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STATE OF INDIANA  
LAKE COUNTY  
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MICHAEL A. BROWN  
RECORDER

PREPARED BY AND WHEN  
RECORDED RETURN TO:  
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Sell & Melton, L.L.P.  
P.O. Box 229  
Macon, Georgia 31202-0229  
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MORTGAGE AND SECURITY AGREEMENT  
Among  
SOUTH SHORE HEALTH CARE, LLC, BORROWER  
and  
CITY OF GARY, INDIANA, ISSUER  
and  
BANK OF OKLAHOMA, N.A., MORTGAGEE  
SECURING:

\$4,600,000 CITY OF GARY, INDIANA  
FIRST MORTGAGE REVENUE BONDS  
(SOUTH SHORE HEALTH CARE, LLC PROJECT),  
SERIES 2008A!

and  
\$500,000 CITY OF GARY, INDIANA  
FIRST MORTGAGE REVENUE BONDS  
(SOUTH SHORE HEALTH CARE, LLC PROJECT),  
TAXABLE SERIES 2008B

DATED AS OF: September 1, 2008

THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS.

THE NAME AND MAILING ADDRESS OF THE DEBTOR ARE:  
SOUTH SHORE HEALTH CARE, LLC, 353 TYLER STREET, GARY, INDIANA 46402-1149.

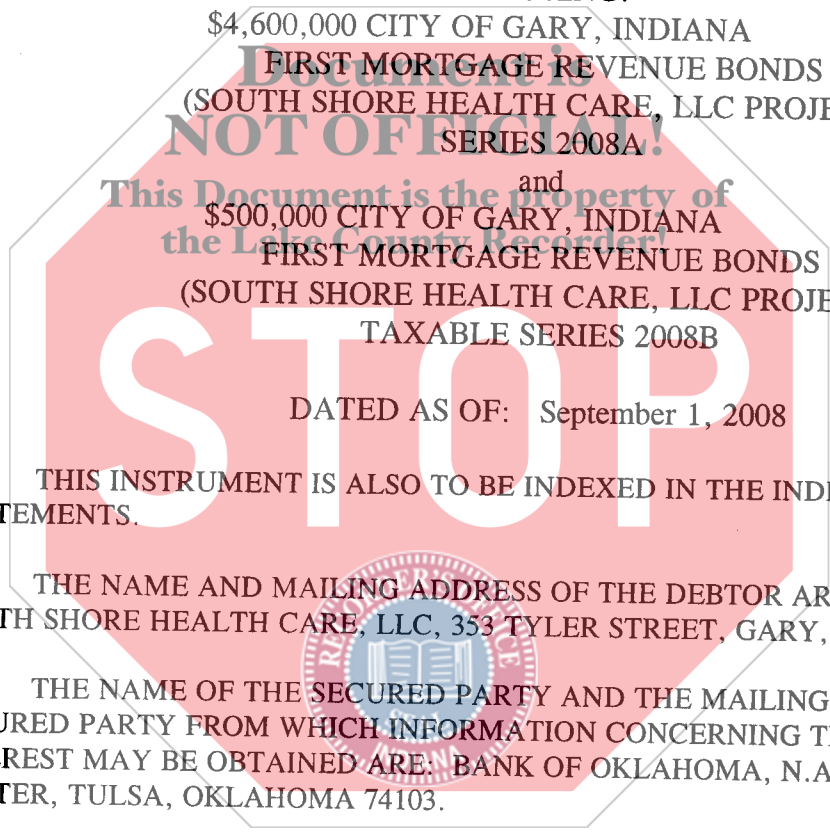
THE NAME OF THE SECURED PARTY AND THE MAILING ADDRESS OF THE SECURED PARTY FROM WHICH INFORMATION CONCERNING THE SECURITY INTEREST MAY BE OBTAINED ARE: BANK OF OKLAHOMA, N.A., ONE WILLIAMS CENTER, TULSA, OKLAHOMA 74103.

THE LAND IS OWNED BY THE BORROWER (AS DEFINED HEREIN).

THE COLLATERAL IN WHICH THE SECURITY INTEREST IS CREATED UNDER SAID UNIFORM COMMERCIAL CODE IS THE "FACILITY" (TO THE EXTENT CONSISTING OF PERSONAL PROPERTY OR FIXTURES) AND THE "FURNISHINGS AND EQUIPMENT" AS DEFINED HEREIN.

\$70 CT

CHIGAGO TITLE INSURANCE COMPANY



## MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT (the "Security Agreement") made as of the first day of September, 2008, among South Shore Health Care, LLC, an Indiana limited liability company, by its sole Member, SJL Health Systems, Inc., a Missouri nonprofit corporation (the "Borrower"), City of Gary, Indiana, a municipality and unit of local government organized and existing under the laws of the State of Indiana (the "Issuer") and Bank of Oklahoma, N.A., a national banking association (the "Mortgagee" or "Trustee"), and;

WITNESSETH:

### PREAMBLE

WHEREAS, South Shore Health Care, LLC, an Indiana limited liability company, by its sole Member, SJL Health Systems, Inc., a Missouri nonprofit corporation and the Issuer have entered into a Loan Agreement of even date herewith (the "Agreement"), under which agreement the Issuer has agreed to lend to Borrower the proceeds from the sale of the Bonds defined hereinbelow for use in the acquisition and rehabilitation of the Facility, as those terms are defined in the Agreement, and the Borrower is justly and truly obligated to Mortgagee to pay to Mortgagee all indebtedness, obligations, and liabilities of Borrower under the Agreement.

WHEREAS, the Issuer and Bank of Oklahoma, N.A. as trustee have entered into a Trust Indenture of even date herewith (the "Indenture"), under and in accordance with the terms of which the Issuer has agreed to issue its \$4,600,000 City of Gary, Indiana First Mortgage Revenue Bonds (South Shore Health Care, LLC Project), Series 2008A (the "Series 2008A Bonds") and \$500,000 City of Gary, Indiana First Mortgage Revenue Bonds (South Shore Health Care, LLC Project), Taxable Series 2008B (the "Series 2008B Bonds") (collectively, the "Series 2008 Bonds"), more fully described in the Indenture.

NOW, THEREFORE, to secure (a) Borrower's performance of its obligations to Trustee as assignee of substantially all of the rights of the Issuer under the Agreement and (b) the obligations of the Issuer under the Series 2008 Bonds, Borrower does hereby grant, bargain, sell, convey, mortgage and warrant, assign and pledge unto Mortgagee, its successors and assigns, a security interest in all properties, rights, interests and privileges described in Granting Clauses First through Tenth, all of the same being collectively the "Facility."



