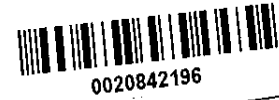


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Cook County Recorder 1475.50



Property of Cook County Clerk's Office

TICOR TITLE INSURANCE

AMENDMENT NO. 11 TO FIRST SUPPLEMENTAL
MASTER TRUST INDENTURE, MORTGAGE
AND SECURITY AGREEMENT

AMONG

COVENANT RETIREMENT COMMUNITIES, INC.
CERTAIN OTHER PERSONS REFERRED TO HEREIN
AS "OBLIGATED ISSUERS"

AND

MARSHALL & ILSLEY TRUST COMPANY N.A.

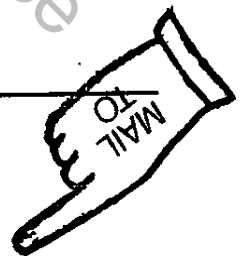
As Master Trustee

Dated as of August 1, 2002

AND TO

TICOR TITLE INSURANCE COMPANY

As Trust Deed Trustee as to California and Washington Mortgaged Properties Only



This instrument was prepared by:

MAIL TO:
Julie Peterson
Erickson Papanek Peterson Erickson
1625 Shermer Road
Northbrook, IL 60062

9900 30019 N4K

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AMENDMENT NO. 11 TO FIRST SUPPLEMENTAL MASTER TRUST INDENTURE, MORTGAGE AND SECURITY AGREEMENT

This is Amendment No. 11 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement ("Amendment No. 11") made and entered into as of August 1, 2002, to become effective as of the date hereof, by and among Covenant Retirement Communities, Inc. (the "Corporation") and Covenant Health Care, Inc., Covenant Home, Covenant Retirement Communities West, Covenant Home, Inc., The Holmstad, Inc., Colonial Acres Home, Inc., Ebenezer Covenant Home, Bethany Covenant Home, Covenant Village of Florida, Inc., Covenant Retirement Communities of Minnesota, Inc., Covenant Care Center, Inc., Covenant Home of Chicago, Covenant Village of Colorado, Inc., Covenant Retirement Communities of the Great Lakes Conference (each of the foregoing herein referred to as the "Obligated Issuers") and Marshall & Hisey Trust Company N.A., Milwaukee, Wisconsin, a national banking association organized under the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby (the "Master Trustee") amending and supplementing the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, as amended and supplemented to date (the "First Supplemental Master Trust Indenture") dated as of August 1, 1986, and from the Obligated Issuers, as trustors and as defined therein, to Ticor Title Insurance Company, as trust deed trustee, for the benefit of the Master Trustee, as beneficiary.

PRELIMINARY STATEMENT

Certain of the Obligated Issuers have heretofore executed and delivered to the Master Trustee the Master Trust Indenture dated as of August 1, 1986, as amended and supplemented by the First Supplemental Master Indenture, Mortgage and Security Agreement dated as of August 1, 1986, an Amendment No. 1 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of September 1, 1986, an Amendment No. 2 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of September 30, 1986, an Amendment No. 3 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of December 1, 1992 ("Amendment No. 3"), an Amendment No. 4 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of January 1, 1993, an Amendment No. 5 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of July 15, 1995, an Amendment No. 6 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of November 1, 1995, an Amendment No. 7 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of November 1, 1998, an Amendment No. 8 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of May 15, 1999, an Amendment No. 9 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of November 15, 1999, an Amendment No. 10 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of November 1, 2001, a Second Supplemental Master Trust Indenture, Mortgage, Deed of Trust and Security Agreement dated as of September 30, 1986, an Amended and Restated Second Supplemental Master

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Trust Indenture, Mortgage, Deed of Trust and Security Agreement dated as of February 28, 1991, a Third Supplemental Master Trust Indenture dated as of November 23, 1992, a Fourth Supplemental Master Trust Indenture dated as of February 5, 1995, a Fifth Supplemental Master Trust Indenture dated as of August 1, 1996, a Sixth Supplemental Master Trust Indenture dated as of November 1, 1999, and a Seventh Supplemental Master Trust Indenture dated as of August 1, 2002 (the Master Indenture, as so amended and supplemented and as supplemented and amended by this Amendment No. 11, is referred to as the "Master Indenture") for the purpose of providing for the issuance of Notes of various series, without limit as to principal amount except as therein stated.

Pursuant to the Master Indenture, each Obligated Issuer has jointly and severally guaranteed all payments under all Notes issued or to be issued under the Master Indenture.

Amendment No. 3 provided for the granting of mortgages, including this Amendment No. 11, and assignments of leases and rents, to be effective and recorded at a later date, on certain facilities of Covenant Home, Inc., Covenant Retirement Communities West (its Santa Barbara property only), Covenant Home and Covenant Health Care Center, Inc. (its Northbrook property only) for the benefit of all Notes issued under the Master Indenture.

Pursuant to Section 3.3 of Amendment No. 3 the applicable Obligated Issuer has agreed to grant a Mortgage to become effective at a later date with respect to the Mortgaged Property described in this Amendment unto the Master Trustee to secure all amounts then payable by the Obligated Issuers under the Notes issued under the Master Indenture.

This Amendment is being executed and delivered pursuant to Section 3.3(e) of Amendment No. 3.

NOW THEREFORE, it is hereby covenanted, declared and agreed to by and among the parties hereto that all the trust estate is to be held and applied, subject to the covenants, conditions, releases, uses and trusts set forth in the Master Indenture and the First Supplemental Master Indenture and the Obligated Issuers, for themselves and their successors, do hereby execute this Amendment No. 11 and covenant and agree to and with the Master Trustee for the benefit of those who should hold the Notes at any time issued and outstanding and designated by the Corporation as Notes entitled to the equal and ratable security of the First Supplemental Master Indenture, or any of them, as follows:

GRANTING CLAUSES

In consideration of the premises, the acceptance by the Master Trustee of the trusts hereby created and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of and any premium which may be due and payable on and the interest on all the Original Master

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Notes, and any Additional Master Notes at any time issued and outstanding and designated by the Corporation as Additional Master Notes entitled to the equal and ratable security of the Master Indenture, as amended, in accordance with their tenor and effect, and the performance and observance by the Obligated Issuers of all the covenants and conditions contained in the Original Master Notes and any Additional Master Notes, and the Master Indenture including Article V thereof, including, but not limited to, all obligations and liabilities of each Obligated Issuer as a guarantor pursuant to Section 5.1 of the Master Indenture of all Original Master Notes and any Additional Master Notes at any time issued and outstanding and designated by the Corporation as Additional Master Notes entitled to the equal and ratable security of the Master Indenture, as amended, the Obligated Issuers have executed and delivered this Amendment No. 11 and by these presents do assign, grant, mortgage, warrant, convey, transfer, pledge, set over and confirm and do grant a security interest unto Ticor Title Insurance Company, as trust deed trustee and to its successors in trust as to the property described in Division I of the Granting Clauses forever, WITH POWER OF SALE, and unto the Master Trustee and to its successors in the trust hereby created, and to it and its assigns as to the rest of the property in the Granting Clauses forever, WITH POWER OF SALE, all the Obligated Issuers' right, title and interest in, to and under any and all of the following described property (herein the "Mortgaged Property"):

DIVISION I

The real estate described in Exhibit A hereto, together with the entire interests (whether now owned or hereafter acquired) in and to said real estate and the entire interests of the Obligated Issuers in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed upon such real estate, including all rights, titles and interests of the Obligated Issuers in and to all building materials, building equipment and fixtures of every kind and nature whatsoever on said real estate or in any building, structure or improvement now or hereafter constructed on said real estate, and the reversion or reversions, remainder or remainders, in and to said real estate, and together with the entire interests of the Obligated Issuers in and to all singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, and all rights, titles and interests of the Obligated Issuers in and to any streets, ways or alleys adjoining said real estate or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Obligated Issuers either in law or in equity, in possession or expectancy of, in and to said real estate, it being the intention of the parties hereto that so far as may be permitted by law, all tangible property now owned or hereafter acquired by the Obligated Issuers and affixed to or attached to said real estate shall be deemed to be, and shall be considered as, fixtures and appurtenances to said real estate of the Obligated Issuers; provided, however, that equipment which may be attached or affixed to said real estate shall not be deemed to be fixtures to said real estate unless such equipment cannot be removed and the structures restored without material damage to said real estate.

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SUBJECT, HOWEVER, to Permitted Encumbrances, as defined in Article I of the Master Indenture.

DIVISION II

With respect to each Obligated Issuer which mortgages its real estate as described in *Exhibit A* hereto, all its right, title and interest, as lessor or as the party otherwise entitled to the receipt of moneys under any of the following agreements in, to and under any and all leases, rental agreements, occupancy agreements or similar agreements for occupation (including, without limitation, all care or life care contracts), now or hereafter existing, together with all rents and other sums, due or becoming due thereunder, with full right and authority to operate, maintain, manage and lease the real estate described in *Exhibit A* hereto or any part thereof, to collect all rents and other sums and to give receipts and acquittances therefore, which leases, contracts or rental agreements cover or appertain to all or any portion of the real estate described in *Exhibit A* hereto, but which assignment shall not include other intangibles or general accounts receivable of the type described in clause (viii) of the definition of Permitted Encumbrances.

This assignment shall cover and apply to any and all such leases, contracts and assignments now or during the term of the First Supplemental Master Indenture, as amended, in effect. No payment of rents to the Master Trustee shall occur unless and until there shall be a default and notification of such default to each Obligated Issuer under the terms of the Master Indenture. This assignment of rents provision shall be subject to any state and federal law limitations and shall only be enforceable to the extent that it does not cause a facility of any Obligated Issuer to lose its licensure or ability to do business. This assignment shall be evidenced by this Amendment and separately by the execution and delivery of an "Assignment of Leases and Rents" in the form attached as *Exhibit B* hereto.

DIVISION III

(A) Any and all judgments, settlements, claims, awards, insurance proceeds and other proceeds and compensation, and interests thereon (collectively, "Compensation"), heretofore made or hereafter to be made or payable in connection with any casualty or other damage to the property described in Division I and Division II, or any part of such property or any rights appurtenant thereto, or in connection with any condemnation proceedings affecting such property or rights or any taking under power of eminent domain (or any conveyance in lieu of or under threat of any such taking of such property or rights, including, without limitation, any and all Compensation for change of grade of streets or any other injury to or decrease in the value of such property or rights); (B) any and all proceeds of any sales, assignment or other dispositions of such property or rights; (C) any and all refunds of insurance premiums, taxes, assessments, water charges, sewer rents or other impositions in respect of any such property or rights; (D) all permits, licenses, approvals, actions and rights in action (including, without limitation, all rights to insurance proceeds and unearned or refunded premiums) arising from or relating to any such property or rights; and (E) all proceeds, products, replacements, additions,

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substitutions, renewals, accessions, accretions and relictions of and to such property or rights.

TO HAVE AND TO HOLD all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Master Trustee, its successors and assigns forever; provided however, that this Amendment No. 11 is upon the express condition that if the Obligated Issuers shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises in the Notes issued under the Master Indenture, then this Amendment and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

The lien and priority of this Amendment at its inception shall extend to all amounts payable by the Obligated Issuers from time to time under all Notes issued under the Master Indenture.

NOW THEREFORE, the Obligated Issuers and the Master Trustee hereby further covenant and agree as follows:

ARTICLE I. MISCELLANEOUS

Section 1.1. Provisions of First Supplemental Master Indenture Not Otherwise Modified. In all respects not inconsistent with the terms and provisions of this Amendment, the First Supplemental Master Indenture, as amended, is hereby ratified, approved and confirmed, and the terms of the Master Indenture shall govern in cases of conflict with this Amendment No. 11. This Amendment No. 11 shall be construed as having been authorized, executed and delivered pursuant to Section 3.2(c) of Amendment No. 3.

Section 1.2 Counterparts. This Amendment No. 11 may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Master Trustee is authorized to fill in the number of this Amendment designated by the Master Trustee before recording, and to add any provision necessary to its recording.

Section 1.3 Governing Laws. It is the intention of the parties hereto that this Amendment No. 11 and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the laws of the State of Illinois.

Section 1.4 Definitions; Incorporation by Reference of the First Supplemental Master Indenture. Unless otherwise specifically provided herein to the contrary, the terms used herein shall be deemed to have the meanings provided for such terms in the First Supplemental Master Indenture. A duplicate original of the Master Trust Indenture dated as of August 1, 1986 was recorded in Cook County, Illinois on August 1, 1986 as Document No. 86,330,494.

