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Karen A. Yarbrough  
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## MODIFICATION OF MORTGAGE AND SECURITY AGREEMENT AND ASSIGNMENT OF RENTS

BY AND BETWEEN

COVENANT HOME,

MORTGAGOR,

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

AS MASTER TRUSTEE,

MORTGAGEE

DATED AS OF JULY 1, 2013

Mail to:  
Christopher W. Cramer  
Erickson Papanek Peterson Rose  
1625 Shermer Road  
Northbrook, IL 60062

This instrument was prepared by:  
Christopher W. Cramer  
Erickson Papanek Peterson Rose  
1625 Shermer Road  
Northbrook, IL 60062

Box 400-CTCC

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## MODIFICATION OF MORTGAGE AND SECURITY AGREEMENT AND ASSIGNMENT OF RENTS (“MODIFICATION”)

THIS MODIFICATION is made as of the 1<sup>st</sup> day of July, 2013, between COVENANT HOME, an Illinois not for profit corporation (“Mortgagor”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, not personally but as master trustee (“Master Trustee”) under the Amended and Restated Master Trust Indenture dated as of September 1, 2012, as heretofore supplemented by Supplemental Master Trust Indenture Number 1 dated as of September 1, 2012 (“Supplemental Master Indenture Number 1”), and as supplemented by Supplemental Master Indenture Number 2 dated as of July 1, 2013 (“Supplemental Master Indenture Number 2”), and as hereafter supplemented and amended, collectively, the “Master Indenture”, as Mortgagee. All capitalized terms used in this Modification shall have the meaning provided in the Master Indenture and the Mortgage, defined below, unless otherwise defined in this Modification.

WHEREAS, Mortgagor executed and delivered to Master Trustee that certain Mortgage and Security Agreement and Assignment of Rents dated as of September 1, 2012, from Mortgagor to Mortgagee recorded September 14, 2012, in the Official Records of Cook County, Illinois, as Document No. 1225818113 (the “Mortgage”), which Mortgage affects the real estate and premises described in Exhibit A attached hereto (the “Property”).

WHEREAS, pursuant to the terms of the Master Indenture, Covenant Retirement Communities, Inc. (the “Corporation”), as Obligated Group Representative, has previously issued its Series 2012 Obligation under the Master Indenture as described in the Supplemental Master Indenture Number 1 attached hereto as Exhibit B, in addition to other Outstanding Previous Master Notes.

WHEREAS, the Corporation, as Obligated Group Representative, desires to issue three Obligations pursuant to the Supplemental Master Indenture Number 2 in the form attached hereto as Exhibit C, designated, respectively, as “Direct Note Obligation, Series 2013A” (the “Series 2013A Obligation”), “Direct Note Obligation, Series 2013B” (the “Series 2013B Obligation”) and “Direct Note Obligation, Series 2013C” (the “Series 2013C Obligation and, collectively with the Series 2013A Obligation and the Series 2013B Obligation, the “Series 2013 Obligations”).

WHEREAS, the Series 2013 Obligations are being issued in connection with the issuance (i) by the Colorado Health Facilities Authority of its (a) \$21,995,000 Revenue Bonds, Series 2013A (Covenant Retirement Communities, Inc.) and (b) \$17,550,000 Revenue Bonds, Series 2013B (Tax-Exempt Mandatory Paydown Securities (TEMPS)) (Covenant Retirement Communities, Inc.) and (ii) by the California Statewide Communities Development Authority of its \$20,450,000 Revenue Bonds, Series 2013C (Covenant Retirement Communities, Inc.).

WHEREAS, Mortgagor and Master Trustee desire to enter into this Modification to further identify and clarify the Obligations secured by the Mortgage.

NOW, THEREFORE, Mortgagor and Master Trustee desire to and do modify the Mortgage as follows:

1. The Obligations secured by the Mortgage consist of and include those Obligations described in the Mortgage and in Supplemental Master Indenture Number 1, along with the Series 2013 Obligations further described in Supplemental Master Indenture Number 2.

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2. Mortgagor covenants and warrants that Mortgagor continues to be lawfully seized of the Property secured by the Mortgage, and has the full right to grant, bargain, convey, sell, and mortgage, with the power of sale, such Property, and further warrants that the Property is unencumbered, except for Permitted Encumbrances.
3. The definition of "Loan Agreement" set forth in Section 1.1 of the Mortgage is hereby amended to be defined as the Loan Agreement dated as of July 1, 2013, by and between the Corporation and the Colorado Health Facilities Authority, together with the Loan Agreement dated as of July 1, 2013, by and between the Corporation and the California Statewide Communities Development Authority.
4. Except as specifically modified and amended in this Modification, all of the terms and conditions of the Mortgage shall and do remain in full force and effect and unchanged.