## GRANTING CLAUSES

### GRANTING CLAUSE FIRST

All that tract, or parcel of land located in Lake County, Indiana, more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter referred to as the "Land").

### GRANTING CLAUSE SECOND

All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Land, and all gas and electric fixtures, radiators, heaters, engines and machinery, boilers, ranges, elevators and motors, plumbing and heating fixtures, carpeting and other floor coverings, washers, dryers, water heaters, mirrors, mantels, air conditioning apparatus, refrigerating plants, refrigerators, cooking apparatus and appurtenances, window screens, awnings and storm sashes, which are or shall be attached to said buildings, structures or improvements and all other furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property of every kind and nature whatsoever, but excluding inventory, now or hereafter owned by Borrower and located in, on or about, or used or intended to be used with or in connection with the use, operation or enjoyment of the skilled nursing facility located at 353 Tyler Street, Gary, Indiana (hereinafter, collectively, the "Facility"), including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing and all the right, title and interest of Borrower in any such furnishings, furniture, fixtures, machinery, equipment, appliances, vehicles and personal property subject to or covered by any prior security agreement, conditional sales contract, chattel mortgage or similar lien or claim, together with the benefit of any deposits or payments now or hereafter made by Borrower or on behalf of Borrower, all of which are hereby declared and shall be deemed to be fixtures and accessions to the freehold and a part of the Facility as between the parties hereto and all persons claiming by, through or under them, and which shall be deemed to be a portion of the security for the Combined Obligations herein described and to be secured by this Security Agreement.

### GRANTING CLAUSE THIRD

All rents, issues, profits, revenues, royalties, income and other benefits derived from the Real Property or any personal property and the operation thereof (collectively the "Rents"); all estate, right, title and interest of the Borrower in and to all leases or subleases covering the Real Property or any personal property or any portion thereof now or hereafter existing or entered into, including, without limitation, all cash or security deposits, advance rentals and deposits or payments of similar nature; all right, title and interest of the Borrower in and to all options to purchase or lease the Real Property or any personal property or any portion thereof or interest therein and any greater estate therein now owned or hereafter acquired; all interests, estate or other claims, both in law and in equity, which the Borrower now has or may hereafter acquire in the Real Property or any personal property or any portion thereof or interest therein; all air rights, water rights, utility rights and privileges; all easements, rights-of-way and rights used in connection therewith or as a means of access thereto; all tenements, hereditaments and appurtenances thereof and thereto; all right, title and interest of the Borrower, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Property and any land upon which any Improvements may now or

hereafter encroach and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Property.

#### GRANTING CLAUSE FOURTH

All of the equipment (the "Equipment") acquired with the proceeds of the Series 2008 Bonds (other than that described in Granting Clause Second), as to which this Security Agreement is hereby deemed to be as well a "security agreement" under the provisions of the Indiana Uniform Commercial Code for the purpose of creating hereby a security interest in said property, which is hereby granted by Borrower as debtor to Mortgagee as secured party, securing the Combined Obligations hereby secured. The address of Borrower (debtor) and Mortgagee (secured party) appear at the beginning hereof.

#### GRANTING CLAUSE FIFTH

All judgments, awards of damages, settlements and other compensation heretofore or hereafter made resulting from condemnation proceedings or the taking of the property described in Granting Clause First or any part thereof or any building or other improvement now or at any time hereafter located thereon or any easement or other appurtenance thereto under the power of eminent domain, or any similar power or right (including any award from the United States Government at any time after the allowance of the claim therefor, the ascertainment of the amount thereof and the issuance of the warrant for the payment thereof), whether permanent or temporary, or for any damage (whether caused by such taking or otherwise) to said property or any part thereof or the improvements thereon or any part thereof, or to any rights appurtenant thereto, including severance and consequential damage, and any award for change of grade of streets (collectively "Condemnation Awards").

#### GRANTING CLAUSE SIXTH

All the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which the Borrower now has or may hereafter acquire in the Mortgaged Premises, Rents or intangible property.

#### GRANTING CLAUSE SEVENTH

All property and rights, if any, which are by the express provisions of this instrument required to be subjected to the lien hereof and any additional property and rights that may from time to time hereafter, by installation or writing of any kind, be subjected to the lien hereof by Borrower or by anyone acting in Borrower's behalf.

#### GRANTING CLAUSE EIGHTH

All easements, rights-of-way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way belonging, relating or appertaining to the Facility or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Borrower and the reversion and reversions, remainder and remainders, the rents, issues, profits and revenues of the



Facility from time to time accruing (including without limitation all payments under leases or tenancies, proceeds of insurance, condemnation payments, tenant security deposits and escrow funds), and all the estate, right, title, interest, property, possession, claim and demand whatsoever at law, as well as in equity, of Borrower of, in and to the same.

#### GRANTING CLAUSE NINTH

All of the Borrower's interest in all existing and future accounts, accounts receivables, contract rights, general intangibles, files, books of account, customer lists, vendor lists, computer software, plans, specifications, agreements, permits, licenses and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the Mortgaged Premises, whether now existing or entered into or obtained after the date hereof; all existing and future names under or by which the Mortgaged Premises or any portion thereof may at any time be operated or known, all rights to carry on business under any such names or any variant thereof and all existing and future telephone numbers and listings, advertising and marketing materials, trademarks and good will in any way relating to the Mortgaged Premises or any portion thereof.

#### GRANTING CLAUSE TENTH

All of the rents, revenues, issues, profits and proceeds of any and all of the foregoing.

TO HAVE AND TO HOLD, the Mortgaged Premises and the properties, rights and privileges hereby granted, bargained, sold, conveyed, mortgaged, pledged and assigned, and in which a security interest is granted, or intended so to be, unto Mortgagee, its successors and assigns, forever; subject to the easements, minor defects in title and other matters set forth in Schedule II attached hereto and made a part hereof ("Permitted Encumbrances"); *provided*, that this instrument is upon the express condition that if the principal of and interest on the Bonds shall be paid in full and all other indebtedness hereby secured shall be fully paid and performed, then this instrument and the estate and rights hereby granted shall cease, determine and be void and this instrument shall be released by Mortgagee upon the written request and at the expense of Borrower, otherwise to remain in full force and effect.