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The term "Private Mortgage" means the Second Supplemental Master Trust Indenture, Mortgage, Deed of Trust and Security Agreement among certain Obligated Issuers and the Master Trustee, dated as of September 30, 1986, as amended by an Amended and Restated Second Supplemental Master Trust Indenture, Mortgage, Deed of Trust and Security Agreement dated as of February 28, 1991.

The term "Notes" as used in this Amendment No. 11 shall mean any Note issued, authenticated and delivered under the Master Trust Indenture, except the Private Master Notes. References to Notes of a series or such series shall mean the Notes or series issued pursuant to a single Supplemental Master Indenture or Amendment to the Master Indenture.

"Private Master Notes" means the notes issued pursuant to the Private Mortgage.

The First Supplemental Master Indenture, and Amendment Nos. 1-10 to the First Supplemental Master Trust Indenture, copies of which are attached as *Exhibit C* hereto, are hereby incorporated by reference.

Section 1.5 This Amendment No. 11 Shall Not Impair the Rights of the Obligated Issuers under the Master Indenture. This Amendment No. 11 shall not be construed to impair limit or restrict the rights of the Obligated Issuers as to the Mortgaged Property, as such rights are set forth in the Master Indenture, including but not limited to, the ability of the Obligated Issuers to sell, lease or otherwise dispose of property pursuant to section 5.7 thereof.

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In Witness Whereof, the Obligated Issuers have caused this Amendment No.11 to be executed and the Master Trustee has caused this Amendment No.11 to be executed, all as of the day and year first above written.

COVENANT RETIREMENT COMMUNITIES, INC.

By *Don A. Davenport*
President

Attest:

Kathleen A. Jenkins
Assistant Secretary

COVENANT HEALTH CARE CENTER, INC.

By *Don A. Davenport*
President

Attest:

Kathleen A. Jenkins
Assistant Secretary

COVENANT HOME

By *Don A. Davenport*
President

Attest:

Kathleen A. Jenkins
Assistant Secretary

COVENANT RETIREMENT COMMUNITIES WEST

By *Don A. Davenport*
President

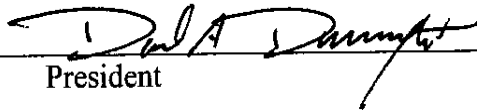
Attest:

Kathleen A. Jenkins
Assistant Secretary

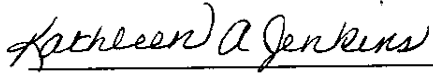
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COVENANT HOME, INC.

By 
President

Attest:


Assistant Secretary

THE HOLMSTAD, INC.

By 
President

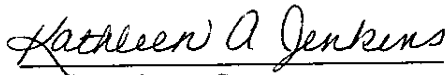
Attest:


Assistant Secretary

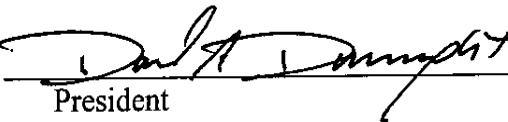
COLONIAL ACRES HOME, INC.

By 
President

Attest:


Assistant Secretary

EBENEZER COVENANT HOME.

By 
President

Attest:


Assistant Secretary

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BETHANY COVENANT HOME

By *Paul A. Darragh*
President

Attest:

Kathleen A Jenkins
Assistant Secretary

COVENANT VILLAGE OF FLORIDA, INC.

By *Paul A. Darragh*
President

Attest:

Kathleen A Jenkins
Assistant Secretary

COVENANT RETIREMENT COMMUNITIES OF
MINNESOTA, INC.

By *Paul A. Darragh*
President

Attest:

Kathleen A Jenkins
Assistant Secretary

COVENANT CARE CENTER, INC.

By *Paul A. Darragh*
President

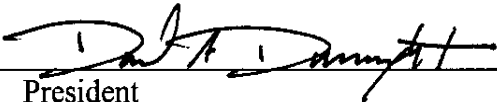
Attest:

Kathleen A Jenkins
Assistant Secretary

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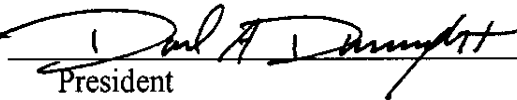
COVENANT HOME OF CHICAGO

By 
President

Attest:


Assistant Secretary

COVENANT RETIREMENT COMMUNITIES OF THE
GREAT LAKES CONFERENCE

By 
President

Attest:


Assistant Secretary

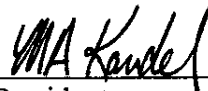
COVENANT VILLAGE OF COLORADO, INC.

By 
President

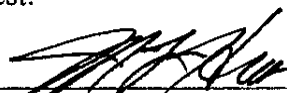
Attest:


Assistant Secretary

M & I FIRST NATIONAL BANK, as Master Trustee
now known as MARSHALL & ILSLEY TRUST
COMPANY N.A.

By 
Vice President

Attest:



Assistant Secretary
Vice President

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STATE OF ILLINOIS)
)
COUNTY OF COOK)

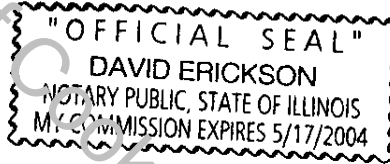
The foregoing instrument was acknowledged before me this 1st day of August, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT RETIREMENT COMMUNITIES, INC., an Illinois not for profit corporation, on behalf of said corporation.



Notary Public

My commission expires:


(SEAL)



0020842196

STATE OF ILLINOIS)
)
COUNTY OF COOK)

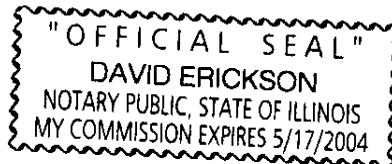
The foregoing instrument was acknowledged before me this 1st day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT HEALTH CARE CENTER, INC., an Illinois not for profit corporation, on behalf of said corporation.



Notary Public

My commission expires:


(SEAL)



UNOFFICIAL COPY

STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT HOME, an Illinois not for profit corporation, on behalf of said corporation.



Notary Public

My commission expires:


(SEAL)



0020842196

STATE OF ILLINOIS)
)
COUNTY OF COOK)

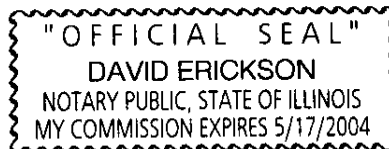
The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT RETIREMENT COMMUNITIES WEST, a California nonprofit corporation, on behalf of said corporation.



Notary Public

My commission expires:

(SEAL)



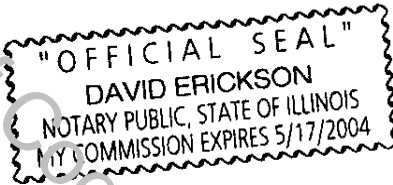
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS the President and Assistant Secretary, respectively of COVENANT HOME, INC., a Connecticut non-stock corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS the President and Assistant Secretary, respectively of THE HOLMSTAD, INC., an Illinois not for profit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



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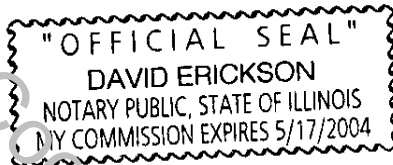
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID DWIGHT and KATHLEEN A. FENNER, the President and Assistant Secretary, respectively of COLONIAL ACRES HOME, INC., a Minnesota nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)

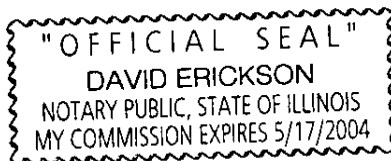


STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID DWIGHT and KATHLEEN A. FENNER, the President and Assistant Secretary, respectively of EBENEZER COVENANT HOME, a Minnesota nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of August, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of BETHANY COVENANT HOME, a Minnesota nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)

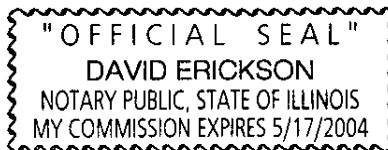


STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of August, 2002, by DAVID A. DWIGHT and KATHLEEN JENKINS, the President and Assistant Secretary, respectively of COVENANT VILLAGE OF FLORIDA, INC., a Florida nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



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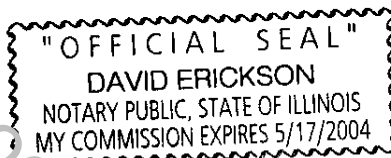
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 15th day of August, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT RETIREMENT COMMUNITIES OF MINNESOTA, INC., a Minnesota nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:



(SEAL)
STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 15th day of August, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT CARE CENTER, INC., a Florida nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:



(SEAL)

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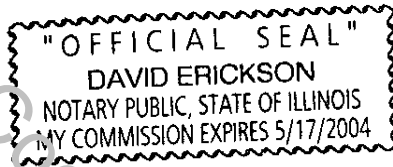
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS President and Assistant Secretary, respectively of COVENANT HOME OF CHICAGO, an Illinois not for profit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



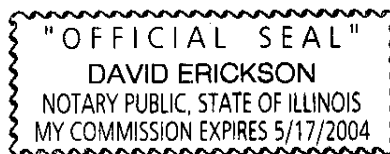
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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1ST day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS the President and Assistant Secretary, respectively of COVENANT RETIREMENT COMMUNITIES OF THE GREAT LAKES CONFERENCE, a Michigan nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:
(SEAL)



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STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 1st day of AUGUST, 2002, by DAVID A. DWIGHT and KATHLEEN A. JENKINS, the President and Assistant Secretary, respectively of COVENANT VILLAGE OF COLORADO, INC., a Colorado nonprofit corporation, on behalf of said corporation.

David Erickson
Notary Public

My commission expires:

(SEAL)



STATE OF WISCONSIN)
)
COUNTY OF Washington

The foregoing instrument was acknowledged before me this 11th day of July, 2002, by MA Kandel and MF Hon, the Vice President and Vice President, respectively of M & I FIRST NATIONAL BANK now known as MARSHALL & ILSLEY TRUST COMPANY N.A., on behalf of said corporation.

Joyce S. Goeden
Notary Public

My commission expires: 4/18/04

(SEAL)

\\uliel\my documents\Clients\CRC\Springing Mortgages - 2002\Amendment No 12.doc

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EXHIBIT A

LEGAL DESCRIPTION OF MORTGAGED PROPERTY

TRACT 1 (Covenant Health Care Center, Inc. – Northbrook Property Only)

THAT PART OF THE SOUTH 487.00 FEET OF LOT 12 IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 42 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 12 AND RUNNING THENCE NORTH, ALONG THE WEST LINE OF SAID LOT 12, A DISTANCE OF 487.00 FEET; THENCE EAST, ALONG THE NORTH LINE OF THE SOUTH 487.00 FEET OF SAID LOT 12, A DISTANCE OF 689.60 FEET; THENCE SOUTH, ALONG A STRAIGHT LINE PARALLEL WITH SAID WEST LINE OF LOT 12, A DISTANCE OF 267.00 FEET; THENCE SOUTHWESTWARDLY, ALONG A STRAIGHT LINE, A DISTANCE OF 95.82 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 624.60 FEET OF SAID LOT 12 AT A POINT 150.00 FEET NORTH FROM THE SOUTH LINE OF SAID LOT 12; THENCE SOUTH, ALONG SAID EAST LINE OF THE WEST 624.60 FEET OF LOT 12, A DISTANCE OF 150.00 FEET TO THE SOUTH LINE OF LOT 12; THENCE WEST, ALONG THE SOUTH LINE OF LOT 12, A DISTANCE OF 624.60 FEET TO THE POINT OF BEGINNING,

EXCEPTING THEREFROM THE SOUTH 27 FEET THEREOF AND EXCEPTING THEREFROM THE WEST 50 FEET THEREOF TAKEN FOR PUBLIC ROAD, ALL IN COOK COUNTY, ILLINOIS.

