interest of this Deed of Trust as fully and completely, and with the same effect, as though now owned by the Grantor and specifically described in the granting clauses hereof, but at any and all times the Grantor will execute and deliver to the Individual Trustees any and all such further assurances, deeds of trust, conveyances or assignments thereof as the Individual Trustees or the Beneficiary may require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Deed of Trust.

SECTION 3.08 Subrogation of Beneficiary.

To the extent permitted by law, the Beneficiary shall be subrogated, notwithstanding their release of record, to any Encumbrances heretofore or hereafter existing on the Property to the extent that the same are paid or discharged by the Beneficiary, whether or not from the proceeds of the Loan; provided, however, that this Section shall not be deemed or construed to obligate the Beneficiary to pay or discharge the same.

SECTION 3.09 Security Agreement; Filing.

This Deed of Trust constitutes a security agreement between the Grantor and the Beneficiary under the Maryland Uniform Commercial Code. The Grantor hereby agrees to execute and deliver on demand, and hereby irrevocably constitutes and appoints the Individual Trustees as the attorney-in-fact of the Grantor to execute and deliver and, if appropriate, to file with the appropriate filing office or offices, such financing statements or other instruments as the Beneficiary may request or require in order to perfect the security interest granted hereby or continue the effectiveness of the same.

With respect to the Equipment Collateral, the Beneficiary shall have all of the rights and remedies of a secured party under the Maryland Uniform Commercial Code. The Beneficiary shall not be liable for any loss to any Equipment Collateral in the Beneficiary's possession, nor shall such loss diminish the amount of the Deed of Trust Indebtedness.

The Grantor intends that the security interests created hereby shall be perfected in such manner as is permitted or required pursuant to the Maryland Uniform Commercial Code. The parties agree that all necessary continuation statements shall be filed by the Bond Trustee pursuant to the Bond Documents within the time prescribed by the Maryland Uniform Commercial Code in order to continue the security interest created by this Deed of Trust. This Deed of Trust shall be recorded among the land records of Howard County, Maryland, to the end that the rights of the Beneficiary and the Individual Trustees shall be fully preserved as against creditors of, or purchasers for value from, the Issuer or the Grantor.

If, at any time, any of the information contained in any financing statement filed in connection with the security interests created by the Bond Trust Indenture, the Loan and Financing Agreement or this Deed of Trust, including, without limitation, the description of the collateral, shall change in such manner as to cause such financing statement to become misleading in any material respect or as may impair the perfection of the security interests intended to be created by the Bond Trust Indenture, the Loan and Financing Agreement and this Deed of Trust, then the Grantor shall promptly prepare an amendment to such financing statement as may be necessary to continue the perfection of the security interest intended to be created by the Bond Trust Indenture, the Loan and Financing Agreement and this Deed of Trust, as applicable, and file the same in any office where such amendment is required to be filed to continue the perfection of the security interest intended to be created thereby and hereby. The Grantor shall pay all reasonable costs and expenses incurred in connection with the performance of its obligations set forth in this Section.

SECTION 3.10 Right to Perform.

If the Grantor fails to make any payment or perform, observe or comply with any of the conditions and covenants contained herein, the Beneficiary, without notice to or demand upon the Grantor, and without waiving or releasing any obligation or default, and without in any way assuming any of the Grantor's Obligations, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Grantor, and may enter upon the Property or any part thereof for that purpose and take all such action thereon as the Beneficiary may consider necessary or appropriate for such purpose. All such sums so paid or advanced by the Beneficiary and all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses) so incurred, together with interest thereon, shall be repaid by the Grantor to the Beneficiary as provided in Section 3.11 hereof.

SECTION 3.11 Expenses.

If the Beneficiary or the Individual Trustees incur or expend any sums, including, without limitation, reasonable attorneys' fees and expenses, whether or not in connection with any action or proceeding, to sustain the lien and/or protect or enforce any of their rights hereunder, or to recover any of the Deed of Trust Indebtedness hereby secured, or for any title examination or title insurance policy relating to the title to the Property or any part thereof, or for any other purposes set forth in any Section of this Deed of Trust or in the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or the other Bond Documents, all such sums shall on notice and demand be paid by the Grantor, together with interest thereon at the Reimbursement Rate, and shall be a part of the Deed of Trust Indebtedness secured by this Deed

of Trust; provided, however, that in any action or proceeding to foreclose this Deed of Trust or to recover or collect the Deed of Trust Indebtedness secured hereby, the provisions of law respecting the recovery of costs, disbursements and allowances shall prevail unaffected by this covenant.

SECTION 3.12 Other Liens.

Except for Permitted Encumbrances, the Grantor will not, except as provided by the Loan Agreement and the Loan and Financing Agreement, permit any lien, mortgage, security interest, encumbrance or claim to accrue or remain on the Grantor's interest in the Property or any part thereof which may be superior to or on a parity with the lien or security interest of this Deed of Trust or which may be inferior or junior to the lien or security interest of this Deed of Trust.

SECTION 3.13 Inspection of Property.

After reasonable notice from the Beneficiary, the Grantor will permit the Beneficiary or any person or persons authorized by the Beneficiary to enter and make inspections of the Property or any part thereof as provided in the Loan Agreement and the Loan and Financing Agreement and to make, or cause to be made, any tests, including, without limitation, environmental tests, of the Property, with the Property to be restored after such testing at the Beneficiary's expense, except after the occurrence and during the existence of an Event of Default, in which case such restoration shall be at the Grantor's expense.

SECTION 3.14 Transfer of Property

Except for Permitted Encumbrances or as set forth in the Loan Agreement, the Loan and Financing Agreement and the other Bond Documents, the Grantor will not encumber, transfer, sell, assign, dispose of or contract to transfer all or any part of its interest in the Property except pursuant to residence and care agreements.

SECTION 3.15 Easements; Restrictive Covenants; Zoning.

The Grantor will promptly perform and observe, or cause to be performed and observed, all of the terms, covenants and conditions of all instruments of record affecting its interest in the Property, non-compliance with which may adversely affect the security of this Deed of Trust, and the Grantor shall do or cause to be done all things necessary to preserve intact and unimpaired any and all easements, appurtenances and other interests and rights in favor of, or benefiting any portion of, the Property.

The Grantor shall not initiate, grant, join in, release or consent to any change in any restrictive covenant, easement, license, right-of-way (including the dedication of public highways) or any other public or private restriction limiting or defining the uses which may be made of the Property or any part thereof (other than Permitted Encumbrances) unless the Grantor shall furnish to the Bond Trustee:

(a) a certificate executed by the Authorized Officer of the Grantor, stating that (i) any such grant, consent, release or change will not cause or result in an Event of Default under the Bond

Trust Indenture, the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents or this Deed of Trust, (ii) as of the date of such request, no Event of Default under the Bond Trust Indenture, the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents or this Deed of Trust or any event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Bond Trust Indenture, the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents or this Deed of Trust has occurred and is continuing, and (iii) such grant, release, consent or change will not adversely affect the revenue producing capability of the Property or deprive the Property of any real or personal property needed for the operation thereof; and

(b) a certificate dated within the preceding 30 days of an independent architect to the effect that any such grant, consent, release or change (i) will not destroy or materially impair the means of ingress to or egress from the Property, (ii) will not materially impair the use of the Property for its intended purposes, (iii) will not materially impair the value of the Property, and (iv) will not materially interfere with or impair the efficiency of operations then being conducted on the Property by the Grantor or any occupant of the Property.

On receipt of the foregoing, or upon receipt of documentation required in connection with any Permitted Encumbrance, the Individual Trustees shall promptly execute and deliver any and all instruments necessary or appropriate in connection with the foregoing and as may be necessary to release the same from the lien of this Deed of Trust. All reasonable expenses in connection therewith shall be borne solely by the Grantor.

SECTION 3.16 Estoppel Certificate.

Within 30 days after any request by the Beneficiary or a proposed assignee of the Loan Agreement or the Loan and Financing Agreement, the Grantor shall certify by a written statement to the requesting party signed by the Authorized Officer of the Grantor the then unpaid balance of the Deed of Trust Indebtedness and the existence of any offsets or defenses of which the Grantor has knowledge against the Deed of Trust Indebtedness secured hereby, and stating that, to its knowledge as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default under the Bond Trust Indenture, the Loan Agreement, the Loan and Financing Agreement, the other Bond Documents or this Deed of Trust, or if any such event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event or condition and what action the Grantor has taken, is taking or proposes to take with respect thereto.

SECTION 3.17 Hazardous Materials; Contamination.

(a) The Grantor agrees to (i) give notice to the Beneficiary immediately upon the Grantor's acquiring knowledge of the presence of any Hazardous Materials on the Property in material violation of law or of any Hazardous Materials Contamination with a full description thereof; (ii) promptly comply with any laws requiring the removal, treatment or disposal of such Hazardous Materials or Hazardous Materials Contamination and provide the Beneficiary with satisfactory evidence of such compliance; (iii) provide the Beneficiary, within thirty (30) days

after a demand by the Beneficiary, with a bond, letter of credit or similar financial assurance evidencing to the Beneficiary's satisfaction that the necessary funds are available to pay the cost of removing, treating and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any Encumbrance which may be imposed on the Property as a result thereof; and (iv) indemnify and hold harmless the Beneficiary and the Individual Trustees from any and all claims, damages, suits, liability, orders for cleanup or other matters, and all reasonable expenses, fees and other costs incurred in connection therewith, which may now or in the future (whether before or after the release of this Deed of Trust) be asserted as a result of the presence of any Hazardous Materials on the Property or any Hazardous Materials Contamination. The provisions of this Section shall survive the release of this Deed of Trust.