TO HAVE AND TO HOLD, the Facility and all parts, rights, members and appurtenances thereof unto Mortgagee, to the use, benefit and behoof of Issuer and the successors and assigns of Issuer, and Borrower covenants that Borrower is lawfully seized and possessed of the Facility as aforesaid, and has good right to convey the same, that the same is unencumbered, and that Borrower does warrant and will forever defend the title thereto against the claims of all persons whomsoever.

This conveyance is intended to operate and is to be construed as a Mortgage of the Mortgaged Premises to Issuer and Trustee and is made under those provisions of the existing laws of the State of Indiana relating to mortgages, and is given to secure the following described indebtedness (collectively, the "Combined Obligations"):

- (a) The debt evidenced by the \$4,600,000 City of Gary, Indiana First Mortgage Revenue Bonds (South Shore Health Care, LLC Project), Series 2008A (the "Series 2008A Bonds") and \$500,000 City of Gary, Indiana First Mortgage

Revenue Bonds (South Shore Health Care, LLC Project), Taxable Series 2008B (the "Series 2008B Bonds")(collectively, the "Bonds"), finally maturing not later than September 1, 2038, at interest rates ranging from 6.50% to 8.00% per annum in the case of the Series 2008A Bonds and not later than September 1, 2018, at an interest rate of 10.00% per annum in the case of the Series 2008B Bonds, including, without limitation, principal and interest, issued on or about September 30, 2008, by the Issuer pursuant to the Loan Agreement (the "Agreement") of even date herewith between Borrower, as the "Borrower," and Issuer and the Trust Indenture of even date herewith (the "Trust Indenture") between the Issuer and Bank of Oklahoma, N.A. (the "Trustee");

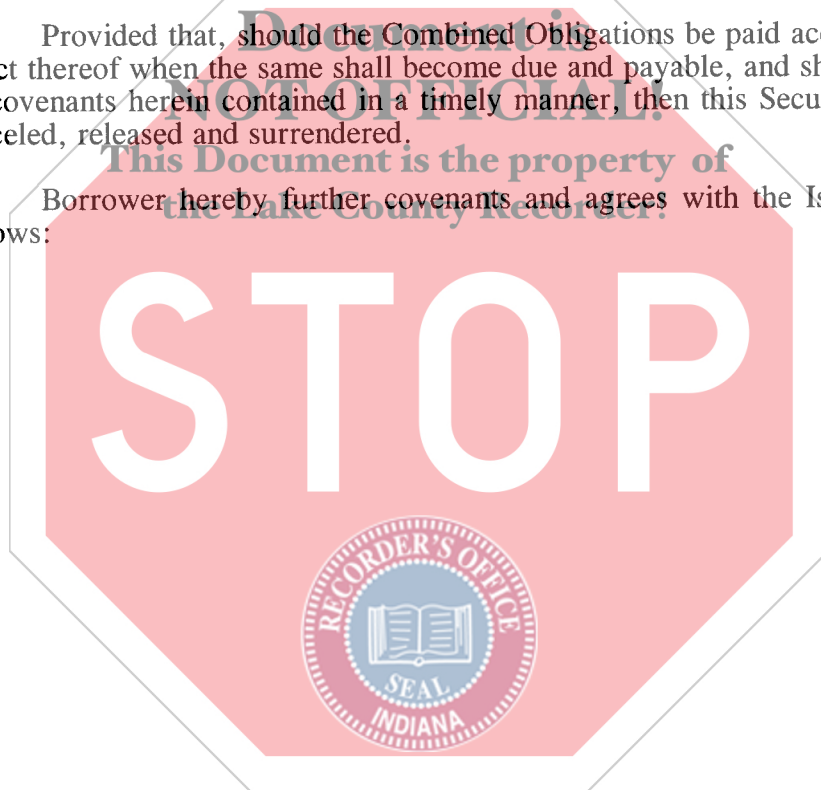
(b) All amounts payable by Borrower in the event of a Determination of Taxability with respect to the Bonds, as that term is defined in the Agreement;

(c) All amounts payable by Borrower to Issuer pursuant to the provisions of the Agreement or any of the other documents defined in the Agreement;

(d) Any and all additional advances made by Issuer to protect or preserve the Facility or the lien hereof on the Facility, or for taxes, assessments or insurance premiums (whether or not the original Borrower remains the owner or less of any portion of the Facility at the time of such advances).

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

Borrower hereby further covenants and agrees with the Issuer and Mortgagee as follows:



## ARTICLE I

### 1.01. Payment of Combined Obligations.

Borrower will pay the Combined Obligations promptly as the same shall become due.

### 1.02. Taxes, Liens and Other Charges.

(a) Borrower agrees to pay any tax, or imposition upon this Security Agreement which may be levied and in the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of debts secured by deeds of trust or the manner of collecting taxes so as to adversely affect Issuer, Borrower will promptly pay any such tax. If Borrower fails to make such prompt payment or if, in the opinion of Issuer, any such state, federal, municipal, or other governmental law, order, rule or regulation prohibits Borrower from making such payment or would penalize Issuer if Borrower makes such payment or if, in the opinion of Issuer, the making of such payment might result in the imposition of interest beyond the maximum amount permitted by applicable law, then the entire balance of the principal sum secured by this Security Agreement and all interest accrued thereon shall, at the option of Issuer, become immediately due and payable.

(b) Borrower will pay, before the same become delinquent, all taxes, liens, assessments, charges and impositions of every character, including all utility charges, whether public or private, already levied or assessed or that may hereafter be levied or assessed upon or against the Facility; and upon demand will furnish Issuer receipted bills evidencing such payment.

(c) Borrower will not permit any mechanics' or other liens to be established or remain against the Facility, provided that if Borrower shall first notify the Trustee and Issuer of Borrower's intention to do so, Borrower may in good faith contest any mechanics' or other liens filed or established against the Facility, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless by nonpayment of any items the lien of the Security Agreement as to the Facility and as to the payments to be made hereunder will be materially endangered or the Facility, or any part thereof, will be subject to loss or forfeiture, in which event the Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items.

### 1.03. Insurance

(a) Borrower shall procure for, deliver to and maintain for the benefit of Issuer during the term of this Security Agreement, original paid up insurance policies of insurance companies as required by Section 5.10 of the Agreement.