Permanent Real Estate Index Number: 04-16-300-006-0000
Address of Premises: 2625 Techny Road, Northbrook IL 60062

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TRACT 2 – Covenant Home, Northbrook, IL

THE WEST 1/2 OF LOT 11, EXCEPT THE NORTH 33 FEET AND EXCEPT THE SOUTH 27 FEET THEREOF; AND LOT 12, EXCEPT THE NORTH 33 FEET AND EXCEPT THE SOUTH 27 FEET AND EXCEPT THE WEST 50 FEET THEREOF AND EXCEPT THE FOLLOWING DESCRIBED PARCELS:

1. THE EAST 289.00 FEET OF THE WEST 339.00 FEET OF THE SOUTH 452.55 FEET OF THE NORTH 485.55 FEET THEREOF;
2. THE EAST 289.00 FEET OF THE WEST 816.00 FEET OF THE SOUTH 452.55 FEET OF THE NORTH 485.55 FEET THEREOF;
3. BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 12 AND RUNNING THENCE NORTH, ALONG THE WEST LINE OF SAID LOT 12, A DISTANCE OF 487.00 FEET; THENCE EAST, ALONG THE NORTH LINE OF THE SOUTH 487.00 FEET OF SAID LOT 12, A DISTANCE OF 689.60 FEET; THENCE SOUTH, ALONG A STRAIGHT LINE PARALLEL WITH SAID WEST LINE OF LOT 12, A DISTANCE OF 267.00 FEET; THENCE SOUTHWESTWARDLY, ALONG A STRAIGHT LINE, A DISTANCE OF 95.82 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 624.60 FEET OF SAID LOT 12 AT A POINT 150.00 FEET NORTH FROM THE SOUTH LINE OF SAID LOT 12; THENCE SOUTH, ALONG SAID EAST LINE OF THE WEST 624.60 FEET OF LOT 12, A DISTANCE OF 150.00 FEET TO THE SOUTH LINE OF LOT 12; THENCE WEST, ALONG THE SOUTH LINE OF LOT 12, A DISTANCE OF 624.60 FEET TO THE POINT OF BEGINNING,

ALL IN SCHOOL TRUSTEES' SUBDIVISION OF SECTION 16, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

Permanent Real Estate Index Number: 04-16-200-006-0000; 04-16-300-005-0000
Address of Premises: 2625 Techny Road, Northbrook, IL 60062

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TRACT 3 – Covenant Retirement Communities West doing business as The Samarkand, Santa Barbara, California

That certain real property in the City of Santa Barbara, County of Santa Barbara, State of California, described as follows:

PARCEL ONE:

Beginning at a brass-capped monument set at the Southeast corner of Lot 206 of "Samarkand Hills", as shown on a Map of Survey, made by Owen O'Neill and recorded in Book 15, at page 68 Official Records, in the Office of the County Recorder of said County; thence North $89^{\circ}43'$ West 249.31 feet to a beginning of a curve having a radius of 205.02 feet, being concaved to the East, the tangent of which bears South $0^{\circ}02'20''$ West; thence Southerly and Southeasterly along the arc of said curve through a delta of $57^{\circ}02'30''$ for a distance of 204.11 feet to the end of said curve; thence South $56^{\circ}43'30''$ East 128.36 feet to the beginning of a curve to the right, having a radius of 500.00 feet; thence Southerly along the arc of said curve through a delta of $23^{\circ}23'$ for a distance of 204.06 feet to the end of said curve; thence South $33^{\circ}20'30''$ East 229.52 feet; thence North $57^{\circ}23'45''$ East 653.77 feet; thence North $36^{\circ}36'30''$ West 112.34 feet to a 2 inch pipe with brass cap; thence North $55^{\circ}15'20''$ East 152.47 feet to the point of beginning of the description of the land conveyed by Anna C. Greenwell, executrix of the last will and testament of William B. Greenwell, deceased, dated November 14, 1904, and recorded in Book 103, page 347 of Deeds, Records of said county; thence North $41^{\circ}15'$ West 232.67 feet; thence North $51^{\circ}29'25''$ West 398.74 feet to a two inch pipe with brass cap; thence South $65^{\circ}20'25''$ West 243.98 feet to a spike driven into the Northerly side of a blazed live oak tree; thence South $27^{\circ}24'40''$ West 308.44 feet to the point of beginning, and also

PARCEL TWO:

Beginning at a 2 inch pipe with brass cap set at the Southerly end of the second course of Parcel One of the land described in the quit-claim deed from Lionel Mayell Life Care Enterprises to Samarkand of Santa Barbara, Inc., recorded in Book 1379, page 499 of Official Records of said county; thence following along the third, fourth, fifth and sixth courses of said last-mentioned land, and as described in said deed, as follows: South $28^{\circ}45'$ East 145.9 feet to a 2 inch pipe with brass cap; thence South $33^{\circ}33'$ East 160.6 feet to a 2 inch pipe with brass cap; thence South $8^{\circ}33'$ West 150.5 feet to a 2 inch pipe with brass cap; thence South $74^{\circ}14'$ West 563.65 feet, more or less, to a point in the Easterly line of Treasure Drive, and at the beginning of a curve concave to the West, having a delta of $17^{\circ}23'30''$ and a radius of 420.18 feet, the long chord of which bears North $24^{\circ}30'45''$ West 127.29 feet; thence Northerly along the arc of said curve 127.79 feet; thence continuing along said line of Treasure Drive North $32^{\circ}13'30''$ West 131.85 feet; thence leaving said line of Treasure Drive North $57^{\circ}32'50''$ East, at 200.03 feet a 1/2 inch survey pipe, at 275.80 feet a 1/2 inch survey pipe, and at 476.36 feet a 2 inch survey pipe, 628.87 feet to the point of beginning.

PARCEL THREE:

Lots 203, 204, 205 and 206 of Samarkand Hills, in the City of Santa Barbara, County of Santa Barbara, State of California, according to the map thereof recorded in Book 15, pages 67 and 68 of Maps, records of said county.

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TRACT 4 – Covenant Home, Inc., Cromwell, CT

PARCEL ONE (Missionary Road and 52 Missionary Road):

A certain piece or parcel of land and improvements contained thereon, located in the Town of Cromwell, County of Middlesex, and State of Connecticut on the northwesterly side and in the rear of Catherine Street and on the southerly side of West Street and shown on a map entitled "PROPERTY OF COVENANT HOME INC. CATHERINE STREET CROMWELL, CONNECTICUT SCALE 1"=80' JAN. 15, 1981 UPDATED JULY 16, 1986 DOUGLAS PRIOR, LAND SURVEYOR TOLLAND, CONN.", and more particularly bounded and described as follows:

Commencing at a point in the southerly line of West Street, which point marks the northwest corner of the premises herein described and the northwest corner of land now or formerly of St. John's Church Corporation; thence proceeding S 50° 54' 24" E along the southerly line of West Street, 165.89 feet to a point which marks the northwest corner of land now or formerly of Albert Medalogo et al; thence proceeding S 29° 57' 59" W along the westerly line of said land now or formerly of Albert M. Medalogo et al, 101.61 feet to an angle point; thence proceeding S 19° 31' 46" E, 28.42 feet to an angle point; thence proceeding S 19° 45' 45" W, 78 feet to a point which marks the southwest corner of said land now or formerly of Albert M. Medalogo, et al; thence proceeding in the following courses and distances along the southerly line of lands now or formerly of Albert M. Medalogo, et al, Walter Grace, et al, and Carl Swanson, et al, partly along each, (1) S 50° 54' 24" E, 109.47 feet; (2) S 42° 51' 42" E, 200.53 feet to a point in the westerly line of land now or formerly of Nicholas Oslander, et al; thence proceeding S 19° 45' 45" W along the westerly line of said land now or formerly of Nicholas Oslander et al, 27.15 feet to an angle point; thence proceeding S 41° 55' 27" E along the southerly line of lands now or formerly of Nicholas Oslander, et al, James J. Caso, et al, Beatrice M. Ewald, Oscar R. Stromberg, et al, Jacob Jasion, Daniel S. Marselli, et al, Carmen L. Sabodoss, A.N. Pierson, Inc., and Hartford Electric Company, partly along each, in all, 922.60 feet to a point; thence proceeding S 6° 59' 33" W along the westerly line of land now or formerly of A. N. Pierson Inc., 223.00 feet to the northerly line of Catherine Street; thence proceeding S 89° 29' 33" W along the northerly line of Catherine Street, 36.57 feet to an angle point; thence turning and proceeding S 3° 33' 10" W along the westerly line of Catherine Street, 38.10 feet to a point; thence proceeding S 89° 29' 33" W, along the northerly line of land now or formerly of John M. Saunders, 154.30 feet to a point; thence proceeding along the northerly and easterly lines of land now or formerly of The Children's Home of the East Coast Conference, Inc. in the following courses and distances: (1) S 89° 38' 25" W, 111.40 feet to an angle point; (2) S 89° 38' 40" W, 1181.86 feet to an angle point; (3) N 4° 42' 06" E, 183.50 feet to an angle point; thence turning and proceeding N 04° 42' 06" E, 311.01 feet to an angle point; thence proceeding S 89° 54' 32" E, 351.00 feet to a point in the easterly line of land now or formerly of St. John's Church Corporation; thence proceeding N 13° 06' 49" E, 1024.01 feet along the easterly line of land now or formerly of St. John's Church Corporation to the point or place of beginning.

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TOGETHER WITH the easements and drainage rights as set forth in a deed from The Children's Home of Cromwell, Conn. Inc. to Covenant Home of the East Coast Conference, Inc. dated August 25, 1975 and recorded in Volume 129, Page 102 of the Cromwell Land Records.
PARCEL TWO (99 West Street):

A certain piece or parcel of land, with all the buildings and improvements thereon, situated on the westerly side of West Street in the Town of Cromwell, County of Hartford and State of Connecticut, and designated as Lot #3 on a map entitled "Map of A. N. Pierson, Inc. Property Cromwell, Conn. Date May 1949 Scale 1 inch = forty feet" drawn by L. F. Quirk, Civil Engineer, which map is on file in the Town Clerk's Office in the said Town of Cromwell, and being more particularly bounded and described as follows:

- EASTERLY: by West Street, seventy-eight (78) feet;
- SOUTHERLY: by Lot #4 on said map, two hundred (200) feet;
- WESTERLY: by land now or formerly of the Children's Home of the Eastern Missionary Association, seventy-eight (78) feet; and
- NORTHERLY: by Lot #2 on said map, two hundred (200) feet.

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EXHIBIT B

FORM OF ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT, made as of August 1, 2002 by Covenant Health Care Center, Inc., an Illinois not for profit corporation (hereinafter called "Assignor") in favor of MARSHALL & ILSLEY TRUST COMPANY N.A., West Bend, Wisconsin, a national banking association organized under the laws of the United States of America (hereinafter called "Assignee").

WITNESSETH:

As security only for the payment of the principal and any premium which may be due and payable on and the interest on all the Original Master Notes and all Additional Master Notes (as such terms are defined in the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, as may be amended and supplemented from time to time, the "First Supplemental Master Indenture") dated as of August 1, 1986 among the Obligated Issuers (as such term is therein defined), including the Assignor, and the Assignee, as Master Trustee, in accordance with their tenor and effect, and the performance and observance by the Obligated Issuers of all the covenants and conditions contained in the Original Master Notes and all Additional Master Notes and the Master Trust Indenture (as may be amended and supplemented from time to time, the "Master Indenture") dated as of August 1, 1986 among the Obligated Issuers and the Assignee, as Master Trustee (including without limitation, Article V thereof) including, but not limited to, obligations and all liabilities of each Obligated Issuer as a guarantor pursuant to Section 5.1 of the Master Indenture of all Original Master Notes and all Additional Master Notes at any time issued and outstanding and under the Indenture, the undersigned, owner of certain property described in Exhibit A hereto, does hereby sell, assign and transfer to Assignee, its successors and assigns, all its right, title and interest, as lessor (or as the party otherwise entitled to the receipt of moneys under any of the following described instruments), in, to and under any and all leases, rental agreements, occupancy agreements or similar agreements for occupation (including, without limitation, all care or life care contracts), now or hereafter covering or affecting any or all of the property described in Division I of the First Supplemental Master Indenture together with all rents and other sums, due or becoming due thereunder, all security therefor and all other powers, privileges and benefits to which Assignor may now or hereafter be entitled in respect of such instrumentality, with full right and authority to operate, maintain, manage and lease such property, or any part thereof, to collect all rents and other sums and to give receipts and acquittances therefor, but which assignment shall not include accounts receivable of the type contemplated by clause (viii) of the definition of Permitted Encumbrances in the Master Indenture.