(b) The Grantor will and agrees to indemnify and save the Beneficiary, the Issuer, the Bond Trustee, the Lender and their directors, officers, members and employees harmless against and from all claims by or on behalf of any Person arising from the conduct or management of or from any work or thing done on the Property and against and from all claims arising from (i) any condition of or operation of the Property, or (ii) any breach or default on the part of the Grantor in the performance of any of its obligations under Section 3.17(a)(construing such subsection (a) as if written to extend expressly to such Persons) or Section 3.18 herein. The Grantor will indemnify and save the Beneficiary, the Issuer, the Bond Trustee and the Lender harmless from and against all costs and expenses incurred in or in connection with any such claim arising as described in the preceding sentence, or in connection with any action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Beneficiary, the Issuer, the Bond Trustee or the Lender, the Grantor will defend them or any of them in any such action or proceeding. The provisions of this subsection (b) shall survive the release of this Deed of Trust. The provisions of this subsection (b) shall not be included in the assignment by any Person identified in this subsection (b) of its right, title or interest in this Deed of Trust but shall remain applicable to such Person.

SECTION 3.18 Prohibition on Hazardous Materials.

The Grantor shall not produce, create or dispose of, or permit to be produced, created or disposed of, on the Property any Hazardous Materials other than Hazardous Materials produced, created or disposed of by the Grantor in accordance with law in the ordinary course of operation of the Project. The Grantor may place or store Hazardous Materials on the Property in the ordinary course of operation of the Project only if such Hazardous Materials are placed or stored in accordance with all applicable federal, state and local laws.

ARTICLE IV EVENTS OF DEFAULT; RIGHTS AND REMEDIES

SECTION 4.01 Events of Default.

Any of the following events shall be an "Event of Default" under this Deed of Trust:

(a) the Grantor fails to pay, as and when due and payable, after giving effect to any applicable grace or cure periods, if any, any of the Grantor's Obligations; or

(b) an Event of Default occurs under the Bond Trust Indenture, the Loan Agreement, the Loan and Financing Agreement or the other Bond Documents; or

(c) the holder of a Deed of Trust Note shall declare the principal of such Deed of Trust Note and interest thereon to be immediately due and payable; or

(d) the principal and interest on all Series 2014 Master Obligations (as defined in the Master Trust Indenture) shall have been declared by the Master Trustee to be immediately due and payable pursuant to the Master Trust Indenture; or

(e) the Grantor fails to fully and promptly perform, observe or comply with any of the terms, covenants or agreements contained in Sections 3.03, 3.04 or 3.14 hereof; or

(f) the Grantor fails to perform, observe or comply with any other of the terms, covenants, conditions or provisions contained in this Deed of Trust, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Grantor; provided, however, that if the Grantor shall proceed to make any repair, restoration or replacement or take any curative action that, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such period shall be increased to such extent as shall be necessary to enable the Grantor to complete such repair, restoration or replacement or other curative action through the exercise of due diligence.

SECTION 4.02 Remedies.

Upon the occurrence of an Event of Default, and subject to the last literary paragraph of this Section 4.02, the Beneficiary, or the Individual Trustees at the direction of the Beneficiary, may at any time thereafter exercise any of the following powers, privileges, discretions, rights and remedies, in addition to the powers, privileges, discretions, rights and remedies available to the Beneficiary (including, without limitation, acceleration of maturity) under the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or the other Bond Documents:

(a) Foreclosure. The Individual Trustees, acting on their own behalf or through an agent, may take possession of and sell the Property, or any part thereof requested by the Beneficiary as set forth in the Master Trust Indenture to be sold, subject to any lease of all or any part of the Property which the Individual Trustees or the Beneficiary elect to maintain and so advertise in accordance with the Real Property Article of the Annotated Code of Maryland or any substitutions or replacements thereto, and in connection therewith the Grantor hereby (i) assents to the passage of a decree for the sale of the Property by the equity court having jurisdiction, and (ii) authorizes and empowers the Individual Trustees to take possession of and sell (or in case of any default of any purchaser, to resell) the Property, or any part thereof, all in accordance with the laws of the State or rules of court relating to deeds of trust, including any amendments thereof, or additions thereto, which do not materially change or impair this remedy. In connection with any sale under this Deed of Trust, the Individual Trustees may procure such title reports, surveys, tax histories and appraisals as they deem necessary, and all reasonable costs and expenses incurred in connection therewith shall be payable by the Grantor or from the proceeds of sale. In case of any sale under this Deed of Trust, by virtue of judicial proceedings or otherwise, the Property may be sold as an entirety or in

parcels, by one sale or by several sales, as may be deemed by the Individual Trustees to be appropriate and without regard to any right of the Grantor or any other person to the marshalling of assets (provided that all rights of Residents under their respective residence and care or other occupancy agreements continue in full force and effect and that the Beneficiary and any purchaser accept and perform all of the Grantor's obligations under such residence and care or other occupancy agreements). Any sale hereunder may be made at public auction, at such time or times, at such place or places, and upon such terms and conditions and after such previous public notice as the Individual Trustees shall deem appropriate and advantageous and as required by law. The Individual Trustees shall give written notice of any proposed sale hereunder to the present record owner of the Property, which notice shall comply with the requirements of the Real Property Article of the Annotated Code of Maryland, as amended. Upon the terms of such sale being complied with, the Individual Trustees shall convey to the purchaser or purchasers (at their expense) the interest of the Grantor in the Property so sold, free and discharged of and from all estate, title or interest of the Grantor, at law or in equity, such purchaser or purchasers being hereby discharged from all liability to see to the application of the purchase money. The proceeds of such sale or sales under this Deed of Trust, whether under the assent to a decree, the power of sale or by equitable foreclosure, shall be held by the Individual Trustees and applied as follows:

- (i) First, to pay all costs, charges and expenses attending the execution of this trust or any sale made as aforesaid;
- (ii) Second, to discharge all taxes, levies and assessments on the Property, with costs and interest if they have priority over the lien of this Deed of Trust, including the amount due pro rata thereof for the current year;
- (iii) Third, to discharge in the order of the priority as provided in the Master Trust Indenture, if any, the remaining debts and obligations secured by this Deed of Trust and any liens of record inferior to this Deed of Trust with lawful interest; and
- (iv) Last, to pay the surplus, if any, in such order and manner as set forth in the Master Trust Indenture.

Notwithstanding anything contained in this Section to the contrary, any foreclosure shall be held in accordance with Maryland law.

(b) Receiver. As a matter of right and to the extent permitted by law, without notice to the Grantor, and without regard to the adequacy of the security, and upon application to a court of competent jurisdiction, the Beneficiary shall be entitled to the immediate appointment of a receiver for all or any part of the Property, and of the rents, income, profits, issues and proceeds thereof and therefrom, whether such receivership be incidental to a proposed sale of the Property or otherwise, and the Grantor hereby consents to the appointment of such a receiver. Any amounts so received shall be applied (i) first, to pay all reasonable costs and expenses of so entering upon, taking possession of, holding, operating, maintaining, preserving and managing the Property or any part thereof, including, without limitation, reasonable compensation to the attorneys, employees or

agents of the Beneficiary or the Individual Trustees or any receiver engaged or employed with regard thereto, (ii) second, to pay the cost and expense of all repairs, renewals, replacements, alterations, additions, betterments and improvements to or upon the Property or any part thereof, (iii) third, to pay any unpaid Administrative Expenditures, (iv) fourth, to pay all of the Deed of Trust Indebtedness and the Grantor's Obligations in the order and manner as set forth in the Master Trust Indenture, and (v) lastly, to pay the surplus, if any, to the Grantor or any person entitled thereto upon surrender and delivery to the purchaser or purchasers of the Property, and less the costs, if any, of obtaining possession. The Grantor will pay to the Beneficiary, upon demand, all reasonable expenses, including receiver's fees, attorneys' fees, court costs, agent's compensation, management fees and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property, advanced by the Beneficiary and incurred pursuant to the provisions contained in this Section; and all such expenses shall be (A) a lien against the Property, (B) added to the Deed of Trust Indebtedness secured by this Deed of Trust, and (C) payable on demand with interest at the Reimbursement Rate from and including the date each such advance is made.

(c) Entry and Operation. To the extent permitted by law, and with or without the appointment of a receiver, or an application therefor, the Beneficiary or the Individual Trustees, on behalf of the Beneficiary, may enter upon, and take possession of (and the Grantor shall surrender actual possession of), the Property or any part thereof, without notice to the Grantor and without bringing any legal action or proceeding, or, if necessary by force, legal proceedings, ejectment or otherwise, and may remove and exclude the Grantor and its agents and employees and all other persons (except Residents) therefrom, and having and holding the same may make all necessary or proper repairs, replacements and useful or required alterations, additions, betterments or improvements to or upon the same, and operate, maintain, control, make secure and preserve the same and receive all earnings, income, profits, rents (including rents accrued and unpaid) and proceeds accruing with respect thereto or any part thereof, such earnings, income, profits, rents and proceeds being hereby assigned to the Beneficiary as additional security for the repayment of the Deed of Trust Indebtedness. In so doing, the Beneficiary or the Individual Trustees shall have the right to manage the Property, and to carry on the business of the Grantor, and may exercise all of the rights and powers of the Grantor, either in the name of the Grantor or otherwise, including, without limitation, the right to lease the Property or any part thereof, to cancel, modify, renew or extend any Lease of the Property or any part thereof and to complete the construction of any unfinished improvements. Neither the Beneficiary nor the Individual Trustees shall be under any liability for or by reason of any such taking of possession, entry, holding, removal, maintaining, operation, making secure or management, except for willful misconduct and except for the failure to accept and perform all of the Grantor's obligations under residence and care or other occupancy agreements as such obligations relate to the Residents. Any amounts so received by the Beneficiary or the Individual Trustees shall be applied (i) first, to pay all reasonable costs and expenses of so entering upon, taking possession of, holding, operating, maintaining, preserving and managing the Property or any part thereof including, without limitation, reasonable compensation to the attorneys, employees or agents of the receiver engaged or employed with regard thereto, (ii) second, to pay the cost and expense of all repairs, renewals, replacements, alterations, additions, betterments and improvements to or upon the Property or any part thereof, (iii) third, to pay any unpaid Administrative Expenditures, (iv) fourth, to pay all of the Deed of Trust Indebtedness and the Grantor's Obligations in the order and manner as set forth in the Master Trust Indenture, and (v) lastly, to pay the surplus, if any, to the Grantor or any person entitled thereto upon surrender and