(b) Issuer is hereby authorized and empowered, at its option, to adjust or compromise any loss under any insurance policies maintained pursuant to this Paragraph 1.03, and to collect and receive the proceeds from any such policy or

policies. Each insurance company is hereby authorized and directed to make payment for all such losses directly to Issuer, instead of to Borrower and Issuer jointly. In the event any insurance company fails to disburse directly and solely to Issuer but disburses instead either solely to Borrower and Issuer jointly, Borrower agrees immediately to endorse and transfer such proceeds to Issuer. Upon the failure of Borrower to endorse and transfer such proceeds as aforesaid, Issuer may execute such endorsements or transfers for and in the name of Borrower and Borrower hereby irrevocably appoints Issuer as Borrower's agent and attorney-in-fact so to do. After deducting from said insurance proceeds all of its expenses incurred in the collection and administration of such sums, including reasonable attorneys' fees actually incurred, Issuer may apply the net proceeds or any part thereof, at its option, (i) to the payment of the Combined Obligations, whether or not due and in whatever order Issuer elects, (ii) to the repair and/or restoration of the Facility, or (iii) for any other purposes or objects for which Issuer is entitled to advance funds under this Security Agreement; all without affecting the lien of this Security Agreement. Issuer shall not be held responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

(c) At least thirty (30) days prior to the expiration date of each policy maintained pursuant to this Paragraph 1.03, a renewal or replacement thereof satisfactory to Issuer shall be delivered to Issuer. Borrower shall deliver to Issuer receipts evidencing the payment for all such insurance policies and renewals or replacements. The delivery of any insurance policies hereunder shall constitute an assignment of all unearned premiums as further security hereunder. In the event of the foreclosure of this Security Agreement or any other transfer of title to the Facility in extinguishment of all or any part of the Combined Obligations, all right, title and interest of Issuer in and to all insurance policies then in force shall pass to the purchaser or Issuer.

#### 1.04. Condemnation.

Unless the Borrower elects to exercise any option it may have to prepay the Series 2008 Bonds, and if prior to full payment of the Series 2008 Bonds, or provision for payment thereof having been made, title to or temporary use of the Facility is taken in any condemnation proceeding, the proceeds of any condemnation award will be paid to the Trustee and applied, as directed by the Borrower, to (a) the restoration of the Facility, (b) the acquisition of a suitable replacement which must be approved by the Issuer, or (c) redemption of all or a portion of the Series 2008 Bonds. If less than all of the Series 2008 Bonds are redeemed, the Borrower must furnish a certificate of an independent consulting architect (who must be approved by the Issuer) that the property taken was not essential to the Borrower's use and occupancy of the Facility or that the Facility has been restored to a condition substantially equivalent to its condition prior to such taking or that a suitable replacement has been found. Any condemnation award remaining after the costs of such restoration or replacement will be paid into the Bond Fund (defined in the Indenture) and used to redeem the Series 2008 Bonds. Any condemnation awards paid to the Borrower for damage to or taking of its own property not subject to the lien of the Indenture shall be retained by the Borrower.



If title to or the temporary use of a "substantial portion of the Facility" is taken in any condemnation proceeding, defined as such taking which results, in the opinion of an independent consulting architect, in the Borrower being thereby prevented from carrying on its normal operations for a period of three consecutive months, the Borrower will have the option to prepay the Series 2008 Bonds by paying to the Trustee an amount equal to 100% of the principal amount of the Series 2008 Bonds, plus accrued interest to the prepayment date.

1.05. Care of Facility; Release of Furnishings, Fixtures and Equipment .

The Borrower shall at its own expense, keep the Facility in good repair and operating condition (normal wear and tear excepted) and keep the Facility free and clear of all encumbrances, except Permitted Encumbrances. Particularly, as part of the rehabilitation of the Facility, the Borrower agrees to follow the recommendations of the Phase I Environmental Site Assessments, dated as of June 6, 2008, prepared by Property Condition Assessment Consultants, Inc. The Borrower may make any additions or alterations to the Facility which it may deem desirable for its efficient operation as a skilled nursing home which will not adversely affect the value or the revenue producing capability of the Facility, provided that all such additions and alterations are located wholly on the site of the Facility and comply in all material respects with all federal, state, and local laws, statutes, ordinances, rules and regulations as are applied to the Facility. If the Borrower determines that any items of furniture, fixtures and equipment included in the Facility (collectively, the "Equipment") have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the items may be removed from the Facility provided the Borrower (1) substitutes and installs other furnishing or equipment of equal or greater utility, or (2) in lieu of such substitution pays into the Bond Fund (defined in the Indenture) an amount equal to any proceeds realized from the sale or scrapping of any such items or any amount equal to any credit received from trade-in for items not to be installed in the Facility, or (3) in the case of sale of the Equipment to the Borrower or an affiliate or other disposition, pays into the Bond Fund (defined in the Indenture) an amount equal to the greater of the amounts and credits received or the fair market value of the items disposed of. The requirement to pay to the Bond Fund (defined in the Indenture) is applicable only to the extent that the Equipment to be sold or otherwise disposed of in the aggregate has a value of \$15,000 or more. Nothing contained in this Security Agreement shall be deemed to authorize or require the Borrower to operate the Facility or to conduct any business enterprise therewith.

1.06. Further Assurances; After Acquired Property.

At any time, and from time to time, upon request by Issuer, Borrower will make, execute and deliver or cause to be made, executed and delivered, to Issuer and, where appropriate, cause to be recorded and/or filed and from time to time thereafter to be re-recorded and/or refiled at such time and in such offices and places as shall be deemed desirable by Issuer, any and all such other and further deeds of trust, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the opinion of Issuer, be reasonably necessary or desirable in order to effectuate, complete, or perfect, or to continue and preserve (a)

the obligation of Borrower under the Bonds, the Agreement and under this Security Agreement, and (b) the lien of this Security Agreement as a first and prior lien upon and security title in and to all of the Facility and the Collateral (as hereinafter defined), whether now owned or hereafter acquired by Borrower. Upon any failure by Borrower so to do, Issuer may make, execute, record, file re-record and/or refile any and all such deeds of trust, security agreements, financing statements, continuation statements, instruments, certificates, and documents for and in the name of Borrower and Borrower hereby irrevocably appoints Issuer the agent and attorney-in-fact of Borrower so to do. The lien hereof will automatically attach, without further act, to all after-acquired property attached to and/or used in the operation of the Facility or any part thereof and to all after-acquired Collateral.

1.07. Expenses.

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

1.08. Subrogation.

Issuer shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of advances to be repaid as Combined Obligations.