This Assignment shall cover and apply to any leases, contracts and assignments now or during the term of the First Supplemental Master Indenture, in effect. No payment of rents to the Assignee, as Master Trustee, shall occur unless and until an event of default shall have occurred under the First Supplemental Master Indenture. This assignment of rents provision

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shall be subject to any state or federal law limitations and shall only be enforceable to the extent that it does not violate any state or federal laws, or result in the assignor of such rents losing a license or other governmental authorization necessary to conduct its business as presently conducted.

This Assignment shall cover and apply to any existing or future amendment, supplement, modification, or replacement of the aforesaid leases, contracts and assignments.

Assignee shall not be liable for failure to collect rentals, failure to enforce performance by any lessee or other party to such instruments, failure to let or relet any property or for any other act or omission of Assignee in managing such property.

At any time after the occurrence of an event of default shall have occurred under the First Supplemental Master Indenture, the Assignee may, at its option, although it shall not be obligated so to do, perform any lease covenant for and on behalf of the Assignor and may recover any money advanced for any such purpose from Assignor on demand, with interest at the rate as provided in the First Supplemental Master Indenture from date of advancement, and may reimburse itself for amounts so advanced, with interest, from any rents collected and if not so repaid, then any balance shall be added to the mortgage debt evidenced by the Original Master Notes and all Additional Master Notes and shall be secured by said mortgage. At such time, the Assignee may likewise, at its option, exercise any option or election for and on behalf of Assignor.

Assignor represents that the said leases, contracts, and assignments are in full force and effect according to their terms; that Assignor is not in default thereunder; that Assignor has not sold, assigned, pledged or encumbered the said leases, contracts and assignments or rentals except as otherwise required by state law; and that Assignor has not heretofore given its consent to an assignment of the leases, contracts and assignments, unless such assignments have heretofore been released.

Rentals and other sums (if any) paid to and received by the Assignee shall be held, without allowance of interest, and shall be applied by it for the following purposes, the priority and application of such funds being within the sole discretion of the Assignee:

- (a) to the payment of principal and interest installments on the Original Master Notes and all Additional Master Notes as and when the same become due and payable;
- (b) to the making of any required deposits in an escrow fund for the future payment of taxes, assessments and insurance premiums of the Assignor;
- (c) to the payment to Assignee of all other sums due it under the Original Master Notes and all Additional Master Notes under this Assignment;
- (d) to the payment of all other necessary expenses of the management, protection and/or preservation of the Mortgaged Property (as defined in the First

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Supplemental Master Indenture); and

Any amount not applied as above provided and remaining in the hands of the Assignee may, at its option, on the first day of December of each year, be applied by the Assignee to one or both of the following:

(a) to the prepayment of principal on the Original Master Notes and all Additional Master Notes in inverse order of its maturity; or

(b) be refunded to the Assignor.

The covenants herein contained shall bind, and the benefit and advantages shall inure to the respective heirs, executors, administrators, successors and assigns of the parties, hereto. Whenever used herein the singular number shall include the plural, the plural the singular, any use of any gender shall include all genders.

Covenant Health Care Center, Inc.

By // _____ //

STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this _____ day of _____, 2002, by _____ the President of COVENANT HEALTH CARE CENTER, INC., an Illinois not for profit corporation, on behalf of said corporation.

// _____ //
Notary Public

My commission expires:

(SEAL)

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EXHIBIT C

COPY OF FIRST SUPPLEMENTAL MASTER TRUST AND AMENDMENTS THERETO

First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated August 1, 1986

Amendment No. 1 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated September 1, 1986

Amendment No. 2 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated September 30, 1986

Amendment No. 3 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated December 1, 1992

Amendment No. 4 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated January 1, 1993

Amendment No. 5 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated July 15, 1995

Amendment No. 6 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated November 1, 1997

Amendment No. 7 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated January 1, 1998

Amendment No. 8 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated May 15, 1999

Amendment No. 9 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated November 15, 1999

Amendment No. 10 to the First Supplemental Master Trust Indenture, Mortgage and Security Agreement, dated November 1, 2001

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CERTIFICATION

I, as President of Covenant Retirement Communities, Inc., do hereby certify that the attached is a true and correct copy of an executed counterpart of the First Supplemental Master Trust Indenture, Mortgage and Security Agreement dated as of August 1, 1986 by and among the Obligated Issuers and the Master Trustee.

DATED: December 29, 1992

COVENANT RETIREMENT COMMUNITIES, INC.

By: 

President

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THIS FIRST SUPPLEMENTAL MASTER TRUST INDENTURE, MORTGAGE AND SECURITY AGREEMENT (the "First Supplemental Master Indenture") made and entered into as of August 1, 1986, by and among Covenant Health Care Center, Inc., Covenant Retirement Communities West, Ebenezer Covenant Home, Covenant Home, Inc. (Connecticut), Bethany Covenant Home, Covenant Village of Florida, Inc., the Holmstad, Inc., Covenant Retirement Communities, Inc. (the "Corporation"), and Colonial Acres Home, Inc. (collectively, the "Borrowers"), Covenant Benevolent Institutions, Covenant Care Center, Inc., Covenant Retirement Communities of Minnesota, Inc. and Covenant Home (Illinois) (together with the Borrowers, the "Obligated Issuers") and M&I First National Bank, West Bend, Wisconsin, a national banking association organized under the laws of the United States of America and being duly qualified to accept and administer the trusts created hereby (the "Master Trustee").

PRELIMINARY STATEMENT

Reference is hereby made to the Master Trust Indenture (the "Master Indenture") dated as of August 1, 1986, between the Obligated Issuers and the Master Trustee and to the Bond Indenture hereinafter referred to for definitions of various terms used herein.

The Borrowers desire to obtain funds which will be used (i) to refinance and advance refund certain existing indebtedness incurred by the Borrowers and (ii) to pay related expenses incurred in connection with the issuance of the Series 1986-A Bonds hereinafter referred to.

The Corporation is obtaining funds through the issuance and sale of its \$15,000,000 Eight-Year Extendable First Mortgage Bonds, Series 1986-A and \$34,000,000 Twelve-Year Extendable First Mortgage Bonds, Series 1986-A (collectively, the "Series 1986A Bonds"), which will be issued under and secured by a Trust Indenture dated as of August 1, 1986 (the "Bond Indenture") from the Corporation to M&I First National Bank, West Bend, Wisconsin, as trustee (the "Bond Trustee"). On August 1, 1986, the Corporation will issue \$26,240,000 aggregate principal amount of such Series 1986-A Bonds (the "August Bonds") and the remainder (the "September Bonds") will be issued in September, 1986. The Corporation intends that funds obtained from the issuance and sale of the Series 1986-A Bonds will be used to provide for loans to the Borrowers pursuant to this First Supplemental Master Indenture. Pursuant to the Bond Indenture, the Corporation will pledge and assign certain of its rights under this First Supplemental Master Indenture to the Bond Trustee as part of the security for the Series 1986-A Bonds. The Series 1986-A Bonds will be payable out of the payments to be made by the Borrowers on the Original Master Notes

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hereinafter referred to and other payments provided for in this First Supplemental Master Indenture.

In order to provide security for the repayment of the August Bonds, the respective Borrowers are concurrently with the delivery hereof issuing to the Corporation their Notes, Series 1986-A through 1986-E (the "August Notes") in the aggregate principal amount of \$26,240,000. In order to provide security for the repayment of the September Bonds, the applicable Borrowers will concurrently with the issuance thereof issue to the Corporation their Notes, Series 1986-F through 1986-N (the "September Notes" and, together with the August Notes and Notes, Series 1986-S and 1986-T (the "Substitute Master Notes") which may replace the Original Master Notes, Series 1986-B and 1986-E as provided in Section 3.2 hereof, the "Original Master Notes") in the aggregate principal amount of \$22,760,000. Pursuant to the Master Indenture, each Obligated Issuer has jointly and severally guaranteed all payments under the Original Master Notes. Pursuant to the Bond Indenture, the Corporation will pledge and assign the Original Master Notes to the Bond Trustee as security for the Series 1986-A Bonds.

The Original Master Notes are being issued pursuant to the Master Indenture which provides for the issuance of Notes thereunder without limitation. Each series of Notes is to be designated so as to differentiate the Notes of each series. Each series of Notes issued thereunder is the general obligation of the maker thereof and is secured by the joint and several guarantee of each Obligated Issuer as set forth in Section 5.1 of the Master Indenture and may be secured by security (including, without limitation, Mortgages, letters or lines of credit or issuance) of an Obligated Issuer which need not extend to any other series of Notes. The Supplemental Master Indenture pursuant to which any such Notes are issued may provide for supplements and amendments to the Master Indenture to provide for such security.

Notes are not limited as to the number of additional series to be issued or as to the aggregate principal amount thereof. Additional series of Notes may be issued pursuant to one or more subsequent Supplemental Master Indentures which may provide for the issuance of Notes ("Additional Master Notes") equally and ratably secured with the Original Master Notes or for issuance of Notes creating separate liens on other properties of one or more Obligated Issuers.

All acts and things necessary to make the Original Master Notes when authenticated by the Master Trustee, as provided in the Master Indenture, the valid, binding and legal obligations of the Borrowers, secured by the Master Indenture and by this First Supplemental Master Indenture and the issuance hereunder

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of the Original Master Notes have in all respects been duly authorized, and the Obligated Issuers, in the exercise of their legal rights and powers vested in them, execute this First Supplemental Master Indenture and propose to make, execute and deliver the Original Master Notes.

GRANTING CLAUSES

In consideration of the premises, the acceptance of the August Notes by the Corporation, the acceptance by the Master Trustee of the trusts hereby created and for other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of and any premium which may be due and payable on and the interest on all the Original Master Notes and any Additional Master Notes at any time issued and outstanding and designated by the Corporation as Additional Master Notes entitled to the equal and ratable security of this First Supplemental Master Indenture, in accordance with their tenor and effect, and the performance and observance by the Obligated Issuers of all the covenants and conditions contained in the August Notes and the Master Indenture including Article V thereof with respect to the Original Master Notes and Additional Master Notes, the Obligated Issuers have executed and delivered this First Supplemental Master Indenture and by these presents do assign, grant, mortgage, warrant, convey, transfer, pledge, set over and confirm and do grant a security interest unto the Master Trustee and to its successors in the trust hereby created, and to it and its assigns forever, all the Obligated Issuers' right, title and interest in, to and under any and all of the following described property (herein the "Mortgaged Property"):

DIVISION I

The real estate described in Exhibit A hereto, together with the entire interests (whether now owned or hereafter acquired) in and to said real estate and the entire interests of the Obligated Issuers in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed upon such real estate, including all rights, titles and interests of the Obligated Issuers in and to all building materials, building equipment and fixtures of every kind and nature whatsoever on said real estate or in any building, structure or improvement now or hereafter constructed on said real estate, and the reversion or reversions, remainder or remainders, in and to said real estate, and together with the entire interests of the Obligated Issuers in and to all and singular the tenements, hereditaments, easements, rights of way, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, and all rights, titles and interests of the Obligated Issuers in and to any

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streets, ways or alleys adjoining said real estate or any part thereof including all bridges thereover and tunnels thereunder, including without limitation all claims or demands whatsoever of the Obligated Issuers either in law or in equity, in possession or expectancy of, in and to said real estate, it being the intention of the parties hereto that so far as may be permitted by law, all tangible property now owned or hereafter acquired by the Obligated Issuers and affixed to or attached to said real estate shall be deemed to be, and shall be considered as, fixtures and appurtenances to said real estate of the Obligated Issuers; provided, however, that equipment which may be attached or affixed to said real estate shall not be deemed to be fixtures to said real estate unless such equipment cannot be removed and the structures restored without material damage to said real estate;

SUBJECT, HOWEVER, to Permitted Encumbrances, as defined in Article I of the Master Indenture;

DIVISION II

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Obligated Issuers or by anyone in their behalf to the Master Trustee, including, without limitation, funds of the Obligated Issuers held by the Master Trustee as security for the August Notes.