delivery to the purchaser or purchasers of the Property, and less the costs, if any, of obtaining possession. The Grantor shall pay on demand to the Beneficiary or to the Individual Trustees (as the case may be) the amount of any deficiency between (A) the amounts so received by the Beneficiary or the Individual Trustees and (B) all moneys paid or advanced and all reasonable costs and expenses incurred (including, without limitation, attorneys' fees and expenses) by the Beneficiary or by the Individual Trustees (as the case may be) in exercising the rights provided in this paragraph, and the same shall bear interest at the Reimbursement Rate and shall be a part of the Deed of Trust Indebtedness secured hereby. The exercise of the remedies provided in this subsection shall not cure or waive any Event of Default or notice of an Event of Default hereunder or invalidate any act done pursuant to such notice, and the enforcement of such remedies, once commenced, shall continue for as long as the Beneficiary shall elect, notwithstanding the fact that the exercise of such remedies may have, for a time, cured the original Event of Default.

(d) Uniform Commercial Code. The Beneficiary may proceed under the Maryland Uniform Commercial Code as to all or any part of the Equipment Collateral and any other security granted hereunder and, in conjunction therewith, exercise all of the rights, remedies and powers of a secured party under the Maryland Uniform Commercial Code, including, without limitation, taking possession of the Equipment Collateral and other security without judicial process pursuant to the Maryland Uniform Commercial Code to the extent permitted by such Code. Upon the occurrence of any Event of Default hereunder, the Grantor shall assemble all of the Equipment Collateral and such other security and make the same available within the Property or at any other location designated by the Beneficiary and reasonably convenient to the Beneficiary and the Grantor. Any notification required by the Maryland Uniform Commercial Code shall be deemed reasonable and properly given if mailed certified mail, return receipt requested, postage prepaid, by the Beneficiary to the Grantor at the address specified in Section 6.02 hereof at least 30 days before any sale or other disposition of the Equipment Collateral (or any of the other security granted hereunder), or any portion thereof. Disposition of the Equipment Collateral (or any of the other security granted hereunder), or any portion thereof, shall be made in accordance with the Maryland Uniform Commercial Code.

(e) Other Remedies. The Beneficiary shall have the right from time to time to enforce any legal or equitable remedy against the Grantor and to sue the Grantor for any sums (whether interest, damages for failure to pay principal or any installments thereof, Taxes, or any other sums required to be paid under the terms of this Deed of Trust, as the same become due), without regard to whether or not the Deed of Trust Indebtedness or any other of the Grantor's Obligations shall be due, and without prejudice to the right of the Beneficiary thereafter to enforce any appropriate remedy against the Grantor, including any action of foreclosure, or any other action, including an action for specific performance, for a default or defaults by the Grantor existing at the time such earlier action was commenced. Nothing contained in this Deed of Trust shall preclude the Beneficiary from exercising or enforcing any rights it may now or hereafter have under or pursuant to any instrument of guaranty or any other document, instrument or agreement, or against any collateral or other property then held by the Beneficiary as security for the Grantor's Obligations.

No action taken pursuant to this Section shall relieve the Grantor from any of the Deed of Trust Indebtedness for which it is responsible or any of the Grantor's Obligations, all of which shall survive any such action, and the Beneficiary may take whatever action at law or in equity as may

appear necessary and desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and observance of the Grantor's Obligations.

Any amounts collected pursuant to action taken under this Section shall be paid over to the Bond Trustee and the Lender and applied to the Deed of Trust Indebtedness and the Grantor's Obligations as set forth in the Bond Trust Indenture and the Loan and Financing Agreement.

As used in this Section 4.02, a Beneficiary shall exercise the authority available to the Beneficiary herein in accordance with, and only to the extent a Beneficiary is given the authority to exercise remedies under the Master Trust Indenture.

SECTION 4.03 Remedies etc. Cumulative.

Each right, power and remedy of the Beneficiary or the Individual Trustees as provided for in this Deed of Trust or in the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or the other Bond Documents shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Deed of Trust or in any of the other Bond Documents, and the exercise or beginning of the exercise by the Beneficiary or the Individual Trustees of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Beneficiary or the Individual Trustees of any or all such other rights, powers or remedies (provided, however, that the Beneficiary or the Individual Trustees, in exercising any remedy, shall take all reasonable precautions to avoid the interruption of or interference with the activities of Residents.

The provisions of this Article IV and the rights and remedies thereunder are subject in all respects to the provisions of the Master Indenture.

SECTION 4.04 No Waiver etc.

No failure or delay by the Beneficiary or the Individual Trustees to insist upon the strict performance of any term, condition, covenant or agreement of this Deed of Trust or any of the other Bond Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant or agreement or of any such breach, or preclude the Beneficiary or the Individual Trustees from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any amount payable under this Deed of Trust, the Beneficiary or the Individual Trustees shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Deed of Trust, or to declare a default for failure to effect such prompt payment of any such other amount. Neither the Grantor nor any other person now or hereafter obligated for the payment of the whole or any part of the Deed of Trust Indebtedness now or hereafter secured by this Deed of Trust shall be relieved of such obligation by reason of the failure of the Beneficiary to comply with any request of the Grantor or of any other person so obligated to take action to foreclose this Deed of Trust or otherwise enforce any of the provisions of this Deed of Trust or of any obligations secured by this Deed of Trust, or by reason of any agreement or stipulation between any subsequent owner or owners of the Property or any part thereof, or by the Beneficiary extending the time of payment or modifying the terms of this Deed of Trust, the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or

any other Bond Document without first having obtained the consent of the Grantor or such other person, and in the latter event, the Grantor and all such other persons shall continue to be liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Beneficiary. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien on the Property, the Beneficiary may release the obligation of any person at any time liable for any of the Deed of Trust Indebtedness secured by this Deed of Trust or any part of the security held for the Deed of Trust Indebtedness and may extend the time of payment or otherwise modify the terms of this Deed of Trust, the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or any other Bond Document (upon compliance with any terms and conditions pertaining to such modifications which may be contained in any of such documents) without, as to the security or the remainder thereof, in any way impairing or affecting the lien or security interest of this Deed of Trust or the priority of such lien or security interest, as security for the payment of the Deed of Trust Indebtedness as it may be so extended or modified, over any subordinate lien. The holder of any subordinate lien shall have no right to terminate any lease affecting the Property whether or not such lease is subordinate to this Deed of Trust. The Beneficiary may resort for the payment of the Deed of Trust Indebtedness secured hereby to the Property or to any other security or collateral therefor held by the Beneficiary in such order and manner as the Beneficiary may elect.

**ARTICLE V
THE INDIVIDUAL TRUSTEES**

SECTION 5.01 Liability of the Individual Trustees.

The Individual Trustees shall be protected in acting upon any notice, request, consent, demand, statement, note or other paper or document believed by them to be genuine and to have been signed by the party or parties purporting to sign the same. The Individual Trustees shall not be liable for any error of judgment, nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which the Individual Trustees may do or refrain from doing in good faith, nor generally shall the Individual Trustees have any accountability hereunder except for willful misconduct or gross negligence. The Individual Trustees may act hereunder and may sell or otherwise dispose of the Property or any part thereof as herein provided, although the Individual Trustees have been, may now be or may hereafter be, attorneys, officers, agents or employees of the Beneficiary, in respect of any matter of business whatsoever. The Beneficiary and the Individual Trustees shall not be liable for any loss to any Equipment Collateral in their possession, provided that they shall use reasonable care with respect thereto; and any such loss shall not diminish the debt due.

SECTION 5.02 Substitution of Individual Trustees etc.

The Beneficiary shall have, and is hereby granted with warranty of further assurances, the irrevocable power (including, in case of death or refusal to act of an Individual Trustee or Individual Trustees or their nonacceptance of the trust, absence or any other reason) to remove an Individual Trustee or successor Individual Trustee and to appoint a new or replacement or substitute Individual Trustee or Individual Trustees hereunder, which power may be exercised at

any time without notice and without specifying any reason therefor by filing for record in the office where this instrument is recorded a Deed of Appointment. The power of appointment of a new or replacement or successor Individual Trustee or Individual Trustees may be exercised as often as and whenever the Beneficiary may choose, and the exercise of the power of appointment, no matter how often, shall not be an exhaustion thereof. Upon the recordation of such Deed or Deeds of Appointment, the Individual Trustee or Individual Trustees so appointed shall thereupon, without any further act or deed of conveyance, become fully vested with identically the same title and estate in and to the Property and with all the rights, powers, trusts and duties of their, his or its predecessor in the trust hereunder with like effect as if originally named as Individual Trustees or as one of the Individual Trustees hereunder. Whenever in this Deed of Trust reference is made to the Individual Trustees, it shall be construed to mean the Individual Trustee or Individual Trustees for the time being, whether original or successor or successors in trust; and all title, estate, rights, powers, trusts and duties hereunder given or appertaining to or devolving upon the Individual Trustees shall be in each of the Individual Trustees, so that any action hereunder or purporting to be hereunder of any one of the original or any successor Individual Trustees shall for all purposes be considered to be, and as effective as, the action of all the Individual Trustees.