1.09. Limit of Validity.

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

1.10. No Default Affidavits.

During the month of September of each year, commencing in September, 2009, and continuing thereafter in each September that the Bonds are outstanding, the Borrower shall deliver to the Trustee an affidavit to the effect that it knows of no Default (as hereinafter defined), nor of any circumstance which after notice or lapse of time or both would constitute a Default, which has occurred and is continuing or, if any such Default has

occurred and is continuing, specifying the nature and period of existence thereof and the action Borrower has taken or proposes to take with respect thereto and, except as otherwise specified, stating that Borrower has fulfilled all of Borrower's obligations under this Security Agreement which are required to be fulfilled on or prior to the date of such affidavit.

1.11. Acquisition of Collateral.

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

1.12. Security Agreement.

(a) With respect to the furnishings, furniture, fixtures, machinery, appliances, vehicles and personal property or in any way connected with the use and enjoyment of the Facility, this Security Agreement is hereby made and declared to be a security agreement encumbering each and every item of such property included herein as a part of the Facility, in compliance with the provisions of the Uniform Commercial Code as enacted in the State of Indiana; and said security interest granted herein shall attach as soon as Borrower obtains any interest in such property. Upon request by the Issuer, at any time and from time to time, a financing statement or statements reciting this Security Agreement to be a security agreement affecting all of such property shall be executed by the Borrower and the Issuer and appropriately filed.

(b) As further security for the Combined Obligations, Borrower hereby pledges and assigns to Issuer the revenues of the Borrower and grants to Issuer a security interest in all existing and future accounts, gross revenues, contract rights, and accounts receivable of the Borrower, all existing and future instruments, chattel paper and general intangibles of the Borrower and all proceeds of the above, but only to the extent that any such item is directly related to or directly arises from the Facility and/or the operations thereon (the "Collateral"). In addition to all other provisions of this Security Agreement, Borrower will from time to time at the request of Issuer perform any and all steps requested by Issuer to perfect and maintain Issuer's security interest in the Collateral, including but not limited to transferring any part or all of the Collateral to Issuer or any nominee of Issuer, placing and maintaining signs, executing financing statements and notice of lien, delivering to Issuer documents of title representing the Collateral or any of the Collateral in which the security interest of Issuer can only be perfected by possession of such Collateral or evidencing the Issuer's security interest in any other manner acceptable to and requested by Issuer. Borrower will from time to time at the request of Issuer execute and deliver to Issuer assignments of accounts in form satisfactory to Issuer but should Borrower fail in any one or more instances to execute and deliver such assignment of accounts, such failure shall not constitute a waiver or limitation of the security interest of Issuer in all the Collateral, which shall remain in full force and effect.

(c) The remedies of any violation of the covenants, terms and conditions of the security agreement contained in this Security Agreement shall be (i) as prescribed herein, or (ii) as prescribed by general law, or (iii) as prescribed by the specific statutory consequences now or hereafter enacted and specified in said Uniform Commercial Code, all at the Issuer's sole election. The Borrower and the Issuer agree that the filing of any



such financing statement or statements in the records normally having to do with personal property shall not in any way affect the agreement of the Borrower and the Issuer that everything used in connection with the production of income from the Facility or adapted for use therein or which is described or reflected in this Security Agreement, is, at all times and for all purposes and in all proceedings, both legal or equitable, shall be, regarded as part of the real estate conveyed hereby regardless of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain items capable of being thus identified in an exhibit to this Security Agreement, or (iii) any such item if referred to or reflected in any such financing statement or statements so filed at any time. Similarly, the mention of any such financing statement or statements of the rights in and to (i) the proceeds of any fire and/or hazard insurance policy, or (ii) any award in eminent domain proceedings for a taking or for loss of value, or (iii) the Issuer's interest as lessor in any present or future lease or right to income growing out of the use and/or occupancy of the Facility, whether pursuant to lease or otherwise, shall not in any way alter any of the rights of the Issuer as determined by this Security Agreement or affect the priority of the Issuer's security interest granted hereby or by any other recorded document, it being understood and agreed that such mention in such financing statement or statements is solely for the protection of the Issuer in the event any court shall at any time hold with respect to the foregoing clauses (i), (ii), or (iii) of this sentence, that notice of the Issuer's priority of interest, to be effective against a particular class of persons, must be filed in the Uniform Commercial Code records.

(d) The Borrower warrants that (i) the Borrower's name, identity or corporate structure and principal place of business are as set forth in Exhibit "B" hereof, on the title page hereof and on the execution page hereof; (ii) except as set forth on Exhibit "B," the Borrower has been using or operating under said name, identity or corporate structure without change; and (iii) the location of the Collateral is upon the Land. The Borrower covenants and agrees that the Borrower will furnish the Issuer with notice of any change in the matters addressed by clauses (i) or (iii) of this subparagraph 1.12(d) within thirty (30) days of the effective date of any such change and the Borrower will promptly execute any financing statements or other instruments deemed necessary by the Issuer to prevent any filed financing statement from becoming misleading or losing its perfected status.

1.13. Due on Transfer.

Borrower hereby acknowledges to Issuer that (i) the identity and expertise of Borrower were and continue to be material circumstances upon which Issuer has relied in connection with, and which constitute valuable consideration to Issuer for, the extending to Borrower of the Combined Obligations, and (ii) any change in such identity or expertise could materially impair or jeopardize the security for the payment of the Combined Obligations by this Security Agreement. Borrower therefore covenants and agrees with Issuer, and part of the consideration for the extending to Borrower of the indebtedness evidenced by the Bonds, that Borrower shall not encumber (other than by Permitted Encumbrances, as defined in the Agreement), pledge, convey, transfer or assign any or all of its interest in the Facility or the Collateral without the prior written consent of Issuer, except as specifically provided herein.



1.14. Indemnification.

The Borrower agrees to indemnify the Issuer and Mortgagee from and against any and all claims, losses and liabilities arising or resulting from this Security Agreement, except such claims, losses or liabilities resulting from the Issuer's gross negligence or willful misconduct. The Borrower also agrees to, upon demand, pay to the Issuer and Mortgagee any reasonable expenses incurred by the Issuer in connection with the administration of this Security Agreement.



## ARTICLE II

### 2.01. Events of Default.

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

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

### 2.02. Acceleration of Maturity.

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

The provisions of this Section 2.02 are subject, however, to the condition that if, at any time after the principal, interest and other sums secured by this Security Agreement shall have been so declared due and payable and before foreclosure proceedings have commenced, all sums past due have been paid and all existing defaults shall have been

made good, then and in every such case acceptance by the Trustee of such payment shall constitute a waiver of such default and its consequences and an automatic rescission and amendment of such declaration, but no such waiver shall extend to or affect any subsequent default or impair any rights consequent thereon.