TO HAVE AND TO HOLD all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Master Trustee, its successors and assigns forever; provided, however, that this First Supplemental Master Indenture is upon the express condition that if the Obligated Issuers shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises in the Original Master Notes and any Additional Master Notes hereinafter issued under the Master Indenture, then this First Supplemental Master Indenture and the rights hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

The lien and priority of this First Supplemental Master Indenture at its inception shall extend to all amounts payable by the Obligated Issuers from time to time under the Original Master Notes or any Additional Master Notes hereinafter issued under the Master Indenture.

NOW THEREFORE, the Obligated Issuers and the Master Trustee hereby further covenant and agree as follows:

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ARTICLE I.

DEFINITIONS

SECTION 1.1 Definitions. The terms used in this First Supplemental Master Indenture, unless otherwise defined herein, shall have the same meanings set forth in the Master Indenture and the Bond Indenture. All accounting terms not otherwise defined in the Master Indenture, the Bond Indenture or herein shall have the meanings assigned to them in accordance with generally accepted accounting principles in effect from time to time.

SECTION 1.2 Construction of References. All references in this instrument to 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 First Supplemental Master Indenture as a whole and not to any particular Article, Section or subdivision unless the context indicates otherwise.

ARTICLE II.

ISSUANCE OF SERIES 1986-A BONDS, LOAN OF PROCEEDS AND PAYMENT OF ORIGINAL MASTER NOTES

SECTION 2.1 Proceeds of Series 1986-A Bonds. In order to provide funds to refinance and advance refund certain existing indebtedness incurred by the Borrowers and to pay related expenses incurred in connection with the issuance of the Series 1986-A Bonds, the Corporation will, concurrent with the delivery of this First Supplemental Master Indenture, issue and deliver the August Bonds and will issue and deliver the September Bonds on or about September 2, 1986. The Corporation and the Borrowers agree that the proceeds from the sale of the Series 1986-A Bonds shall be deposited with the Bond Trustee and applied as provided in the Bond Indenture, and such deposit will constitute a loan of such proceeds from the Corporation to the Borrowers.

SECTION 2.2 Disbursements by Bond Trustee. The Corporation and the Borrowers agree that the proceeds of the Series 1986-A Bonds deposited with the Bond Trustee pursuant to Section 2.1 shall be disbursed by the Bond Trustee only in accordance with the terms and conditions of Article III of the Bond Indenture.

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SECTION 2.3 Payment of the Original Master Notes.

(a) In consideration of the issuance of the Series 1986-A Bonds and the loan of the proceeds thereof to the Borrowers, the respective Borrowers shall, concurrently with the delivery of this First Supplemental Master Indenture, execute and deliver their respective August Notes to the Corporation and shall, concurrently with the delivery of an amendment to this First Supplemental Master Indenture as set forth in Section 5.13 hereof, execute and deliver their respective September Notes to the Corporation and the Corporation shall execute and deliver its respective September Notes to the Bond Trustee, all as set forth in Section 3.1. The Borrowers shall promptly make when due all payments on their respective Original Master Notes. Notwithstanding any schedule of payments upon the Original Master Notes set forth herein or in the Original Master Notes, the Borrowers agree to make payments upon the Original Master Notes and be liable therefore at the times and in the amounts (including principal, interest and premium, if any) equal to the amounts of principal of, premium, if any, and interest payable on a pro rata portion of the Series 1986-A Bonds from time to time outstanding, whether as regularly scheduled interest or principal payments, at maturity, by sinking fund or optional redemption, acceleration or otherwise, or as repayments pursuant to Section 203 of the Bond Indenture. Such pro rata portion shall be based on the relationship between the Outstanding principal amount of the original Master Note being paid to the Outstanding principal amount of the Series 1986-A Bonds in the manner provided in Article V, hereof.

(b) The Borrowers shall reimburse or pay the Corporation for any and all costs, expenses and liabilities paid or incurred by the Corporation in satisfaction of any obligations of the Borrowers hereunder not performed by the Borrowers in accordance with the terms hereof. The Borrowers shall also prepay or reimburse the Corporation for any and all expenses paid or to be paid by the Corporation and requested by the Borrowers, or required by this First Supplemental Master Indenture or the Bond Indenture, or incurred in defending any action or proceedings with respect to this First Supplemental Master Indenture or the Bond Indenture, or arising out of or based upon any other document relating to the issuance of the Series 1986-A Bonds which are not otherwise required to be paid by the Borrowers hereunder.

(c) The Borrowers shall pay, as and when the same become due, the reasonable fees, charges and expenses of the Bond Trustee as trustee, bond registrar and paying agent, and the reasonable fees, charges and expenses of any other paying agents for the Series 1986-A Bonds, all as provided in the Bond

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Indenture; provided that the Borrowers may, without creating a default hereunder, contest in good faith the necessity for any extraordinary services or extraordinary expenses, and the reasonableness of any such fees, charges or expenses.

SECTION 2.4 Assignment of First Supplemental Master Indenture and Original Master Notes. The Obligated Issuers agree that this First Supplemental Master Indenture and payments to be made hereunder (excluding fees and expenses payable to the Corporation and amounts payable to the Bond Trustee), and the Original Master Notes may be protected and enforced in conformity with the Bond Indenture and may be assigned and pledged to the Bond Trustee to secure the payment of the Series 1986-A Bonds. The Obligated Issuers further agree that all payments under the Original Master Notes shall be made directly to the Corporation and the Corporation in turn shall make such payments directly to the Bond Trustee for the account of the Corporation for deposit in the appropriate funds established by the Bond Indenture. The Bond Trustee shall endorse on the principal payment schedules attached to the Original Master Notes an appropriate endorsement evidencing the date and amount of each principal payment or prepayment made with respect thereto by the Corporation.

ARTICLE III.

THE ORIGINAL MASTER NOTES AND ADDITIONAL MASTER NOTES ISSUABLE HEREUNDER

SECTION 3.1 The Original Master Notes.

(a) Form of Original Master Notes. The Original Master Notes shall be in substantially the form attached hereto as Exhibit F.

(b) Principal Amount, Maturities and Interest Rates of the August Notes. There are hereby created the following August Notes:

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<u>Series</u>	<u>Issuer</u>	<u>Principal Amount</u>
1986-A	Covenant Health Care Center, Inc. (dba Colonial House/Michealson Care Center)	\$4,500,000
1986-B	Covenant Health Care Center, Inc. (dba Axelson Manor/Brandel Care Center)	5,000,000
1986-C	Covenant Retirement Communities West (dba Mount Miguel Covenant Village)	6,675,000
1986-D	Ebenezer Covenant Home	970,000
1986-E	Covenant Home, Inc. (Connecticut)	9,095,000

The August Notes shall be dated August 1, 1986, shall mature on August 1, 2006 and shall be subject to mandatory sinking fund redemptions in each of the years and in the principal amounts in each year as designated on Schedule A attached hereto. Each August Note shall bear interest from time to time in an amount equal to the amount of interest accruing on and payable with respect to the Series 1986-A Bonds multiplied by a fraction, the numerator of which is the Outstanding principal amount of the respective August Note and the denominator of which is the Outstanding principal amount of the Series 1986-A Bonds. The August Notes shall be issuable as registered Notes without coupons, shall be initially registered in the name of the Corporation or its successor or successors and shall be executed, endorsed, authenticated and delivered in accordance with Article II of the Master Indenture.

(c) Principal Amount, Maturities and Interest Rates of the September Notes. There are hereby created the following September Notes:

<u>Series</u>	<u>Issuer</u>	<u>Principal Amount</u>
1986-F	Bethany Covenant Home	\$ 765,000
1986-G	Covenant Village of Florida, Inc.	6,615,000
1986-H	The Holmstad, Inc.	4,025,000
1986-I	Covenant Retirement Communities West (dba Covenant Village of Turlock)	1,290,000
1986-J	Covenant Retirement Communities, Inc.	1,400,000
1986-K	Colonial Acres, Inc.	2,640,000
1986-L	Covenant Retirement Communities, Inc.	2,215,000
1986-M	Covenant Health Care Center, Inc.	1,060,000
1986-N	Covenant Retirement Communities West (dba Covenant Shores)	2,750,000

The September Notes shall be dated September 1, 1986, shall mature on August 1, 2006 and shall be subject to mandatory sinking fund redemptions in each of the years and in the principal amounts in

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each year as designated on Schedule B attached hereto. Each September Note shall bear interest from time to time in an amount equal to the amount of interest accruing on and payable with respect to the Series 1986-A Bonds multiplied by a fraction, the numerator of which is the Outstanding principal amount of the respective September Note and the denominator of which is the Outstanding principal amount of the Series 1986-A Bonds. The September Notes shall be issuable as registered Notes without coupons, shall be initially registered in the name of the Corporation or its successor or successors and shall be executed, endorsed, authenticated and delivered in accordance with Article II of the Master Indenture.

(d) Conditions Precedent to Issuance. The Original Master Notes shall not be issued until all conditions precedent to the issuance of the respective Series 1986-A Bonds set forth in the Bond Indenture shall have been satisfied or waived by the proper party or parties.

(e) Acceleration of Maturity. The maturities of the Original Master Notes are accelerable in accordance with their terms.

SECTION 3.2 The Substitute Master Notes.

(a) Form of Substitute Master Notes. The Substitute Master Notes shall be in substantially the form attached hereto as Exhibit F.

(b) Principal Amount, Maturities and Interest Rates of the Substitute Master Notes. There may be created the following Substitute Master Notes:

<u>Series</u>	<u>Issuer</u>	<u>Principal Amount</u>
1986-S	Covenant Retirement Communities, Inc.	\$5,000,000
1986-T	Covenant Retirement Communities, Inc.	\$295,000

The Substitute Master Notes (Series 1986-S and 1986-T) shall be dated as directed by the Corporation, shall mature on August 1, 2006, shall be subject to mandatory sinking fund redemptions and shall bear interest equal to the mandatory sinking fund redemptions and interest payments on the Original Master Notes, Series 1986-B and 1986-E, respectively (the "Replaceable Master Notes"), which may be replaced by such Substitute Master Notes in accordance with the provisions of Article XI of the Bond Indenture. The Substitute Master Notes shall be issuable as registered Notes without coupons, shall be initially registered in the name of the Bond Trustee and shall be executed, endorsed, authenticated and delivered in accordance with Article II of the Master Indenture.

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SECTION 3.3 Security for Original Master Notes and Equal Priority of Additional Master Notes. The Original Master Notes are Notes designated under Article II of the Master Indenture, and are secured by the Mortgaged Property. The Original Master Notes and any Additional Master Notes which the Corporation shall designate to be issued under and pursuant to this First Supplemental Master Indenture 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 of issue or maturity of such Notes, as a result of which all Additional Master Notes at any time issued hereunder shall have the same right, lien and preference under and by virtue of this First Supplemental Master Indenture. Additional series of Additional Master Notes to be so equally and ratably secured hereby shall be issued pursuant to one or more subsequent Supplemental Master Indentures which shall provide for incorporation in this First Supplemental Master Indenture on such equal and ratable basis. However, additional series of Notes not equally and ratably secured may be issued pursuant to one or more subsequent Supplemental Master Indentures which may provide for separate security and other terms.

SECTION 3.4 Designation by the Corporation. In order for additional series of Additional Master Notes to be issued and equally and ratably secured hereby, the Corporation shall designate, in writing, to the Master Trustee the Additional Master Notes to be so issued.

ARTICLE IV.

REPAYMENT AND REDEMPTION OF THE ORIGINAL MASTER NOTES

The Original Master Notes shall be subject to payment prior to maturity, in whole or in part, in amounts determined in accordance with the repayment provisions of Section 203 and the redemption provisions of Section 501 of the Bond Indenture. The principal amounts of such repayments and redemptions on each such Note shall be in an amount equal to repayments or redemptions payable with respect to the Series 1986-A Bonds multiplied by a fraction, the numerator of which is the Outstanding principal amount of such Note and the denominator of which is the Outstanding principal amount of the Series 1986-A Bonds. The giving of notice to the registered owners of the Series 1986-A Bonds pursuant to the Bond Indenture shall, without further notice or action by the Bond Trustee, the Corporation or the Borrowers, constitute notice of redemption of the corresponding amounts of principal on the Original Master Notes, and the same shall, thereby, become due and payable on the date of redemption of the Series 1986-A Bonds and at a redemption price equal to the redemption price payable with respect to the Series 1986-A Bonds.

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ARTICLE V.