SECTION 5.03 Individual Trustees' Expenses and Indemnity.

If the Individual Trustees are employees or officers of the Bond Trustee, the fees and expenses of the Individual Trustees for acting as trustees under this Deed of Trust shall be treated as Administrative Expenditures and be paid by the Grantor pursuant to the Loan Agreement and the Loan and Financing Agreement. If the Individual Trustees are not employees or officers of the Trustee, the Grantor shall pay all of the fees and expenses of the Individual Trustees for acting as Individual Trustees under this Deed of Trust, including, without limitation, the reasonable fees and expenses of counsel employed by the Individual Trustees. Before taking any action under this Deed of Trust, the Individual Trustees may require that satisfactory indemnity be furnished to them for the reimbursement of all expenses to which they may be put and to protect them against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from their gross negligence or willful misconduct.

SECTION 5.04 Concerning the Bond Trustee.

The Bond Trustee's exercise of any rights, powers, duties or obligations of the Beneficiary under this Deed of Trust shall be subject in all respects to the provisions of Article IX of the Bond Trust Indenture.

**ARTICLE VI
MISCELLANEOUS**

SECTION 6.01 Payment by Others.

Any payment of the Deed of Trust Indebtedness or any part thereof made in accordance with the terms of this Deed of Trust by any subsequent owner of the Property or by any other person whose interest in the Property might be prejudiced in the event of a failure to make such

payment, or by any stockholder, officer or director of a corporation or other entity which at any time may be liable for such payment or may own or have such an interest in the Property, shall be deemed as between the Beneficiary and all persons who at any time may be liable as aforesaid or may own or have an interest in the Property to have been made on behalf of such persons. Nothing herein contained shall be construed to give any such person any right of subrogation in and to this Deed of Trust or all or any part of the Beneficiary's interest herein or therein until all of the Deed of Trust Indebtedness shall have been paid in full.

SECTION 6.02 Notices.

All notices, certificates or other communications hereunder must be in writing and will be sufficiently given and will be deemed given when mailed by certified mail, postage prepaid, return receipt requested, or given when dispatched by Electronic Means, or by personal delivery addressed as follows:

If to the Issuer:	The Mayor and Common Council of Westminster 56 W. Main Street Westminster, Maryland 21157 Attention: City Administrator
With a copy to:	The Mayor and Common Council of Westminster 56 W. Main Street Westminster, Maryland 21157 Attention: Director of Finance
If to the Bond Trustee or Master Trustee:	Manufacturers and Traders Trust Company 25 South Charles Street, 11 th Floor MC MD2-CS58 Baltimore, Maryland 21201 Attention: Corporate Trust Department
If to the Lender:	Branch Banking and Trust Company 7200 Bank Court, 3rd Floor Frederick, Maryland 21703 Attention: Scott Springmann
If to the Grantor:	The Lutheran Village at Miller's Grant, Inc. 300 St. Luke Circle Westminster, Maryland 21158 Attention: President

Receipt of notices, certificates or other communications hereunder will occur upon actual delivery (whether by mail, Electronic Means, messenger, courier service or otherwise), as to the Grantor, to an officer, agent or employee of the Grantor at any location where such person may be found and, as to any other party, to an officer, agent or employee of such other party at the address of such party set forth above, subject to change as provided below. An attempted

delivery in accordance with the foregoing, acceptance of which is refused or rejected, will be deemed to be and will constitute receipt; and an attempted delivery in accordance with the foregoing by mail, messenger or courier service (whichever is chosen by the sender) which is not completed because of changed address of which no notice was received by the sender in accordance with this provision prior to the sending of the notice, certificate or other communication will also be deemed to be and constitute receipt. Any party named in this Section 6.02 may, by notice given to each of the others, designate any additional or different addresses to which subsequent notices, certificates or other communications will be sent.

SECTION 6.03 Successors and Assigns.

All of the grants, covenants, terms, provisions and conditions herein shall run with the Property and shall apply to, bind and inure to the benefit of the Grantor (including any permitted subsequent owner of the Property, or any portion thereof), and inure to the benefit of the Beneficiary, its successors and assigns, and to the successors in trust of the Individual Trustees.

SECTION 6.04 Amendments.

This Deed of Trust may be amended to the same extent and upon the same conditions that (a) the Loan Agreement may be amended, as provided in Article X of the Bond Trust Indenture, and (b) the Loan and Financing Agreement may be amended.

SECTION 6.05 Illegality.

If fulfillment of any provision hereof or any transaction related hereto or to the Loan Agreement, the Loan and Financing Agreement, the Bond Trust Indenture or the other Bond Documents, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Deed of Trust in whole or in part, then such clause or provision only shall be void, as though not herein contained, and the remainder of this Deed of Trust shall remain operative and in full force and effect.

SECTION 6.06 Governing Law.

This Deed of Trust is being executed and delivered in the State of Maryland and shall be construed, governed and enforced in accordance with the laws in effect from time to time in the State of Maryland, exclusive of its rules governing choice of law.

SECTION 6.07 Effective Date.

This Deed of Trust has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon the Closing Date. All representations and warranties set forth herein shall be deemed to have been made on the Closing Date.

SECTION 6.08 Covenants for Benefit of Holders. This Deed of Trust is executed in part to induce the purchase by others of Series 2014 Bonds (the "Holders"), and accordingly, all covenants and agreements on the part of the Grantor in this Deed of Trust are hereby declared to be for the benefit of the Holders from time to time of the Series 2014 Bonds, and the Holders of the Series 2014 Bonds shall be third party beneficiaries of this Deed of Trust. The Issuer and its assigns, including the Lender, the Bond Trustee and the Master Trustee, hold this Deed of Trust and the liens and security interests created hereby, including (without limitation) the lien on the Property, for the benefit of the Holders of the Series 2014 Bonds, and such liens and security interests and the proceeds thereof shall not be available to satisfy claims of holders of other issues of the Issuer's bonds or any other creditors of the Issuer.

[Signature page to follow]

IN WITNESS WHEREOF, the Grantor has executed, sealed and delivered this Deed of Trust as of the date first above written.

WITNESS: THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC.

By: _____(SEAL)
Geary K. Milliken, President and Chief Executive Officer

STATE OF MARYLAND, _____ OF _____, TO WIT:

I HEREBY CERTIFY, that on this ____ day of August, 2014, before me, the undersigned Notary Public of the State, personally appeared Geary K. Milliken, known to me (or satisfactorily proven) to be the President and Chief Executive Officer of The Lutheran Village at Miller's Grant, Inc., and acknowledged that he executed the same as the President and Chief Executive Officer of the corporation for the purposes therein contained, by signing his name as President and Chief Executive Officer of the corporation.

IN TESTIMONY WHEREOF, I have affixed my hand and official seal on this ____ day of August, 2014.

Notary Public

My commission expires: _____

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ATTORNEY CERTIFICATION

THIS IS TO CERTIFY that this instrument was prepared by the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

Deborah H. Diehl

RECORDING CLERK: On its recodation, please return this instrument to Deborah H. Diehl, Esquire, Whiteford, Taylor & Preston L.L.P., 7 Saint Paul Street, Baltimore, Maryland 21202-1636.

EXHIBIT A

Property Description

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2098646.v5

OPERATING SUPPORT AGREEMENT

THIS OPERATING SUPPORT AGREEMENT dated as of August 1, 2014 (this "Agreement") by and between CARROLL LUTHERAN VILLAGE, INC., a Maryland nonstock corporation ("Carroll Lutheran"), and THE LUTHERAN VILLAGE AT MILLER'S GRANT, INC., a Maryland nonstock corporation ("LVMG"), in favor of MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking corporation, as Master Trustee under the Master Trust Indenture defined below (the "Master Trustee").

WITNESSETH:

WHEREAS, LVMG is developing a continuing care retirement community located in Howard County, Maryland, known as "The Lutheran Village at Miller's Grant" (the "Project").

WHEREAS, Carroll Lutheran is the sole member of LVMG and in connection with the development and management of the Project has entered into (i) the Development Services Agreement dated as of August 1, 2014 between LVMG and Carroll Lutheran pursuant to which Carroll Lutheran has provided development services to LVMG with respect to the Project and (ii) the Management Services Agreement dated as of August 1, 2014 between LVMG and Carroll Lutheran pursuant to which Carroll Lutheran will provide management services to LVMG with respect to the Project.

WHEREAS, in order to finance a portion of the costs of the Project and related costs and expenses, The Mayor and Common Council of Westminster (the "Issuer") is issuing The Mayor and Common Council of Westminster Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014 in the aggregate principal amount of \$_____ (the "Series 2014A-D Bonds") pursuant to a Bond Trust Indenture dated as of August 1, 2014 between the Issuer and Manufacturers and Traders Trust Company, as Bond Trustee (as the same may be amended and supplemented from time to time, the "Bond Indenture"). Pursuant to a Loan Agreement dated as of August 1, 2014 (the "Loan Agreement") between the Issuer and LVMG, the Issuer is lending the proceeds of the Series 2014A-D Bonds to LVMG, and LVMG is agreeing (among other things) to make loan payments to the Bond Trustee corresponding to the principal of and interest payable on the Series 2014A-D Bonds. LVMG will secure its obligations under the Loan Agreement by delivery of certain promissory notes (the "Series 2014A-D Notes") and a Deed of Trust and Security Agreement dated as of August 1, 2014 (the "Deed of Trust"); in order to further secure LVMG's obligations under the Loan Agreement and the Series 2014A-D Notes, the Series 2014A-D Notes will be exchanged for certain master notes issued pursuant to a Master Trust Indenture dated as of August 1, 2014 (as the same may be amended and supplemented from time to time, the "Master Indenture") between LVMG, as the initial Obligated Group Member and the Master Trustee.