2.03. Right to Enter and Take Possession.

(a) If an Event of Default shall have occurred and be continuing, Borrower upon demand of Issuer, shall forthwith surrender to Issuer the actual possession of the Facility and if, and to the extent permitted by law, Issuer itself, or by such officers or agents as it may appoint, may enter and take possession of all the Facility without the appointment of a receiver, or an application therefor, and may exclude Borrower and their agents and employees wholly therefrom, and may have joint access with Borrower to the books, papers and accounts of Borrower that are related to the Facility.

(b) If Borrower shall for any reason fail to surrender or deliver the Facility or any part thereof after such demand by Issuer, Issuer may obtain a judgment or decree conferring upon Issuer the right to immediate possession or requiring Borrower to deliver immediate possession of the Facility to Issuer to the entry of which judgment or decree Borrower hereby specifically consents. Borrower will pay to Issuer upon demand, all expenses of obtaining such judgment or decree, including reasonable compensation to Issuer, its attorneys and agents; and all such expenses and compensation shall, until paid, be secured by the lien of this Security Agreement.

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

(d) Whenever all that is due upon such interest, deposits and principal installments and under any of the terms, covenants, conditions and agreements of this Security Agreement shall have been paid and all Events of Default cured, Issuer shall surrender possession of the Facility to Borrower, its successors or

assigns. The same right of taking possession , however, shall exist if any subsequent Event of Default shall occur and be continuing.

2.04. Performance by Issuer.

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

2.05. Receiver.

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

2.06. Enforcement.

In the event of a Default hereunder, Issuer and/or Mortgagee, pursuant to said Uniform Commercial Code of Indiana, shall have the option of proceeding as to both real and personal property in accordance with its rights and remedies in respect of the real property, in which event the default provisions of the Uniform Commercial Code shall not apply. The parties agree that, in the event an election is made to proceed with respect to the mortgaged premises separately from the real property, the requirement of the Uniform Commercial Code as to reasonable notice of any proposed sale or disposition of the mortgaged premises shall be met if such notice is mailed to the Borrower or at the address for notice set forth herein at least five (5) days prior to the time of such sale or disposition.

If an Event of Default shall have occurred and be continuing, Issuer may, in addition to and not in abrogation of the rights covered under subparagraph (a) of this paragraph 2.06, either with or without entry or taking possession as herein provided or otherwise, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to enforce payment of the Bonds and the other Combined Obligations or the performance of any term, covenant, condition or agreement of this Security Agreement or any term, covenant, condition or agreement of this Security Agreement or any other right, and (ii) to pursue any other remedy available to it, all as Issuer shall determine most effectual for such purposes.



Section 2.07. Foreclosure .

- (a) Time is expressly made the essence of this Security Agreement, and if Trustee fails to receive from Borrower or from any other source the moneys required to be paid (a) by the Borrower under this Security Agreement or (b) from the monies required to be paid under the Agreement with which to pay the principal of, redemption premium, if any, and interest on the Bonds, then and upon the happening of said events, Trustee, its successors and assigns, may, and is hereby authorized to proceed and enforce the rights of Mortgagee hereunder (i) by an action at law, suit in equity or other appropriate proceedings, whether for specific performance of any agreement contained herein, or for an injunction against the violation of the terms hereof, or aid in the exercise of any power granted herein by law, or (ii) by the foreclosure of this Security Agreement. The proceeds of any such sale or sales shall be applied to advertising costs and all other costs and expenses of said sale (including reasonable attorneys' fees), to payment of the Bonds and redemption premium (if any) and interest due thereon, and to the other obligations of Borrower and the Issuer under the Agreement, this Security Agreement, the Bonds and the Indenture. In addition, Issuer may exercise all other rights available to it either at law or in equity, including rights of a secured creditor under the Indiana Uniform Commercial Code.
- (b) If the Project is sold or otherwise foreclosed on pursuant to the preceding paragraph, Trustee shall have all of the right, title and interest of Borrower in and to any insurance policies maintained with respect to the Facility and unearned premiums thereon and in and to any proceeds thereof resulting from any damage to the Project prior to such sale or foreclosure.
- (c) Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither Borrower nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of the lien created by this Security Agreement or other instrument given to secure the Bonds, but Borrower for itself and all who claim through or under it, hereby waives, to the extent that it may lawfully do so, the benefit of all such laws and all right of appraisement and redemption to which it may be entitled under the laws of the State or any other applicable law.
- (d) In any suit to foreclose the lien hereof there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographic charges, publication costs and costs (which may be estimated as the items to be expended after the entry of the decree) of procuring all such abstracts of title, title searches and examination, guarantee policies, Torrens certificates and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute any foreclosure action or to evidence to the bidder at any sale

pursuant thereto the true condition of the title to or the value of the Mortgaged Premises, all of which expenditures shall become so much additional indebtedness hereby secured which Borrower agrees to pay and all of such shall be immediately due and payable with interest thereon from the date of expenditure until paid.

- (e) If at any foreclosure proceeding the Mortgaged Premises shall be sold for a sum less than the total amount of indebtedness for which judgment is therein given, the judgment creditor shall be entitled to the entry of a deficiency decree against Borrower and against the property of Borrower for the amount of such deficiency; and Borrower does hereby irrevocably consent to the appointment of a receiver for the Mortgaged Premises and the property of Borrower and of the rents, issues and profits thereof after such sale and until such deficiency decree is satisfied in full.
- (f) If Mortgagee shall be made a party to or shall intervene in any action or proceeding affecting the Mortgaged Premises or the title thereto or the interest of Mortgagee under this Security Agreement (including probate and bankruptcy proceedings), or if Mortgagee employs an attorney to collect any or all of the Combined Obligations or to enforce any of the terms hereof or realize hereupon or to protect the lien hereof, or if Mortgagee shall incur any costs or expenses in preparation for the commencement of any foreclosure proceedings or for the defense of any threatened suit or proceeding which might affect the Mortgaged Premises or the security hereof, whether or not any such foreclosure or other suit or proceeding shall be actually commenced, then in any such case, Borrower agrees to pay to Mortgagee, immediately and without demand, all reasonable costs, charges, expenses and attorney's fees incurred by Mortgagee in any such case, and the same shall constitute so much additional indebtedness hereby secured payable upon demand with interest.