PARTICULAR COVENANTS AND AGREEMENTS OF THE OBLIGATED ISSUERS

SECTION 5.1 Ownership of Mortgaged Property. Each applicable Obligated Issuer covenants and warrants that it is the owner and is now lawfully seized and possessed of and holds good and marketable fee simple title to its Mortgaged Property conveyed to the Master Trustee under this First Supplemental Master Indenture free and clear of all liens, security interests, charges and encumbrances whatsoever, except Permitted Encumbrances, and each Obligated Issuer which is securing the Original Master Notes by such mortgage hereunder has good right, full power and lawful authority to convey, transfer, mortgage and grant a security interest in the same to the Master Trustee for the uses and purposes in this First Supplemental Master Indenture set forth; and it will preserve, warrant and defend such title unto the Master Trustee against all claims and demands whatsoever.

SECTION 5.2 Further Assurances; Additional Property.

(a) Each Obligated Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered such agreements supplemental hereto and all such further acts, deeds, conveyances, mortgages, assignments, instruments, transfers and assurances as the Master Trustee reasonably may require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Master Trustee all and singular the Mortgaged Property as now or hereafter constituted.

(b) All right, title and interest of each Obligated Issuer in and to all improvements, betterments, renewals, substitutions and replacements of the Mortgaged Property or any part thereof, hereafter constructed or acquired by each respective Obligated Issuer, immediately upon such construction or acquisition, and without any further mortgaging, conveyance or assignment, shall become and be part of such Mortgaged Property and shall be subject to the lien and security interest of this First Supplemental Master Indenture as fully and completely and with the same effect as though now owned by the Obligated Issuer, but at any and all times each Obligated Issuer will execute and deliver, or cause to be executed and delivered, to the Master Trustee any and all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Master Trustee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this First Supplemental Master Indenture.

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SECTION 5.3 Maintenance of Mortgaged Property, Other Liens, Compliance with Laws, Etc. Without limiting the provisions of Article V of the Master Indenture and except as hereinafter set forth in Article VI hereof, each Obligated Issuer shall (i) promptly repair, restore or rebuild any buildings or improvements now or hereafter on the real property included in the Mortgaged Property which may become damaged or be destroyed, (ii) keep the Mortgaged Property in good condition and repair, without waste, and free from all claims, liens, charges and encumbrances other than Permitted Encumbrances, (iii) complete within a reasonable time any building or buildings now or at any time in the process of erection upon the Mortgaged Property, and (iv) comply with all requirements of law, including but not limited to municipal ordinances, with respect to the Mortgaged Property and the use thereof.

SECTION 5.4 Maintenance of Lien; Recording.

(a) Each Obligated Issuer will, at its expense, take all necessary action to maintain and preserve the lien and security interest of this First Supplemental Master Indenture so long as any amount of the Original Master Notes or Additional Master Notes entitled to the security of this First Supplemental Master Indenture is outstanding.

(b) Each Obligated Issuer will, forthwith after the execution and delivery of this First Supplemental Master Indenture and thereafter from time to time, cause this First Supplemental Master Indenture (including any amendments thereto and supplements thereof) and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect the lien and security interest hereof upon, and the title of each respective Obligated Issuer to, the Mortgaged Property, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be required by the Master Trustee for such publication, perfection and protection. Except to the extent it is exempt therefrom, each Obligated Issuer will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this First Supplemental Master Indenture and such instruments of further assurance.

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SECTION 5.5 Obligated Issuers' Rights of Possession. So long as each Obligated Issuer is in full compliance with and there is no default under the terms and provisions of the Master Indenture, this First Supplemental Master Indenture, the Original Master Notes and any Additional Master Notes, each Obligated Issuer shall be suffered and permitted to possess, use and enjoy the properties and appurtenances constituting the Mortgaged Property.

SECTION 5.6 Consent to Assignment to Bond Trustee. The Obligated Issuers acknowledge and consent to the pledge and assignment of the Original Master Notes and the assignment of, and grant of a security interest in, the Corporation's rights hereunder to the Bond Trustee pursuant to the Bond Indenture. The Obligated Issuers acknowledge receipt of a copy of the Bond Indenture and approve the provisions thereof. The Obligated Issuers and the Corporation agree that only the Bond Trustee may enforce the rights, remedies and privileges granted to the Corporation hereunder other than the rights of the Corporation to execute and deliver supplements and amendments to this First Supplemental Master Indenture pursuant to Article IX hereof, to be reimbursed for expenses hereunder, to receive notices and other documents and to provide its consent, acceptance or approval with respect to matters as to which such right is granted hereunder or under the Bond Indenture. In the event that the Corporation shall cease operation, such rights to receive notices and other documents and to provide consent, acceptance or approval may be exercised and enforced by the Bond Trustee.

SECTION 5.7 Bond Trustee's Right to Perform Obligated Issuers' Covenants; Advances. In the event any Obligated Issuer shall fail to make any other payment or perform any other act required to be performed hereunder, then and in each such case, the Bond Trustee may (but shall not be obligated to) remedy such default for the account of that Obligated Issuer and make advances for that purpose. No such performance or advance shall operate to release that Obligated Issuer from any such default and any sums so advanced by the Bond Trustee shall be repayable by that Obligated Issuer on demand and shall bear interest at a rate per annum equal to 2% plus the interest rate on the Series 1986-A Bonds, or such greater rate of interest as may be agreed upon by that Obligated Issuer and the Bond Trustee from the date of the advance until repaid.

SECTION 5.8 Indemnity. The Obligated Issuers will pay, and will protect, indemnify and save the Bond Trustee harmless from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses of the Obligated Issuers and the Bond Trustee), causes of action, suits, claims, demands and judgments of any nature arising from:

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(a) any injury to or death of any person or damage to property in or upon the Benefited Facilities, or resulting from or connected with the use, non-use, condition or occupancy of the Benefited Facilities or a part thereof;

(b) violation of any agreement or condition of this First Supplemental Master Indenture, except by the Bond Trustee;

(c) violation of any contract, agreement or restriction by the Borrowers relating to the Benefited Facilities;

(d) violation of any law, ordinance or regulation arising out of the ownership, occupancy or use of the Benefited Facilities or a part thereof; and

(e) any statement or information concerning the Obligated Issuers, or their officers and members or their Facilities, contained in any final official statement or prospectus furnished to purchasers of any Bonds, that is untrue or incorrect in any material respect, and any omission from any such official statement or prospectus of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Obligated Issuers, their officers and members not misleading in any material respect, provided that:

(1) any such final official statement or prospectus is approved in writing by the Corporation; and

(2) in the event of settlement of any litigation commenced or threatened, arising from a claim based upon any such untrue statement or omission, such indemnity shall be limited to the aggregate amount paid under a settlement effected with the written consent of the Obligated Issuers;

provided, however, that nothing contained herein shall prohibit the Obligated Issuers from pursuing their remedies against the Bond Trustee for damages to any Obligated Issuer resulting from personal injury or property damage caused by the negligent or willful acts of the Bond Trustee.

SECTION 5.9 Funding of Indenture Funds; Investments.

The Borrowers hereby direct the Corporation and the Bond Trustee to dispose of the proceeds from the sale of the Original Master Notes and other funds provided by the Borrowers in the manner specified in Section 301 of the Bond Indenture. The Borrowers acknowledge and agree that until and unless disbursed in accordance with the Bond Indenture, such proceeds shall secure the Series 1986-A Bonds.

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The Borrowers and the Corporation agree that all monies in any Fund established by the Bond Indenture shall, at the written direction of the Borrowers, be invested in Qualified Investments as provided in the Bond Indenture.

The Bond Trustee is hereby authorized to trade with itself in the purchase and sale of securities for such investments. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investment. All such investments shall be held by or under the control of the Bond Trustee and any income resulting therefrom shall be applied in the manner specified in the Bond Indenture. If at any time two or more Original Master Notes having the same installment payment dates are outstanding, any such income designated for application to the payment of the installments of the Original Master Notes shall be ratably applied and credited to such installments in proportion to the amounts thereof.

SECTION 5.10 Other Amounts Payable by the Borrowers. The Borrowers agree to pay directly to the Bond Trustee (i) an amount equal to the annual fee of the Bond Trustee for the ordinary services of the Bond Trustee, as trustee, rendered and its ordinary expenses incurred under the Bond Indenture, as and when the same becomes due, (ii) the reasonable fees, charges and expenses of the Bond Trustee, as Bond Registrar and paying agent, and any other paying agent on the Bonds for acting as paying agent as provided in the Bond Indenture, as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Bond Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Bond Indenture, as and when the same become due. The Borrowers further agree to pay directly to the Corporation the reasonable out-of-pocket expenses of the Corporation relating to the Series 1986-A Bonds including attorneys' fees incurred with respect thereto.

SECTION 5.11 Credits on Original Master Notes. Notwithstanding any provision contained in this First Supplemental Master Indenture or in the Bond Indenture to the contrary, in addition to any credits on the Original Master Notes resulting from the payment or prepayment thereof from other sources:

(a) any moneys deposited by the Bond Trustee in the Sinking Fund shall be credited against the obligations of the Borrowers to pay principal of the Original Master Notes as the same becomes due to the extent that such moneys have not previously been so credited;

(b) any moneys deposited by the Bond Trustee in the Interest Fund shall be credited against the obligations of the

Borrowers to pay interest on the Original Master Notes as the same becomes due to the extent that such moneys have not previously been so credited; and

(c) the principal amount of Series 1986-A Bonds of any series and maturity acquired by a Borrower or any other Obligated Issuer and delivered to the Bond Trustee for cancellation, or acquired by the Bond Trustee and cancelled, shall be credited without duplication against the obligations of the Borrowers to pay the principal of the Original Master Notes purchased by the Corporation with the proceeds of the sale of Series 1986-A Bonds of such series on such dates and in such amounts as the corresponding credit against the obligations

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Master Trustee all of their right, title and interest in, to and under the real estate described in Exhibit B hereto.

(b) Mount Miguel Covenant Village. Covenant Retirement Communities West covenants that upon release of the existing Mortgage on its skilled nursing facilities located at Mount Miguel Covenant Village, it will mortgage unto the Master Trustee all of its rights, title and interest in, to and under the real estate described in Exhibit C hereto.

(c) Colonial Acres Home, Inc. Colonial Acres Home, Inc. covenants that upon release of the existing Mortgage on its facilities, it will mortgage unto the Master Trustee all of its right, title and interest in, to and under the real estate described in Exhibit D hereto.

(d) Covenant Village of Cromwell and Pilgrim Manor. The Corporation covenants that if the real estate described in Exhibits C and D are not mortgaged unto the Master Trustee on or before June 1, 1987, it shall cause a Mortgage to be granted unto the Master Trustee of the real estate described in Exhibit E hereto.

(e) Priority. The lien and priority of the subsequent Mortgages described in subsections (a) through (d) above shall extend to all amounts payable by the Obligated Issuers from time to time under the Original Master Notes or any Additional Master Notes hereinafter issued under the Master Indenture.

(f) Supplements to this First Supplemental Master Indenture. The Mortgages described in subsections (a) through (d) above shall be granted pursuant to one or more Supplemental Master Indentures constituting a supplement to this First Supplemental Master Indenture and other documents reasonably requested by, and in form satisfactory to the Master Trustee necessary to subject such real estate to the lien of this First Supplemental Master Indenture, including amendments to the existing ALTA Mortgage Loan Policy or additional mortgagee's loan insurance policies, evidencing that such property described in Exhibits B through E hereof is subject to the lien of this First Supplemental Master Indenture subject only to Permitted Encumbrances.

ARTICLE VI.