WHEREAS, in order to finance a portion of the costs of the Project and related costs and expenses, the Issuer has issued its \$25,000,000 The Mayor and Common Council of Westminster Direct Purchase Bank Revenue Bond (The Lutheran Village at Miller's Grant, Inc.) Series 2014E (the "Series 2014E Bond") pursuant to a Loan and Financing Agreement dated as of July 1, 2014 (the "Loan and Financing Agreement") among the Issuer, LVMG and Branch Banking and Trust

Company, as lender (the "Lender"). Pursuant to the Loan and Financing Agreement, the Issuer is lending the proceeds of the Series 2014E Bond to LVMG, and LVMG is agreeing (among other things) to make loan payments to Lender corresponding to the principal and interest payable on the Series 2014E Bond. LVMG has secured its obligations under the Loan and Financing Agreement by delivery of a certain promissory note dated July 18, 2014 (the "Series 2014E Note"); in order to further secure LVMG's obligations under the Loan and Financing Agreement and the Series 2014E Note, LVMG will secure the Series 2014E Note under the Deed of Trust, and the Series 2014E Note will be exchanged for a master note issued pursuant to the Master Indenture.

WHEREAS, as a condition (among others) to (i) the issuance of the Series 2014A-D Bonds and (ii) the advance of proceeds of the Series 2014E Bond, LVMG and Carroll Lutheran are required to enter into an agreement pursuant to which Carroll Lutheran will provide certain liquidity and operating support for LVMG.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound, Carroll Lutheran and LVMG agree in favor of the Master Trustee as follows:

**ARTICLE I
DEFINED TERMS**

Section 1.1. Defined Terms. Terms defined in this Agreement shall have the meanings set forth herein. All other capitalized terms used herein and not defined herein shall have the meanings ascribed to such terms in the Master Indenture.

**ARTICLE II
REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 2.1. Representations and Warranties of Carroll Lutheran. Carroll Lutheran hereby represents, warrants and certifies to the Master Trustee that:

- (a) Carroll Lutheran is a Maryland nonstock corporation. Carroll Lutheran has all requisite power and authority to execute, deliver and perform its obligations under this Agreement. Carroll Lutheran is the sole member of LVMG and has the power to elect the members of the board of LVMG.
- (b) The execution, delivery and performance by Carroll Lutheran of this Agreement (i) are within Carroll Lutheran's powers, (ii) have been duly authorized by all requisite action of the governing body of Carroll Lutheran in accordance with its organizational documents, and (iii) do not conflict with, violate or constitute a default under any law, rule, regulation, decree or judgment applicable to Carroll Lutheran or any indenture, mortgage, deed of trust, agreement, instrument, contract or other restriction binding on or affecting Carroll Lutheran.
- (c) This Agreement is a legal, valid and binding obligation of Carroll Lutheran enforceable against Carroll Lutheran in accordance with its terms, subject to the application by a

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court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

(d) Carroll Lutheran's primary place of business is 300 St. Luke Circle, Westminster, Maryland 21158.

Section 2.2. Representations and Warranties of LVMG. LVMG hereby represents, warrants and certifies to the Master Trustee that:

(a) LVMG is a Maryland nonstock corporation. LVMG has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

(b) The execution, delivery and performance by LVMG of this Agreement (i) are within its powers, (ii) have been duly authorized by all requisite action of its governing body in accordance with its organizational documents, and (iii) do not conflict with, violate or constitute a default under any law, rule, regulation, decree or judgment applicable to it or any indenture, mortgage, deed of trust, agreement, instrument, contract or other restriction binding on or affecting it.

(c) This Agreement is a legal, valid and binding obligation of LVMG enforceable against LVMG in accordance with its terms, subject to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

ARTICLE III OPERATING SUPPORT

Section 3.1. Funding Obligations.

(a) Carroll Lutheran hereby unconditionally and irrevocably agrees that, on or before the date of this Agreement and as a precondition to the issuance of the Series 2014A-D Bonds and advance of proceeds of the Series 2014E Bond, it will lend \$2,000,000 to LVMG (the "Initial Deposit") on a subordinated basis, such funds to be held by the Master Trustee in the Liquidity Support Fund to be created under the Master Trust Indenture and made available to LVMG for additional liquidity, as needed.

(b) In addition, on the date of this Agreement, Carroll Lutheran agrees (i) to cause Citizens Bank of Pennsylvania to issue a letter of credit in the original stated amount of \$4,000,000 for the benefit of the Liquidity Support Fund held by the Master Trustee (the "Citizens Letter of Credit"), which Citizens Letter of Credit is subject to reduction as described in Section 3.4 below, (ii) to cause the Citizens Letter of Credit or the Substitute Funding (as defined in and permitted by Section 3.3 below) to remain in effect in the amount and for the period required by this Agreement, and (iii) to permit the Master Trustee to make draws under the Citizens Letter of Credit or the Substitute Funding pursuant to the provisions of paragraph (d) below.

(c) If the Initial Deposit has been fully disbursed as permitted by this Section 3.1, Carroll Lutheran hereby unconditionally and irrevocably agrees that it will lend an additional \$1,000,000 to LVMG (the "Additional Deposit") on a subordinated basis, such funds to be held by the Master Trustee in the Liquidity Support Fund held by the Master Trustee and made available to LVMG for additional liquidity, as needed. Carroll Lutheran shall make the Additional Deposit to the Liquidity Support Fund within 30 days after its receipt of written notice from LVMG or the Master Trustee that the Additional Deposit is required.

(d) The Master Trustee is hereby authorized to draw funds under the Citizens Letter of Credit or the Substitute Funding pursuant to this paragraph (d) for deposit to the Liquidity Support Fund, if and only if the Initial Deposit and the Additional Deposit have been fully disbursed (or will be fully disbursed pursuant to a pending disbursement request) as permitted by this Section 3.1. Draws under the Citizens Letter of Credit or the Substitute Funding shall not exceed the amount required to satisfy any pending disbursement request.

(e) Monies from the Liquidity Support Fund may be disbursed by the Master Trustee to or for the account of LVMG within seven days of receipt by the Master Trustee of an Officer's Certificate of LVMG to the effect that (i) such monies are needed to pay (A) the costs of completing the Project, (B) operating expenses of the Project, including, without limitation, any development and marketing fees, (C) the costs of needed repairs to the Project, (D) the costs of capital improvements to the Project, (E) judgments against LVMG, (F) refunds of Entrance Fees, as required by the Residency Agreements pursuant to which such Entrance Fees were received, or (G) amounts due on any Indebtedness of LVMG, including without limitation, the Series 2014 Master Obligations, but not to reimburse amounts advanced under this Agreement or otherwise advanced by Carroll Lutheran and (ii) such moneys are anticipated to be expended in the calendar month following the month in which such Officer's Certificate is submitted.

(f) The Initial Deposit, together with the Additional Deposit, if any, any draws under the Citizens Letter of Credit, any draws or other advances under the Substitute Funding, and all fees, interest and other costs and expenses incurred by Carroll Lutheran with respect to the Citizens Letter of Credit or the Substitute Funding, shall constitute subordinated loans by Carroll Lutheran to LVMG and shall be evidenced by the Series 2014F Subordinated Obligation issued under the Master Indenture.

Section 3.2. No Interest on Advances. Funds advanced by Carroll Lutheran to LVMG pursuant to Section 3.1 above shall not bear interest, except that any investment earnings on the Liquidity Support Fund shall be paid by the Master Trustee to Carroll Lutheran as provided in the Master Indenture.

Section 3.3. Substitute Funding. LVMG may at any time replace the Citizens Letter of Credit in whole or in part by either causing a substitute letter of credit to be issued by a financial institution selected by LVMG for deposit to the Liquidity Support Fund or depositing cash to the Liquidity Support Fund (any such substitute letter of credit or such cash, collectively, the "Substitute Funding"), provided that the following conditions are satisfied:

(a) LVMG has given Citizens Bank of Pennsylvania and the Master Trustee not less than thirty (30) days' written notice of such proposed substitution;

(b) The Substitute Funding is in an aggregate amount not less than \$4,000,000 or such lesser amount as is then applicable pursuant to Section 3.4 below; and

(c) Any substitute letter of credit is substantially similar to the Citizens Letter of Credit as to the terms and conditions applicable to draw requests and the uses for which drawings may be made.

Upon receipt of the Substitute Funding, the Master Trustee shall immediately cause the Citizens Letter of Credit to be cancelled.

Section 3.4. Reduction of Citizens Letter of Credit or Substitute Funding. Notwithstanding anything else in this Agreement, the amount of the Citizens Letter of Credit or any Substitute Funding shall be reduced from the initial amount of \$4,000,000 as follows:

(a) The amount shall decrease to \$3,000,000 upon the earlier to occur of (i) payment in full of the Series 2014E Bond and (ii) March 31, 2017; and

(b) The amount shall decrease to \$2,000,000 upon the earlier to occur of (i) payment in full of the Series 2014E Bond, the Series 2014D Bonds, the Series 2014C Bonds and the Series 2014B Bonds and (ii) September 30, 2018.