2.08. Application of Proceeds of Sale.

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

2.09. Borrower as Tenant Holding Over.

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

2.10. Waiver of Appraisal, Valuation Stay, Extension and Redemption Laws.

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

2.11. Leases.

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

2.12. Discontinuance of Proceedings and Restoration of the Parties.

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

2.13. Remedies Cumulative.

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

2.14. Waiver.

(a) No delay or omission of Issuer or any holder of the Bonds to exercise any right, power or remedy accruing upon any default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such default, or acquiescence therein; and every right, power and remedy given by this Security Agreement to Issuer may be exercised from time to time and as often as may be deemed expedient by Issuer. No consent or waiver, expressed or implied, by Issuer to or of any breach or default by Borrower in the performance of the obligations thereof shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of the sale or any other obligations of Borrower hereunder. Failure on the part of Issuer to complain of any act or

failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Issuer of its rights hereunder or impair any rights, powers or remedies consequent on any breach or default by Borrower.

(b) If Issuer (i) grants forbearance or an extension of time for the payment of any Combined Obligations; (ii) takes other or additional security for the payment of any Combined Obligations; (iii) waives or does not exercise any right granted herein or in any of the Combined Documents; (iv) releases any part of the Facility from the lien and security title of this Security Agreement or otherwise changes any of the terms, covenants, conditions or agreements of any of the Combined Documents; (v) consents to the filing of any map, plat or replat affecting the Facility; (vi) consents to the granting of any easement or other right affecting the Facility; or (vii) makes or consents to any agreement subordinating the lien and security title hereof, any such act or omission shall not release, discharge, modify, change or affect the original liability under the Series 2008 Bonds, the Agreement, this Security Agreement or any other Combined Obligations of or any subsequent purchaser of the Facility or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude Issuer from exercising any right, power or privilege herein granted or intended to be granted in the event of any default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument or instruments executed by Issuer, shall the lien of this Security Agreement be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Facility, Issuer, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Facility or the Combined Obligations, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

#### 2.15. Suits to Protect the Facility.

Issuer shall have power (a) to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Facility by any acts which may be unlawful or any violation of this Security Agreement, (b) to preserve or protect its interest in the Facility and in the rents, issues, profits and revenues arising therefrom, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interest of Issuer.

#### 2.16. Issuer May File Proofs of Claim.

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



2.17. Waiver of Borrower's Rights.

BY EXECUTION OF THIS DEED BORROWER EXPRESSLY:

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

(B) WAIVE ANY AND ALL RIGHTS WHICH BORROWER MAY HAVE UNDER THE CONSTITUTION OF THE UNITED STATES (INCLUDING THE FIFTH AND FOURTEENTH AMENDMENTS THEREOF, THE VARIOUS PROVISIONS OF THE CONSTITUTIONS FOR THE SEVERAL STATES, OR BY REASON OF ANY OTHER APPLICABLE LAW), (1) TO NOTICE AND TO JUDICIAL HEARING PRIOR TO THE EXERCISE BY ISSUER OF ANY RIGHT OR REMEDY HEREIN PROVIDED TO ISSUER EXCEPT SUCH NOTICE (IF ANY) AS IS SPECIFICALLY REQUIRED TO BE PROVIDED IN THIS DEED; AND (2) CONCERNING THE APPLICATION, RIGHTS OR BENEFITS OF ANY STATUTE OF LIMITATION OR ANY MORATORIUM, REINSTATEMENT, MARSHALLING, FORBEARANCE, APPRAISEMENT, VALUATION, STAY, EXTENSION, HOMESTEAD, EXEMPTION OR REDEMPTION LAWS:

(C) ACKNOWLEDGE THAT BORROWER HAS READ THIS DEED AND ANY AND ALL QUESTIONS REGARDING THE LEGAL EFFECT OF THIS DEED AND ITS PROVISIONS HAVE BEEN EXPLAINED FULLY TO BORROWER AND BORROWER HAS CONSULTED WITH COUNSEL OF BORROWER'S CHOICE PRIOR TO EXECUTING THIS DEED; AND

(D) ACKNOWLEDGES THAT ALL WAIVERS OF THE AFORESAID RIGHTS OF BORROWER HAVE BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY BORROWER AS PART OF A BARGAINED FOR LOAN TRANSACTION AND THAT THIS DEED IS VALID AND ENFORCEABLE BY ISSUER AGAINST BORROWER IN ACCORDANCE WITH ALL THE TERMS AND CONDITIONS HEREOF.

2.18. Demand Character of Combined Obligations.

Nothing contained herein shall in any manner impair or alter the demand nature of any Combined Obligations to be payable upon demand. Borrower acknowledges and agrees that Mortgagee, upon demanding payment of any Combined Obligations to be payable on demand, shall upon so doing be entitled to invoke the remedies upon default herein and by applicable law provided for.

2.19. Possession.

Provided that an Event of Default has not occurred and is continuing hereunder, Borrower shall be suffered and permitted to remain in full possession, enjoyment and control of the Mortgaged Premises, subject always to the observance and performance of the terms of this instrument.

2.20. Right of Mortgagee to Perform Borrower's Covenants, Etc.

If Borrower shall fail to make any payment or perform any act required to be made or performed hereunder, Mortgagee, without waiving or releasing any obligation or default, 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 Borrower, and may enter upon the Mortgaged Premises or any part thereof for such purpose and take all such action thereon as, in the opinion of Mortgagee, may be necessary or appropriate therefor. All sums to be paid by Mortgagee and all costs and expenses (including without limitation reasonable attorney's fees and expenses) so incurred, together with interest thereon from the date of payment or incurrence at the Late Payment Rate, shall constitute so much additional indebtedness hereby secured and shall be paid by Borrower to Mortgagee on demand. Mortgagee in making any payment authorized under this Section relating to taxes or assessments may do so according to any bill, statement or estimate procured from the appropriate public office without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien or title or claim thereof. Mortgagee, in performing any act hereunder, shall be the sole judge of whether Borrower is required to perform same under the terms of this Security Agreement.



## ARTICLE III

### 3.01. Successors and Assigns.

This Security Agreement shall inure to the benefit of and be binding upon Borrower and Issuer and their respective heirs, executors, legal representatives, successors and assigns. Whenever a reference is made in this Security Agreement to Borrower or Issuer such reference shall be deemed to include a reference to the heirs, executors, legal representatives successors and assigns of Borrower or Issuer, provided further that, whenever a reference is made as to actions available to or on behalf of Issuer, such reference shall be deemed as also referring to Mortgagee, acting in Issuer's stead.

### 3.02. Terminology.

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

### 3.03. Severability.

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

### 3.04. Applicable Law.

This Security Agreement shall be interpreted, construed and enforced according to the laws of the State of Indiana.