RELEASE AND SUBSTITUTION OF PROPERTY

SECTION 6.1 Conditions for Substitution. In addition to the requirements contained in Article V of the Master Indenture, so long as no default shall have occurred and be

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continuing under this First Supplemental Master Indenture, the Master Trustee shall release any of the Mortgaged Property subject to the lien of this First Supplemental Master Indenture upon receipt by the Master Trustee of the following:

(a) Written Request of Corporation. A written request of the Corporation for such release, describing the property to be released (referred to in this Article as the "Released Property");

(b) Certificate of Corporation. A certificate of the Corporation to the Master Trustee certifying:

(1) The Market Value of the Released Property and of the property (referred to in this Article as the "Substituted Property") other than cash to be substituted for the Released Property pursuant to the terms hereof;

(2) The disposition to be made of the Released Property and the consideration, including the Market Value of consideration other than cash, to be received for the Released Property;

(3) That the disposition of the Released Property and the substitution therefor of the Substituted Property will not materially adversely affect the operations of the remaining Real Property or any other properties of the Corporation or other Obligated Issuers or the ability of the Corporation or other Obligated Issuers to satisfy their obligations under the Original Master Notes and Additional Master Notes and will not materially reduce or adversely affect Net Income Available for Debt Service of the Obligated Group;

(4) That the Substituted Property other than cash is necessary or useful to the retirement, personal care, nursing home, health care, education or research operations of the Corporation or of another Obligated Issuer;

(5) That the cash or the Market Value of the Substituted Property together with cash, if any, to be received is at least equal to the Market Value of the Released Property; and

(6) That the execution and delivery of the release by the Master Trustee and the substitution of the Substituted Property to the lien of this First Supplemental Master Indenture will not result in a default hereunder;

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(c) Appraisal of Released Property. An appraisal of the Market Value of the Released Property by a member of the American Institute of Real Estate Appraisers (an "MAI Appraiser") or by another expert satisfactory to the Master Trustee;

(d) Appraisal of Substituted Property. An appraisal of the Market Value of the Substituted Property by an MAI Appraiser or by another expert satisfactory to the Master Trustee;

(e) Documents of Conveyance. A form of release effective to release the property to be released from the lien of this First Supplemental Master Indenture and a Supplemental Master Indenture constituting a supplement to this First Supplemental Master Indenture and other documents reasonably requested by, and in form satisfactory to the Master Trustee necessary to subject the Substituted Property to the lien of this First Supplemental Master Indenture and, if the Substituted Property is real property, an amendment to the existing ALTA Mortgage Loan Policy or an additional mortgagee's loan insurance policy, evidencing that the Substituted Property is subject to the lien of this First Supplemental Master Indenture subject only to Permitted Encumbrances;

(f) Certificate of Consultant. If the Market Value of the Released Property when added to the Market Value of other property released pursuant to the provisions of this Article within the same twelve month period is in excess of 5% of the Book Value of the Property, Plant and Equipment of the Obligated Group, a certificate of a Consultant to the effect set forth in paragraph (b)(3) of this Article;

(g) Opinion of Counsel. A letter of opinion addressed to the Master Trustee from Independent Counsel satisfactory to the Master Trustee to the effect that:

(1) The release of the property requested by the Corporation is authorized hereunder;

(2) The Substituted Property is subject to the lien and security interest of this First Supplemental Master Indenture subject only to Permitted Encumbrances, as to which the attorney rendering such opinion may rely on the mortgagee's title insurance policy referred to in paragraph (e) above;

(3) The execution and delivery of the requested release and the Supplement to this First Supplemental Master Indenture and the acceptance of the Substituted Property will not violate any provisions of this First

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Supplemental Master Indenture; all necessary action required to be taken by the Corporation and the applicable Obligated Issuers and the Master Trustee to effect the release of the Released Property and the conveyance of the Substituted Property has been taken;

(4) The supplement to this First Supplemental Master Indenture and all other documents required to effect the release of the Released Property and substitution therefor of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same (assuming due execution by the Master Trustee) in accordance with their respective terms (except as may be limited by bankruptcy laws or laws relating to creditors' rights); and

(5) To the knowledge of such counsel, all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted, or no such permits or authorizations are required.

SECTION 6.2 Disposition of Substituted Property. The Corporation and the other Obligated Issuers agree that (i) the Master Trustee shall invest any cash delivered to it as Substituted Property in Investments pursuant to a written request of the Corporation and any such cash and Qualified Investments, together with any Investments delivered to the Master Trustee in a separate trust account for the benefit and security of the outstanding Original Master Notes and other Additional Master Notes entitled to the security of this First Supplemental Master Indenture; (ii) all income from Qualified Investments pursuant to this Section 6.2 shall be segregated in such trust account and applied to the payment of interest on the Original Master Notes and other Additional Master Notes entitled to the security of this First Supplemental Master Indenture when and as the same become due; (iii) funds from time to time on deposit with the Master Trustee pursuant to this Section shall be used to make up any deficiencies in the amounts required to pay interest, and principal in the order listed, due on the Original Master Notes or other Additional Master Notes entitled to the security of this First Supplemental Master Indenture, and to the extent funds are used to make up such deficiencies, the Corporation and other Obligated Issuers will make payment directly to the Master Trustee for deposit in such trust account in the amount of any such deficiencies forthwith; and (iv) at such time as the amount on deposit in such trust account (other than interest income on deposit therein which has been segregated as in this Section provided) equals or exceeds 5% of the Book Value of the

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Supplemental Master Indenture; all necessary action required to be taken by the Corporation and the applicable Obligated Issuers and the Master Trustee to effect the release of the Released Property and the conveyance of the Substituted Property has been taken;

(4) The supplement to this First Supplemental Master Indenture and all other documents required to effect the release of the Released Property and substitution therefor of the Substituted Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same (assuming due execution by the Master Trustee) in accordance with their respective terms (except as may be limited by bankruptcy laws or laws relating to creditors' rights); and

(5) To the knowledge of such counsel, all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted, or no such permits or authorizations are required.

SECTION 6.2 Disposition of Substituted Property. The Corporation and the other Obligated Issuers agree that (i) the Master Trustee shall invest any cash delivered to it as Substituted Property in Investments pursuant to a written request of the Corporation and any such cash and Qualified Investments, together with any Investments delivered to the Master Trustee in a separate trust account for the benefit and security of the outstanding Original Master Notes and other Additional Master Notes entitled to the security of this First Supplemental Master Indenture; (ii) all income from Qualified Investments pursuant to this Section 6.2 shall be segregated in such trust account and applied to the payment of interest on the Original Master Notes and other Additional Master Notes entitled to the security of this First Supplemental Master Indenture when and as the same become due; (iii) funds from time to time on deposit with the Master Trustee pursuant to this Section shall be used to make up any deficiencies in the amounts required to pay interest, and principal in the order listed, due on the Original Master Notes or other Additional Master Notes entitled to the security of this First Supplemental Master Indenture, and to the extent funds are used to make up such deficiencies, the Corporation and other Obligated Issuers will make payment directly to the Master Trustee for deposit in such trust account in the amount of any such deficiencies forthwith; and (iv) at such time as the amount on deposit in such trust account (other than interest income on deposit therein which has been segregated as in this Section provided) equals or exceeds 5% of the Book Value of the

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Property, Plant and Equipment of the Obligated Group, such moneys shall be applied by the Master Trustee to the prepayment of Master Notes entitled to the security of this First Supplemental Master Indenture.

SECTION 6.3 Convenience Release. Notwithstanding anything set forth in this Article to the contrary, so long as no default shall have occurred and be continuing under this First Supplemental Master Indenture or the Master Indenture, the Master Trustee shall release portions of the Mortgage Property subject to the lien of this First Supplemental Master Indenture; provided, however, that such releases shall be limited to two separate releases during the term of this First Supplemental Master Indenture, the total appraised Market Value of property released pursuant to both such releases shall not exceed \$3,000,000 and shall be based upon receipt by the Master Trustee of the following:

(a) Written Request of Corporation. A written request of the Corporation for such release, describing the Released Property;

(b) Certificate of Corporation. A certificate of the Corporation to the Master Trustee certifying:

(1) The Market Value of the Released Property and the cumulative Market Value of property previously so released, if any, and the Released Property;

(2) The disposition to be made of the Released Property and the consideration, including the Market Value of consideration other than money, to be received for the Released Property;

(3) That the disposition of the Released Property will not materially adversely affect the operations of the remaining Real Property or any other properties of the Corporation or the other Obligated Issuers under the Original Notes or other Additional Master Notes or this First Supplemental Master Indenture and will not materially reduce or adversely affect Net Income Available for Debt Service of the Obligated Group;

(4) That the execution and delivery of the release by the Master Trustee will not result in a default hereunder; and

(5) That all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted, or that no such permits or authorizations are required;

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(c) Appraisal of Released Property. An appraisal of the Market Value of the Released Property by an MAI Appraiser or by another expert satisfactory to the Master Trustee;

(d) Form of Release. A form of release effective to release the property to be released from the lien of this First Supplemental Master Indenture;

(e) Opinion of Counsel. A letter of opinion addressed to the Master Trustee from independent counsel who is satisfactory to the Master Trustee, to the effect that:

(1) The release of the property requested by the Corporation is authorized hereunder;

(2) The execution and delivery of the requested release will not violate any provisions of this First Supplemental Master Indenture; all necessary action required to be taken by the Corporation the other Obligated Issuers and the Master Trustee to effect the release of the Released Property have been taken;

(3) The release and all other documents required to effect the release of the Released Property have been duly authorized, executed and delivered and are binding upon the parties executing and delivering the same in accordance with the respective terms (except as may be limited by bankruptcy laws or laws relating to creditor's rights by the availability of equitable remedies); and

(4) To the knowledge of such counsel all permits and authorizations of all federal, state and local governmental bodies and agencies have been granted, or that no such permits or authorizations are required.

The Corporation and the other Obligated Issuers agree that in the event of a sale of any property released pursuant to this Section, the Corporation and the other Obligated Issuers shall apply the net proceeds of such sale of the Released Property to the prepayment of Master Notes entitled to the security of this First Supplemental Master Indenture.

ARTICLE VII.

EVENTS OF DEFAULT AND REMEDIES THEREFOR

SECTION 7.1 Events of Default. The occurrence and continuance of any of the following events shall constitute an "event of default" hereunder:

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(a) any installment of interest or principal, or any premium, on any Original Master Note shall not have been paid when the same shall have become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise; or

(b) an event of default under the Master Indenture; or

(c) failure of the Obligated Issuers to perform any other covenant, condition or provision hereof and to remedy such default within 30 days after notice thereof from the Bond Trustee to the Obligated Issuers unless the nature of the default is such that it cannot be remedied within the thirty-day period and the Bond Trustee agrees in writing to an extension of time and subject also to the condition that the Obligated Issuers institute corrective action within the period agreed upon and diligently pursues such action until the default is remedied; or

(d) if any representation or warranty made by any Obligated Issuer in any statement or certificate furnished to the Corporation or the Bond Trustee or the original purchaser of the Series 1986-A Bonds in connection with the sale of the Series 1986-A Bonds or furnished by the Obligated Issuers pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the Obligated Issuers by the Corporation, the Bond Trustee or the original purchaser.

During the continuance of any event of default hereunder, the Corporation and the Bond Trustee shall have the following rights and remedies, in addition to any other remedies herein or by law provided:

I. Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration. The Corporation or the Bond Trustee may, and upon receipt of written requests from the Holders of a majority in principal amount of Outstanding Series 1986-A Bonds shall, by written notice to the Master Trustee, request that the Master Trustee declare the principal of the Original Master Notes (if not then due and payable) to be due and payable immediately, anything in such Original Master Notes or in this First Supplemental Master Indenture contained to the contrary notwithstanding. The Master Indenture provides that upon any declaration, the Master Trustee by notice in writing to the Obligated Issuers shall declare the principal of all Outstanding Original Master Notes to be immediately due and payable subject to provisions in the Master Indenture regarding waiver of events of default upon any such declaration and full access to and application of all remedies under the Master

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Indenture including enforcement and acceleration of the guarantees provided in Section 5.1 of the Master Indenture.

II. Right to Bring Suit, Etc. The Corporation and the Bond Trustee, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by pursuing any available remedy including a suit or suits in equity or at law, whether for damages or for the specific performance of any obligation, covenant or agreement contained in the Original Master Notes, in this First Supplemental Master Indenture or in the Master Indenture, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Corporation or the Bond Trustee shall deem most effectual to collect the payments then due and thereafter to become due on the Original Master Notes, to enforce performance and observance of any obligation, agreement or covenant of the Obligated Issuers hereunder, under any Original Master Note or under the Master Indenture or to protect and enforce any of the Corporation's or Bond Trustee's rights or duties hereunder.

SECTION 7.2 Application of Proceeds of Remedies. The proceeds or avails resulting from the exercise of any such remedies, together with any other sums which then may be held by the Bond Trustee under this First Supplemental Master Indenture, whether under the provisions of this Article or otherwise, and which are available for such application shall be applied as follows:

FIRST: To the payment of the costs and expenses of the exercise of such remedies, including reasonable compensation to the Corporation, the Master Trustee and the Bond Trustee, their agents, attorneys and counsel, and the expenses of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Corporation as permitted by this First Supplemental Master Indenture, together with interest at the announced prime rate per annum of the Master Trustee (or if the Master Trustee does not have such a prime rate, of its primary banking affiliate or correspondent) then in effect, on all advances made by the Corporation, and to the payment of all taxes, assessments or claims prior to the claim of this First Supplemental Master Indenture, except any taxes, assessments, liens, or other charges, subject to which property may have been sold.