Section 3.5. Termination; Release of Funds. Upon satisfaction of the following conditions, the obligations of Carroll Lutheran under Section 3.1 shall terminate, the balance on deposit in the Liquidity Support Fund will be returned to Carroll Lutheran, the Citizens Letter of Credit or any Substitute Funding shall be terminated and the Liquidity Support Fund will be closed: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full, (b) LVMG and any other Obligated Group Member have achieved a Debt Service Coverage Ratio of not less than 1.30 for four consecutive fiscal quarters, (c) LVMG and any other Obligated Group Member have had not less than 200 Days' Cash on Hand for four consecutive quarters, (d) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels, (e) the Independent Living Units that are part of the Project have had not less than 88% occupancy for the most recent four fiscal quarters, (f) the Obligated Group is then in compliance with the Continuing Care Act, and the release of funds from the Liquidity Support Fund will not cause LVMG or any other Obligated Group Member to not be in compliance with the Continuing Care Act, and (g) there is no Event of Default under any documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond. Should any payment or distribution or security or proceeds thereof be received by Carroll Lutheran upon or with respect to the Series 2014F Subordinated Obligation prior to the satisfaction of the conditions precedent set forth in the preceding sentence, Carroll Lutheran will forthwith deliver the same to the Master Trustee in precisely the form received (except for the endorsement or assignment of such party where necessary) for deposit into the Liquidity Support Fund, and, until so delivered, the same

shall be held in trust by Carroll Lutheran as property of the Master Trustee and shall not be commingled with any other funds or property of Carroll Lutheran.

Section 3.6. Repayment of Advances. No payment of principal or interest with respect to the Series 2014F Subordinated Obligation, including, without limitation, the Initial Deposit, any draws made under the Citizens Letter of Credit or any Substitute Funding, any fees, interest and other costs and expenses incurred by Carroll Lutheran with respect to the Citizens Letter of Credit or the Substitute Funding, and the Additional Deposit, shall be made by LVMG unless the following conditions have been satisfied: (a) the Series 2014B Bonds, the Series 2014C Bonds, the Series 2014D Bonds and the Series 2014E Bond have been paid in full; (b) the Debt Service Coverage Ratio is not less than 1.35 based on the written statement of the Accountant calculating the Debt Service Coverage Ratio on the basis of the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (c) the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund are funded at their required levels; (d) after the proposed payment the Days' Cash on Hand will not be less than 200 based on the written statement of the Accountant calculating the Days' Cash on Hand required to accompany the annual audited financial statements after taking into account the proposed payment as if made in the preceding Fiscal Year; (e) the Independent Living Units that are part of the Project have had an average occupancy for the preceding twelve months of not less than 88%; (f) the Obligated Group is then in compliance with the Continuing Care Act; and (g) no Event of Default has occurred and is continuing under the Master Indenture.

ARTICLE IV OBLIGATIONS UNCONDITIONAL

Section 4.1. Obligations Unconditional. The obligations of Carroll Lutheran and LVMG hereunder are continuing, absolute and unconditional, irrespective of any circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of Carroll Lutheran or LVMG. Without limiting the generality of the foregoing, the obligations of Carroll Lutheran and LVMG hereunder shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by:

(a) any amendment, modification or supplement to the Master Indenture or any other documents related to or executed and delivered in connection with the issuance of indebtedness by or for the benefit of the Obligated Group Members;

(b) any action, inaction, exercise or nonexercise of or delay in exercising any right, remedy, power or privilege under or in respect of this Agreement, the Master Indenture or any other document (even if any such right, remedy, power or privilege shall be lost thereby), or any waiver, consent or indulgence with respect to the Master Indenture or any other documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond;

(c) any bankruptcy, insolvency, arrangement, composition, assignment for the benefit of creditors or similar proceeding commenced by or against Carroll Lutheran, LVMG or any other Person;

(d) any failure to perfect or continue perfection of, or any release or waiver of, any rights given to the Master Trustee in any property as security for the performance of LVMG's or any other Obligated Group Member's obligations under the Master Indenture or any other documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond;

(e) the genuineness, validity or enforceability of the Master Indenture or any other documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond;

(f) any limitation of liability of the Obligated Group Members contained in the Master Indenture or any other documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond;

(g) any defense that may arise by reason of the failure of the Master Trustee to file or enforce a claim against LVMG or any other Obligated Group Member, Carroll Lutheran, any other Person or its or their estate(s) in any bankruptcy or other proceeding;

(h) any voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the property of LVMG, any other Obligated Group Member, Carroll Lutheran or any other Person, or any marshalling of assets and liabilities of, or other similar proceeding affecting, LVMG, any other Obligated Group Member, Carroll Lutheran or any of its or their assets;

(i) the release of Carroll Lutheran or any other Obligated Group Member from performance or observance of any of the agreements, covenants, terms or conditions contained in the Master Indenture or any other documents evidencing, securing or otherwise related to the Series 2014A-D Bonds or the Series 2014E Bond by operation of law;

(j) any damage or destruction to or condemnation of the facilities of LVMG or any other Obligated Group Member;

(k) any sale or other transfer of the facilities of LVMG or any other Obligated Group Member or any part thereof or any judicial or nonjudicial foreclosure by the Master Trustee on such facilities or any part thereof;

(l) the unavailability to Carroll Lutheran, LVMG or any other Obligated Group Member of bond proceeds, insurance proceeds or condemnation proceeds; or

(m) any other circumstances which might otherwise constitute a legal or equitable discharge of Carroll Lutheran, LVMG or any other Obligated Group Member.

No set-off, claim, reduction or diminution of any obligation, or any defense of any kind or nature which LVMG, any other Obligated Group Member or Carroll Lutheran now has or hereafter may have against the Master Trustee shall be available hereunder to Carroll Lutheran, LVMG or any other Obligated Group Member against the Master Trustee.

Section 4.2. No Notice or Duty to Exhaust Remedies. Carroll Lutheran, LVMG and any other Obligated Group Member hereby waives diligence, presentment, demand, protest and all notices of any kind, and waives any requirement that the Master Trustee exhaust any right or remedy, or proceed first or at any time, against the other, or any guarantor of, or any security for, any of the obligations under this Agreement or any other Person. The Master Trustee may pursue its rights and remedies under this Agreement and under the Master Indenture or any other documents evidencing, security or otherwise related to the Series 2014 A-D Bonds or the Series 2014E Bond in whatever order, or collectively, and shall be entitled to payment and performance hereunder notwithstanding such other documents and notwithstanding any action taken by the Master Trustee or inaction by the Master Trustee to enforce any of its rights or remedies against Carroll Lutheran, LVMG, any other Obligated Group Member or any other Person or property whatsoever, it being the purpose and intent of Carroll Lutheran, LVMG and any other Obligated Group Member that the obligations hereunder shall be absolute, continuing, independent and unconditional under any and all circumstances.

ARTICLE V MISCELLANEOUS

Section 5.1. Term: Termination. This Agreement shall remain in full force and effect until the earlier of:

(a) the payment in full or provision therefor of all outstanding Master Obligations in accordance with Article X of the Master Indenture; or

(b) the satisfaction of the terms and provisions of Section 3.5 of this Agreement.

Section 5.2. Notice Not Required. The provisions of Section 3.1 of this Agreement shall be self-operating without any requirement for consent by Carroll Lutheran or notice from the Master Trustee to Carroll Lutheran or LVMG or any other Obligated Group Member of its intention to withdraw funds from the Liquidity Support Fund or draw funds under the Citizens Letter of Credit or the Substitute Funding, and the Master Trustee shall have no duty to give any such notice. Nevertheless, the Master Trustee will use reasonable efforts to give prompt notice to Carroll Lutheran that it has withdrawn funds from the Liquidity Support Fund or drawn funds under the Citizens Letter of Credit or the Substitute Funding and setting forth the amount of cash withdrawn or to be withdrawn from the Liquidity Support Fund or drawn or to be drawn under the Citizens Letter of Credit or the Substitute Funding. The failure by the Master Trustee to give any such notice shall not affect the rights and obligations of the parties to this Agreement.

Section 5.3. Further Assurances. From time to time upon the request of the Master Trustee, Carroll Lutheran, LVMG and any other Obligated Group Member shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the Master Trustee may deem necessary or desirable to confirm this Agreement, to carry out the purpose and intent hereof or to enable the Master Trustee to enforce any of its rights hereunder.

Section 5.4. Amendments, Waivers, Etc. This Agreement may not be amended, modified, waived, changed, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of such amendment, modification, waiver, change, discharge or termination is sought.

Section 5.5. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay or failure of the Master Trustee in exercising any right, power or privilege under this Agreement, the Master Indenture or any other documents related to or executed and delivered in connection with the issuance of indebtedness by or for the benefit of LVMG or any other Obligated Group Member shall affect any other or future exercise thereof or the exercise of any other right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or any other right, power or privilege. The rights and remedies of the Master Trustee under this Agreement are cumulative and not exclusive of any rights or remedies which the Master Trustee would otherwise have under the Master Indenture or any other documents related to or executed and delivered in connection with indebtedness issued by or for the benefit of LVMG or any other Obligated Group Member.

Section 5.6. Notices. Subject to the provisions of Section 5.2 of this Agreement, all notices, requests, demands, directions and other communications (collectively, "notices") under the provisions of this Agreement shall be in writing unless otherwise expressly permitted hereunder and shall be sent by United States certified or registered mail, return-receipt requested, or by telecopier or reputable overnight courier or delivery service, in all cases with charges prepaid, and any such properly given notice shall be effective, when mailed as aforesaid, on the date shown on the return-receipt, and when sent by any such other means, when received.