### 3.05. Notices.

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

The address of  
Borrower is:

South Shore Health Care, LLC  
SJL Health Systems, Inc.  
353 Tyler Street  
Gary, Indiana 46402-1149  
Attention: President of Sole Member

with a copy to:

John S. Elias, Esq.  
Elias, Meginnes, Riffle & Seghetti, P.C.  
416 Main Street, Suite 1400  
Peoria , Illinois 61602

and

Bergen Capital, a division of  
Scott & Stringfellow, Inc.  
925 North Point Parkway, Suite 150  
Alpharetta, Georgia 30005

The address of  
Issuer is:

**Document is  
NOT OFFICIAL!**  
**This Document is the property of  
the Lake County Recorder!**

City of Gary, Indiana  
839 Broadway, Suite S200  
Gary, Indiana 46402

The address of  
Mortgagee/Trustee is:

Bank of Oklahoma, N.A.  
One Williams Center  
Tulsa, Oklahoma 74103

3.06. Compliance with Environmental Laws. Borrower covenants and agrees that the Mortgaged Premises comply, and shall at all times comply, in all material respects, with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, and all rules, regulations and guidance documents promulgated or published thereunder, including, without limitation, relating to releases, discharges, emissions or disposals to air, water, land or groundwater; to the withdrawal or use of groundwater; to the use, handling or disposal of polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde; to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons); to exposure to toxic, hazardous, or other controlled, prohibited or regulated substances; to the transportation, storage, disposal, management or release of gaseous or liquid substances and to any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.



### 3.07. Notice of Environmental Problem.

Borrower covenants and agrees that it has not given, nor has it received, any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that: (i) Borrower has violated, or is about to violate, any federal, state, regional, county or local environmental, health or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is threat of release, of hazardous substances (including, without limitation, petroleum, its by-products or derivatives or other hydrocarbons) from the Mortgaged Premises; (iii) Borrower may be or is liable, in whole or in part, for the costs or cleaning up, remediating or responding to a release of hazardous substances (including, without limitation, petroleum, its by-products or derivatives, or other hydrocarbons); (iv) any of the Borrower's property or assets are subject to a lien in favor of any governmental entity for any liability, costs or damages, under federal, state or local environmental law, rule or regulations arising from or costs incurred by such governmental entity in response to a release of a hazardous substance (including, without limitation, petroleum, its by-products or derivatives, or other hydrocarbons). In the event that Borrower receives any notice of the type described in this paragraph 3.07, Borrower shall promptly provide a copy to Mortgagee, and in no event, later than fifteen (15) days from Borrower's receipt or submission thereof.

### 3.08 Assignment.

This Security Agreement is assignable by Issuer, and any assignment hereof by Issuer shall operate to vest in the assignee all rights and powers herein conferred upon and granted to Issuer. To the extent the interest of the Issuer is assigned or pledged to the Trustee, or any successor thereto under the Indenture, all provisions of the Indenture and the Agreement relating to the rights, powers, privileges and protections of the Trustee thereunder shall apply with equal force and effect to all actions taken by the Trustee in connection with this Security Agreement. No duties or obligations shall be imposed upon Trustee beyond those contained in the Indenture. It is understood and acknowledged that the Trustee is not required to exercise any rights or discretion granted to it hereunder and all rights to consent, direct and approve matters granted herein to the Trustee as assignee or pledgee of Issuer pursuant to the Indenture are subject to the provisions of the Indenture and the rights afforded to the Trustee thereunder.

### 3.09 Time of the Essence.

Time is of the essence with respect to each and every covenant, agreement and obligation of Borrower under this Security Agreement, the Series 2008 Bonds and any and all other instruments now or hereafter evidencing, securing or otherwise relating to the Combined Obligations.

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

BORROWER:

SOUTH SHORE HEALTH CARE, LLC

By: SJL Health Systems, Inc., its sole Member

[SEAL]

By: [Signature]

Name: Michael Kohl

Title: President

Attest:

By: [Signature]

Name: BRAD BURKLEY

Title: Secretary

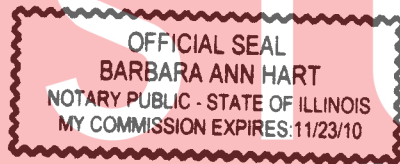
STATE OF Illinois )

SS

COUNTY OF Peoria )

On this, the 18 day of September, 2008, before me, the undersigned notary public, personally appeared Mike Kohl, who acknowledged himself to be the President of South Shore H.C. LLC, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



[Signature]  
Signature

Barbara Ann Hart  
Printed

Notary Public  
[SEAL]

My Commission Expires:

11-23-10

County of Residence:

Fulton



MORTGAGEE:

BANK OF OKLAHOMA, N.A.

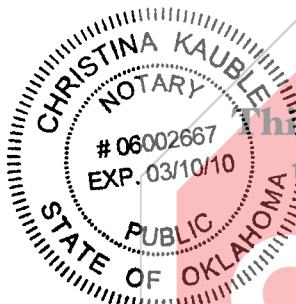
[SEAL]

By: *Marrien Neilson*  
Name: Marrien Neilson  
Title: Vice President

STATE OF Oklahoma )  
COUNTY OF Tulsa ) SS

On this, the 24<sup>th</sup> day of September, 2008, before me, the undersigned notary public, personally appeared Marrien Neilson, who acknowledged herself to be the Vice President of Bank of Oklahoma, N.A., and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public  
[SEAL]

My Commission Expires:

3/10/10

County of Residence:

Tulsa



*Christina Kauble*  
Signature

Christina Kauble  
Printed



I affirm under the penalties for perjury, that I have taken reasonable care to redact each Social Security number in this document, unless required by law. *Christina Hayden*

**EXHIBIT A  
(LEGAL DESCRIPTION)**

Lots 4 to 20, both inclusive, in Block 115, in Gary Land Company's First Subdivision, in the City of Gary, as per plat thereof, recorded in Plat Book 6 page 15, in the Office of the Recorder of Lake County, Indiana.





EXHIBIT B

**BORROWER:** South Shore Health Care, LLC  
SJL Health Systems, Inc.  
353 Tyler Street  
Gary, Indiana 46402-1149  
Attention: President of Sole Member

**ISSUER:** City of Gary, Indiana  
839 Broadway, Suite S200  
Gary, Indiana 46402

**MORTGAGEE/TRUSTEE:** Bank of Oklahoma, N.A.  
One Williams Center  
Tulsa, Oklahoma 74103

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