SECOND: To the payment of the whole amount then due, owing and unpaid upon the Original Master Notes for principal, interest and premium, if any; in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Original Master Notes, then ratably according to the aggregate of such principal and the accrued and unpaid

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interest and premium, if any, without preference or priority as between principal, interest or premium; such application to be made upon presentation of the Original Master Notes and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid.

THIRD: To the payment of any other sums required to be paid by the Borrowers pursuant to any provisions of this First Supplemental Master Indenture or of the Original Master Notes.

FOURTH: To the payment of any other sums required to be paid by the Borrowers pursuant to any provisions of the Master Indenture

FIFTH: To the payment of the surplus, if any, to the Borrowers, its successors or assigns, upon the written request of the Borrowers or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

SECTION 7.3 Remedies Cumulative. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 7.4 Delay or Omission Not a Waiver. No delay or omission of the Corporation to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein, and every power and remedy given by this First Supplemental Master Indenture to the Corporation may be exercised from time to time and as often as may be deemed expedient by the Corporation.

SECTION 7.5 Waiver of Extension, Appraisement, Stay, Laws. To the extent permitted by law, the Obligated Issuers will not during the continuance of any event of default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this First Supplemental Master Indenture; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisement of property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales, claim or exercise of any right under any statute heretofore or hereafter enacted by

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the United States of America or by any state or territory, or otherwise, to redeem the property so sold or any part thereof; and the Obligated Issuers hereby expressly waive all benefits or advantage of any such laws and covenant not to hinder, delay or impede the execution of any power herein granted or delegated to the Corporation, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Section 7.6 Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this First Supplemental Master Indenture invalid or unenforceable under the provisions of any applicable law.

ARTICLE VIII.

ADDITIONAL REMEDIES

SECTION 8.1 Separate Remedies Hereunder. Pursuant to Section 6.6 of the Master Indenture, any moneys received by the Master Trustee pursuant to the rights of the Master Trustee and the rights of holders of the Original Master Notes and any other holders of Additional Master Notes secured by this First Supplemental Master Indenture to realize on the Mortgaged Property shall (after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of, expenses, liabilities and advances incurred or made by the Master Trustee, any related Issuers and any Related Bond Trustees, including the proceedings described in Section 8.3 hereof) be applied first to the equal and ratable benefit of such holders and thereafter as provided in Section 6.6 of the Master Indenture.

SECTION 8.2 Sale of Mortgaged Property. In case of any sale of the Mortgaged Property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this First Supplemental Master Indenture, the principal of the Original Master Notes and any Additional Master Notes secured by this First Supplemental Master Indenture, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the holders of such Original Master Note or Additional Master Notes may bid for and purchase the property being sold, and upon compliance with the terms of sale, the holders of such

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Note or Notes may hold, retain and possess and dispose of such property in their own absolute right without further accountability; and the holders of such Original Master Note or Additional Master Notes at any such sale shall, in paying the purchase price, turn in such Original Master Note or Additional Master Notes at par in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon pursuant to Article VI of the Master Indenture. In case the amounts so payable on such Original Master Note or Additional Master Notes shall be less than the amount due thereon, such Original Master Note or Additional Master Notes shall be returned to the holders thereof after a notation of such partial payment shall have been made thereon.

SECTION 8.3 Expenses of Proceedings. In any suit to foreclose the lien of this First Supplemental Master Indenture, there shall be allowed and included as additional indebtedness in the decree or sale all expenditures and expenses which may be paid or incurred by or on behalf to the Master Trustee or any holder of an Original Master Note (or of any Additional Master Note secured by this First Supplemental Master Indenture), for reasonable attorneys' fees, court costs, appraiser's fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs of procuring title insurance policies (which fees, charges and costs may be estimated as to items to be expended after entry of the decree), and all other expenses as the Master Trustee or such holders may deem reasonably necessary to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Mortgaged Property. All expenditures and expenses of the nature in this section mentioned shall become so much additional indebtedness secured hereby and shall be immediately due and payable with interest thereon at the highest rate in effect under the Original Master Notes when paid or incurred by the Master Trustee or such holders. In addition to foreclosure proceedings, the above provisions of this paragraph shall apply to (a) any proceeding to which the Master Trustee or such holders shall be a party, either as plaintiff, claimant or defendant, by reason of this First Supplemental Master Indenture or the Original Master Notes or of any Additional Master Notes secured by this First Supplemental Master Indenture; (b) preparations for the commencement of any suit for foreclosure hereof after accrual of such right to foreclosure whether or not actually commenced; or (c) preparation for the defense of or investigation of any threatened suit, claim or proceeding which might affect the Mortgaged Property or the security hereof, whether or not actually commenced.

SECTION 8.4 Appointment of Receiver. Upon or at any time after the filing of proceedings to foreclose this First

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Supplemental Master Indenture, the court in which such proceedings are filed may appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after sale, without notice, without regard to the solvency or insolvency at the time of application for such receiver of the person or persons, if any, liable for the payment of any Original Master Notes or of any Additional Master Notes secured by this First Supplemental Master Indenture and without regard to the then value of the Mortgaged Property and the Master Trustee may be placed in possession of the Mortgaged Property. Except as limited by or otherwise provided with respect to the joint and several guarantee and promise to pay any and all amounts payable under any Note issued under the Master Indenture, the receiver shall have power to collect the rents, issues and profits of the Mortgaged Property during the pendency of such foreclosure suit, as well as during any further times when the Master Trustee, its successors or assigns, except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Mortgaged Property during the whole of said period. Subject to the joint and several guarantee and promise to pay any and all amounts payable under any Note issued under the Master Indenture, the court from time to time may authorize the receiver to apply the net income in the hands of such receiver in payment in whole or in part of the Original Master Notes or of any Additional Master Notes secured by this First Supplemental Master Indenture, or in payment of any tax, special assessment or other lien which may be or become superior to the lien of this First Supplemental Master Indenture or superior to a decree foreclosing this First Supplemental Master Indenture, provided such application is made prior to such foreclosure sale.

ARTICLE IX.

SUPPLEMENTS AND AMENDMENTS

This First Supplemental Master Indenture shall be supplemented and amended in accordance with the previous of the Master Indenture as set forth in Articles IX and X.

ARTICLE X.

DEFEASANCE

The rights and obligations of the Corporation and the other Obligated Issuers under this First Supplemental Master Indenture and the Original Master Notes and Additional Master

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Notes secured by this First Supplemental Master Indenture shall terminate and the Bond Trustee shall cancel the Original Master Notes and Additional Master Notes secured by this First Supplemental Master Indenture and the Master Trustee shall cancel the Mortgage on the Mortgaged Property and deliver them to the Borrowers and the estate, right, title and interest of the Bond Trustee in this First Supplemental Master Indenture shall cease, terminate and become void and this First Supplemental Master Indenture shall be discharged in accordance with the defeasance provisions for the Series 1986-A Bonds as provided in the Bond Indenture.

Notwithstanding the foregoing, the Bond Trustee shall cancel the Replaceable Master Notes upon receipt of the Substitute Master Notes and the other documents in accordance with the provisions of Article XI of the Bond Indenture.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

SECTION 11.1 Covenant to pay the Original Master Notes. Each Obligated Issuer, respectively, agrees that it will duly and punctually pay the principal of and premium, if any, and interest on its particular Original Master Note on the dates, at the times and at the place and in the manner provided in its particular Original Master Note, this First Supplemental Master Indenture and the Master Indenture when and as the same become payable, whether at maturity, upon call for redemption, by acceleration of maturity or otherwise, according to the true intent and meaning thereof and hereof. In addition, each Person becoming an Obligated Issuer pursuant to Article XI of the Master Indenture will unconditionally and irrevocably agree to make monthly payments of interest upon the Original Master Notes.

SECTION 11.2 Deposits in Respect of Original Master Notes. The Borrowers agree to make the following payments to the Corporation and the Corporation agrees to make such payments to the Bond Trustee in funds immediately available to the Bond Trustee:

(a) on or before the 1st day of each month commencing September 1, 1986 with respect to the August Notes and October 1, 1986 with respect to the September Notes, the equal monthly amount necessary together with any moneys then on deposit with the Bond Trustee and available for that purpose, to pay not less than 30 days in advance, the next installment of interest due on the Original Master Notes; and

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(b) on or before the 1st day of each month commencing September 1, 1986 with respect to the August Notes and October 1, 1986 with respect to the September Notes, the equal monthly amount necessary together with any monies then on deposit with the Bond Trustee and available for that purpose, to pay not less than 30 days in advance, the next installment of principal due on the Original Master Notes.

SECTION 11.3 Incorporation of the Master Indenture. The provisions of the Master Indenture are incorporated herein by reference

SECTION 11.4 Execution and Counterparts. This First Supplemental 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.

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IN WITNESS WHEREOF, the Obligated Issuers and the Master Trustee have caused this First Supplemental Master Indenture to be executed all as of the day and year first above written.

(SEAL)

COVENANT RETIREMENT COMMUNITIES, INC.

Attest:

Grant Erickson
Its Secretary

By James J. Johnson
Its President

(SEAL)

COVENANT BENEVOLENT INSTITUTIONS

Attest:

Grant Erickson
Its Secretary

By William H. Johnson
Its President

(SEAL)

COVENANT VILLAGE OF FLORIDA, INC.

Attest:

Grant Erickson
Its Secretary

By James J. Johnson
Its President

(SEAL)

COVENANT CARE CENTER, INC.

Attest:

Grant Erickson
Its Secretary

By James J. Johnson
Its President

(SEAL)

COVENANT RETIREMENT COMMUNITIES OF MINNESOTA, INC.

Attest:

Grant Erickson
Its Secretary

By James J. Johnson
Its President

(SEAL)

BETHANY COVENANT HOME

Attest:

Grant Erickson
Its Secretary

By James J. Johnson
Its President

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(SEAL)

Attest:

Grant R. Erickson
Its Secretary

EBENEZER COVENANT HOME

By Paul J. Johnson
Its _____ President

(SEAL)

Attest:

Grant R. Erickson
Its Secretary

COLONIAL ACRES HOME, INC.

By Paul J. Johnson
Its _____ President

(SEAL)

Attest:

Grant R. Erickson
Its Secretary

COVENANT HOME (ILLINOIS)

By Paul J. Johnson
Its _____ President

(SEAL)

Attest:

Grant R. Erickson
Its Secretary

THE HOLMSTAD, INC.

By Paul J. Johnson
Its _____ President

(SEAL)

Attest:

Grant R. Erickson
Its Secretary

COVENANT HEALTH CENTER, INC.

By Paul J. Johnson
Its _____ President

(SEAL)

Attest:

Grant R. Erickson
Its Secretary

COVENANT HOME, INC. (CONNECTICUT)


By Paul J. Johnson
Its _____ President

UNOFFICIAL COPY


(SEAL)

COVENANT RETIREMENT COMMUNITIES
WEST

Attest:



Its Secretary

By 

Its _____ President

M&I FIRST NATIONAL BANK,
as Master Trustee

By 

Its Vice President

(SEAL)

Attest:



Its Trust Officer

0702C

Property of Cook County Clerk's Office

0020842196

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STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

I, Gwendolyn R. Jordan, a Notary Public, do hereby certify that Paul V. Peterson and Grant D. Erickson, personally known to me to be the same persons whose names are, respectively, as President and Secretary of Covenant Retirement Communities, Inc., an Illinois not for profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 30th day of July, 1986.

Gwendolyn R. Jordan

Notary Public in and for Cook
County, Illinois

(SEAL)

My commission expires: June 14, 1988

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UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF C O O K)

I, Gwendolyn R. Jordan, a Notary Public, do hereby certify that Paul V. Peterson and Grant D. Erickson, personally known to me to be the same persons whose names are, respectively, as President and Secretary of Covenant Village of Florida, Inc., a Florida not for profit corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 30th day of July, 1986.

Gwendolyn R. Jordan
Notary Public in and for Cook
County Illinois

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