Section 5.7. Expenses; Indemnification. Carroll Lutheran agrees to pay or cause to be paid and to indemnify and to hold the Master Trustee harmless against liability for any claim, loss, liability, cost or expense, including the payment of all reasonable out-of-pocket expenses, including fees and expenses of counsel for the Master Trustee, incurred by the Master Trustee from time to time arising in connection with the Master Trustee's enforcement or preservation of rights under this Agreement with respect to Carroll Lutheran, including but not limited to such expenses as may be incurred by the Master Trustee in connection with any default by Carroll Lutheran of any of its obligations hereunder. The obligations of this Section shall survive the termination of this Agreement and the resignation or removal of the Master Trustee and final payment of the Master Obligations.

Section 5.8. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 5.9. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so

executed shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 5.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

Section 5.11. Successors and Assigns. This Agreement shall bind Carroll Lutheran, LVMG and any other Obligated Group Member and their successors and assigns, and shall inure to the benefit of the Master Trustee and its successors and assigns.

Section 5.12. Tax-Exempt Status of Bonds. Carroll Lutheran agrees not to take any action or fail to take any action which would have the effect of terminating the excludability of interest paid on the Bonds from gross income for federal income tax purposes to the extent the interest on such Bonds would otherwise be excluded from gross income.

Section 5.13. Waiver of Acceptance. Carroll Lutheran, LVMG and any other the Obligated Group Member waive acceptance of this Agreement by the Master Trustee.

Section 5.14. Concerning the Master Trustee. The Master Trustee shall have no duty or responsibility to ensure or monitor compliance by Carroll Lutheran or LVMG with any of their representations, warranties, covenants or obligations set out in this Agreement. Nothing in this Agreement shall be construed in any manner to impose any requirement or obligation of a lender upon the Master Trustee. All rights, protections, privileges, indemnities and benefits granted or afforded to the Master Trustee under the Master Indenture shall be deemed incorporated herein and shall be deemed applicable to all actions taken, suffered or omitted by the Master Trustee in connection with the Master Trustee's enforcement or preservation of rights under this Agreement.

[Space intentionally left; signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Operating Support Agreement to be duly executed and delivered under seal by their proper and duly authorized officers as of the date first above written.

ATTEST: CARROLL LUTHERAN VILLAGE, INC.

By: _____ By: _____(SEAL)
Geary K. Milliken, President and
Chief Executive Officer

ATTEST: THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC.

By: _____ By: _____(SEAL)
Geary K. Milliken, President and
Chief Executive Officer

MANUFACTURERS AND TRADERS TRUST
COMPANY, as Master Trustee

By: _____
Authorized Signatory

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C-190

APPENDIX D
PROPOSED FORM OF BOND COUNSEL OPINION

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August __, 2014

The Mayor and Common Council
of Westminster
Westminster, Maryland 21157

Re: \$_____ The Mayor and Common Council of Westminster Project Revenue Bonds (The Lutheran Village at Miller's Grant, Inc.) Series 2014A, \$_____ The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014B, \$_____ The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014C and \$_____ The Mayor and Common Council of Westminster Entrance Fee Principal Redemption BondsSM (The Lutheran Village at Miller's Grant, Inc.) Series 2014D (collectively, the "Bonds")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Mayor and Common Council of Westminster (the "Issuer") of the above referenced Bonds under the authority of the Maryland Economic Development Revenue Bond Act, being Sections 12-101 through 12-118, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Act"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to a Bond Trust Indenture (the "Bond Indenture") dated as of August 1, 2014, by and between the Issuer and Manufacturers and Traders Trust Company, as trustee (the "Bond Trustee"). Under a Loan Agreement (the "Loan Agreement") dated as of August 1, 2014, by and between the Issuer and The Lutheran Village at Miller's Grant, Inc., a Maryland nonstock corporation ("LVMG"), the Issuer has loaned the proceeds of the Bonds to LVMG.

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Bonds and in the Loan Agreement.

We refer you to the Bonds and the Bond Indenture for a description of the purposes for which the Bonds are issued, the security for the Bonds, the manner in which and times at which the principal of and interest on the Bonds are payable, the interest rate or rates payable on the Bonds, the provisions under which the Bonds may be redeemed prior to their stated maturity, and all other details of the Bonds.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and LVMG contained in the Bond Indenture and the Loan Agreement, the Tax Certificate (defined below), the certified proceedings and other certifications of public officials furnished to us, and certifications by officers, employees, advisors and representatives of LVMG (including certifications as to the use of proceeds of the Bonds, matters pertaining to qualified 501(c)(3) bonds and other information which is material to matters stated in paragraphs 6 and 7 below), without undertaking to verify the same by independent investigation.

We are qualified to practice law in the State of Maryland (the "State"), and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the law of the State and the federal law of the United States of America.

We have not examined, and express no opinion as to, the existence of or title to real or personal property and, except as expressly stated herein, we express no opinion as to the creation, validity or priority of any lien upon, assignment of, pledge of or security interest in real or personal property.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents.

This opinion does not constitute or imply a recommendation of the market or financial value of the Bonds or an assessment of the strength or appropriateness of the covenants by any of the parties to any of the Bond Documents, the possibility of default (other than on account of the invalidity of the Bonds), the eligibility or suitability of the Bonds as an investment, or any other legal or financial aspect of the Bonds not expressly addressed herein.

Reference is made to our opinion of even date herewith as counsel to LVMG regarding, among other things, the obligations of LVMG under the Loan Agreement. Except as specifically set forth therein, we express no opinion with respect to LVMG or the Project.

Based on our examination and subject to the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and a public body (within the meaning of the Act) of the State with full power and authority under the laws of the State, including the Act, to enter into and perform its obligations under the Bond Indenture and the Loan Agreement and to issue and sell the Bonds.

2. The Bond Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Issuer and, assuming the due and proper authorization, execution and delivery thereof by each of the other parties thereto, are valid and binding limited obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bonds are entitled to the security and benefits of the Bond Indenture to the extent provided therein.

4. Pursuant to the Bond Indenture, the Issuer has effectively pledged and assigned to the Bond Trustee all right, title and interest of the Issuer (except for the Unassigned Rights) in the trust estate subject thereto. Pursuant to the Act, the lien of the pledge of the foregoing by the Issuer to the Bond Trustee is valid and binding against any person having a claim of any kind against the Issuer, irrespective of whether the person has notice.

5. By the terms of the Act, the Bonds and the redemption premium, if any, and the interest thereon are limited obligations of the Issuer, the principal of, the redemption premium, if any, and the interest on which are payable solely from the revenues to be received by the Issuer in connection with the financing or refinancing of the Project or from any other moneys made available to the Issuer for such purpose. Neither the Bonds, nor the redemption premium, if any, nor the interest thereon, shall ever constitute an indebtedness or a charge against the general credit or taxing powers of the State, the Issuer or any other public body within the meaning of any constitutional or charter provision or statutory limitation, and none of the foregoing shall ever constitute or give rise to any pecuniary liability of the State, the Issuer or any other public body. The Bonds do not constitute an indebtedness to which the faith and credit of the State, the Issuer or any other public body are pledged.

6. Under existing law, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income of the holders of the Bonds for federal income tax purposes and is not an enumerated item of tax preference or adjustment for purposes of the federal alternative minimum tax

imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. In rendering the opinion expressed in the preceding sentence, we have assumed continuing compliance by the Issuer and LVMG with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and LVMG have covenanted in the Nonarbitrage Certificate and Tax Compliance Agreement relating to the Bonds (the "Tax Certificate") to comply with all such requirements. In our opinion, the covenants and agreements in the Tax Certificate are sufficient to meet the requirements (to the extent applicable to the Bonds) of Section 103 and Sections 141 through 150, inclusive, of the Code. However, we assume no responsibility for, and will not monitor, compliance with the covenants and agreements in the Tax Certificate. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Moreover, we express no opinion as to the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation under any circumstances set forth in the Bond Documents which require an Opinion of Bond Counsel after the date hereof.

7. By the terms of the Act, the principal of and interest on the Bonds, the transfer of the Bonds, and any income derived from the Bonds, including profits made in their sale or transfer, are exempt from taxation by the State and by its several counties and municipalities; however, the terms of the Act do not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes or any other taxes not levied directly on the Bonds, their transfer or the income therefrom.

The rights of any holder of the Bonds, the enforceability of the Bond Indenture, the Loan Agreement and any other agreements or obligations referred to herein and remedies thereunder are subject to (a) bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable, (b) a finding by a court having jurisdiction that the enforcement of a particular provision or remedy would be contrary to public policy, (c) the valid exercise of the constitutional powers of the United States of America and of the sovereign police and taxing powers of the State or other governmental units having jurisdiction, and (d) the exercise of judicial discretion in accordance with general principles of equity (whether applied in a court of law or a court of equity), including judicial limitations on rights to specific performance. Without limiting the generality of the foregoing, under the Bankruptcy Reform Act of 1978, as amended, provisions of the Bonds, the Bond Indenture and the Loan Agreement providing for acceleration of

The Mayor and Common Council of Westminster

August __, 2014

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maturity in the event of insolvency or bankruptcy may be invalid, and the rights and remedies of acceleration and foreclosure, if any, under such circumstances may not be enforceable.

Very truly yours,

Whiteford, Taylor & Preston L.L.P.

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APPENDIX E
PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered as of the 1st day of August, 2014, by **THE LUTHERAN VILLAGE AT MILLER’S GRANT, INC.** (the “Obligor”).

RECITALS

WHEREAS, The Mayor and Common Council of Westminster (the “Issuer”) will issue its Revenue Bonds (The Lutheran Village at Miller’s Grant, Inc.) Series 2014 in the original aggregate principal amount of \$ _____ (the “Bonds”) pursuant to a Bond Trust Indenture dated as of August 1, 2014 (the “Bond Indenture”), between the Issuer and Manufacturers and Traders Trust Company, as Bond Trustee (the “Bond Trustee”), and will loan the proceeds thereof to the Obligor pursuant to the terms and provisions of a Loan Agreement dated as of August 1, 2014 (the “Loan Agreement”), between the Issuer and the Obligor for the purposes described in the Bond Indenture and Loan Agreement; and

WHEREAS, concurrently with the sale and delivery by the Issuer of the Bonds, the Obligor will issue, execute and deliver a Master Obligation to the Issuer, dated the date of delivery of the Bonds in the original principal amount of the Bonds, pursuant to a Master Trust Indenture, dated as of August 1, 2014 (as supplemented or amended from time to time in accordance with its terms, the “Master Indenture”), between the Obligor, as the sole member of an Obligated Group (the “Obligated Group”), and Manufacturers and Traders Trust Company, as Master Trustee (the “Master Trustee”); and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement dated July __, 2014, and a final Official Statement dated _____, 2014 (collectively, the “Offering Document”); and the Issuer has entered into a Bond Purchase Agreement, dated _____, 2014 (the “Bond Purchase Agreement”), with respect to the sale of the Bonds, with the Obligor and the Participating Underwriter, as hereinafter defined; and

WHEREAS, the Obligor has been asked to provide for the disclosure of certain information concerning the Bonds and other matters on an on-going basis as set forth herein for the benefit of Holders (as hereinafter defined) to enable the Participating Underwriter to comply with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the “Rule”).

NOW, THEREFORE, the Obligor hereby agrees as follows:

Section 1. Definitions; Scope of this Disclosure Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Bond Indenture, the Master Indenture and the Loan Agreement, as those agreements are amended and supplemented from time to time, unless the context or use clearly indicates otherwise. The following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean a copy of the annual audited financial report of the Obligated Group prepared by an Accountant, including a combined and combining balance sheet as of the end of such Fiscal Year and combined and combining statements of cash flows and changes in net assets (deficit) for such Fiscal Year (together with any required supplemental information), showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report (or another Accountant) containing calculations of the Obligated Group’s Historical Debt Service Coverage Ratio and Days Cash on Hand, as applicable, at the end of such Fiscal Year, a calculation of the compliance with the Cumulative Cash Operating Loss, Marketing Requirements and the Occupancy Requirements for the foregoing Fiscal Year, and a statement that such Accountant has no knowledge of any default under the Master Indenture insofar as it relates to

accounting matters or to the Obligated Group's financial covenants, or if such Accountant shall have obtained knowledge of any such default or defaults, it shall disclose in such statement the default or defaults and the nature thereof (but such Accountant shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default). All such financial information shall be prepared using the applicable method of accounting for each entity in place at the time of the issuance of the Bonds, provided, however, that the Obligor may change its accounting principles used for preparation of such financial information so long as the Obligor includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and a reasonable explanation of how to compare the financial information provided by the differing financial accounting principles.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"EMMA" means the MSRB's Electronic Municipal Market Access system.

"Event" shall mean any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (vii) Modifications to rights of the Beneficial Owners of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of any Member of the Obligated Group (Note: For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for any Member of the Obligated Group in a proceeding under the U.S.

Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of any Member of the Obligated Group, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of any Member of the Obligated Group);

(xiii) The consummation of a merger, consolidation, or acquisition involving any Member of the Obligated Group or the sale of all or substantially all of the assets of any Member of the Obligated Group, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional bond trustee or the change of name of a bond trustee, if material.

The SEC requires the listing of (i) through (xiv) although some of such events may not be applicable to the Bonds.

“Holders” shall mean any holder of the Bonds and any Beneficial Owner thereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Operating Data” shall mean (i) an update of the information in Appendix A to the Offering Document included in the tables under the following headings: “DEPOSIT AGREEMENTS” “DEVELOPMENT OF THE PROJECT – Marketing” (ii) a narrative explanation regarding the presentation of financial and operating data concerning the Obligor and the financial and operating condition of the Obligated Group, (iii) updated information regarding occupancy and payor mix for all levels of care within the Community, including the number and occupancy of memory care units within the skilled nursing facility, (iv) a calculation of the Cumulative Cash Loss, compliance with the Marketing Requirements, compliance with the Occupancy Requirements and Days Cash on Hand ratio, to the extent such requirements are in effect, on a quarterly basis, (v) details regarding any additional indebtedness incurred by the Obligor, including the terms of the borrowing and ongoing compliance with the documents executed in connection with such borrowing, and (vi) status reports on the construction project.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Maryland.

(B) This Disclosure Certificate applies to the Bonds.

Section 2. Disclosure of Information.

(A) Information Required to be Provided to the Public. Except to the extent this Disclosure Certificate is modified or otherwise altered in accordance with Section 3 hereof, the Obligor shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) *Annual Financial Information and Operating Data.* The Obligor covenants that it will disseminate or cause to disseminate the Annual Financial Information and Operating Data to EMMA at least annually not later than 150 days after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2014 and continuing with each Fiscal Year thereafter. If the Annual Financial Information is not available within 150 days after the end of the relevant Fiscal Year, the Obligor shall disseminate unaudited annual financial statements for such Fiscal Year to be replaced subsequently by the audited financial statements within 15 days after such audited financial statements become available.

(2) *Event Notices.* The Obligor covenants that it will disseminate or cause to be disseminated to EMMA notice of the occurrence of an Event, in a timely manner, not in excess of ten business days after the occurrence of the Event.

(3) *Failure to Provide Annual Financial Information or Operating Data.* The Obligor covenants that it will disseminate or cause to be disseminated to EMMA notice of the failure of the Obligor to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Other Information. The Obligor has the option to disseminate to EMMA such other information as the Obligor shall determine to make public. If the Obligor chooses to include any information, in addition to that which is specifically required by this Disclosure Certificate, the Obligor shall have no obligation under this Disclosure Certificate to update such information or include it in any future filing.

(C) Means of Making Information Public. Information shall be deemed to have been disseminated under this Disclosure Certificate if it is transmitted to EMMA in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (a description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto), or in such other manner as may be approved by the SEC or the MSRB from time to time. To the extent the Obligor is obligated to file information pursuant to this Disclosure Certificate, such information may be set forth in the document or set of documents transmitted as provided in this paragraph, or may be included by specific reference to documents available on the MSRB's Internet Website or filed with the SEC.

Section 3. Amendment or Waiver; Successor or Assigns of the Obligor.

Notwithstanding any other provision of this Disclosure Certificate, the Obligor may amend this Disclosure Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel or counsel expert in federal securities laws acceptable to the Obligor to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance. Any Annual Financial Information or Operating Data containing the amended operating data or financial information is required to explain, in narrative form, the reasons for the amendments and the impact of the change in the type of operating data or financial information being provided.

In the event that the Obligor shall merge, consolidate or transfer all or substantially all of its assets to another entity, and such other entity assumes liability with respect to the Bonds, this Disclosure Certificate may be amended at the option of the Obligor to provide that the information required to be filed herein may be provided on a consolidated basis by the surviving entity without the necessity of requiring a separate audit or similar report for the Obligor.

Section 4. Miscellaneous.

(A) Representations. The Obligor represents and warrants that it has (i) duly authorized the execution and delivery of this Disclosure Certificate by the officer whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Disclosure Certificate under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Disclosure Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) it is not aware of any litigation or proceeding pending, or, to the best of its knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Disclosure Certificate, or its due authorization, execution and delivery of this Disclosure Certificate.

(B) Governing Law. This Disclosure Certificate shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Disclosure Certificate shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Termination. This Disclosure Certificate may be terminated upon thirty days' written notice of termination delivered to the Master Trustee; provided the termination of this Disclosure Certificate is not effective until (i) the Obligor or its respective successors or assigns, execute a new continuing disclosure instrument and agree to continue to provide, in substantially the manner provided herein, the information required to be communicated pursuant to this Disclosure Certificate (subject to Section 3 above), (ii) Bond Counsel or counsel expert in federal securities law provides an opinion that the new continuing disclosure instrument is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Disclosure Certificate is provided to the MSRB. This Disclosure Certificate shall automatically terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(E) Defaults: Remedies. The Obligor shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder. If an event of default occurs and continues beyond a period of 30 days following notice of such failure given in writing to the Obligor by a beneficiary hereof as identified in Section 4(F), such beneficiary may seek to enforce the obligations of the Obligor under this Disclosure Certificate; provided, however, the sole remedy available in any proceeding to enforce this Disclosure Certificate shall be an action in mandamus, for specific performance or similar remedy to compel performance and no damages shall be sought from the Obligor. The occurrence of any event of default as provided in this Disclosure Certificate shall not constitute an event of default under the Bond Indenture, the Master Indenture or the Loan Agreement.

(F) Beneficiaries. This Disclosure Certificate is entered into by the Obligor and shall inure solely to the benefit of the Issuer, the Master Trustee, the Bond Trustee, the Participating Underwriter and the Holders, and shall create no rights in any other person or entity.

(G) Dissemination Agent. The Obligor may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Obligor may, from time to time, discharge any such dissemination agent, with or without appointing a successor dissemination agent.

IN WITNESS WHEREOF, the Obligor has caused its duly authorized officer to execute this Disclosure Certificate, as of the day and year first above written.

**THE LUTHERAN VILLAGE AT MILLER'S
GRANT, INC.**

By: _____ (Seal)
Name: _____
Title: _____

EXHIBIT A

MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the Issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the Issuer or obligated person under the continuing disclosure undertaking. The Issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the Issuer of such party to act as a designated agent.

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.



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