**[Signatures on Following Pages]**

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IN WITNESS WHEREOF, the Mortgagor and the Master Trustee have caused this Modification to be executed in their respective corporate names and attested by their duly authorized offices, all as of the date and year stated above.

COVENANT HOME, an Illinois not for profit corporation

By: Rick K. Fisk

Its PRESIDENT

And: Elizabeth B. Buikema

Its Senior Vice President

STATE OF ILLINOIS )  
  )  
COUNTY OF COOK    )

The foregoing instrument was acknowledged before me this 30 day of July, 2013, by Rick K. Fisk and Elizabeth B. Buikema, the President and Senior Vice President, respectively, of Covenant Home, on behalf of Covenant Home.

By: Laura T. Duffin  
Notary Public

My commission expires: \_\_\_\_\_

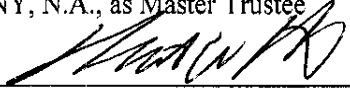


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IN WITNESS WHEREOF, the Mortgagor and the Master Trustee have caused this Modification to be executed in their respective corporate names and attested by their duly authorized offices, all as of the date and year stated above.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Master Trustee


By: 

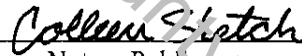
Its VICE PRESIDENT

And: 

Its VICE PRESIDENT

STATE OF ILLINOIS    )  
                                  )  
COUNTY OF COOK    )

The foregoing instrument was acknowledged before me this 29 day of July, 2013, by ROBERT W. HARDY and , the VICE PRESIDENT and VICE PRESIDENT, respectively, of The Bank of New York Mellon Trust Company, N.A., as master trustee, on behalf of the Master Trustee under the Master Indenture.

By:  Colleen Sketch  
Notary Public

My commission expires: 5/20/17

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## EXHIBIT A

### LEGAL DESCRIPTION

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: 04-16-300-006-0000; 04-16-300-005-0000

Address of Property: 2625 Techny Road, Northbrook, Illinois 60062

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## EXHIBIT B

### SUPPLEMENTAL MASTER INDENTURE NUMBER 1

[See Attached]

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EXHIBIT B

SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

COVENANT RETIREMENT COMMUNITIES, INC.

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
AS MASTER TRUSTEE

Dated as of September 1, 2012



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## SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 1

This Supplemental Master Trust Indenture Number 1 (this “Supplemental Master Indenture No. 1”) dated as of September 1, 2012 between COVENANT RETIREMENT COMMUNITIES, INC. (the “Corporation”), on behalf of and with the other Members of the Obligated Group identified below (the “Obligated Group Representative”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee, a national banking association organized and existing under the laws of the United States of America being qualified to accept and administer the trusts hereby created (the “Master Trustee”).

### WITNESSETH:

WHEREAS, the Corporation and the Master Trustee, along with any future organizations identified as the members of an obligated group created therein (together with the Corporation, the “Members of the Obligated Group”), have executed and delivered that certain Amended and Restated Master Trust Indenture (the “Original Master Indenture” and, as supplemented by this Supplemental Master Indenture No. 1 and as hereafter supplemented and amended, the “Master Indenture”) dated as of September 1, 2012, which provides for the issuance by the Obligated Group Representative of Direct Note Obligations (the “Obligations”) upon the Obligated Group Representative and the Master Trustee entering into an indenture supplemental to the Original Master Indenture.

WHEREAS, the Corporation has been appointed the Obligated Group Representative under the Original Master Indenture and has all requisite corporate power and is authorized under the terms of the Master Indenture to issue Obligations, which constitute the joint and several obligations of the Members of the Obligated Group.

WHEREAS, the Corporation, as Obligated Group Representative, desires to issue an Obligation hereunder, designated as “Direct Note Obligation, Series 2012” (the “Series 2012 Obligation”).

WHEREAS, all acts and things necessary to make the Series 2012 Obligation, when authorized and executed by the Corporation and authenticated and delivered by the Master Trustee as provided in the Original Master Indenture, the valid, binding and legal joint and several obligations of each Member of the Obligated Group, and to constitute these presents, together with the Original Master Indenture, a valid indenture and agreement according to its terms and the terms of the Original Master Indenture, have been done and performed, and the execution of this Supplemental Master Indenture No. 1 and the issuance hereunder and under the Master Indenture of the Series 2012 Obligation, as described herein, have in all respects been duly authorized, and the Corporation, in the exercise of the legal right and power vested in it, executes this Supplemental Master Indenture No. 1 and proposes to make, execute, issue and deliver the Series 2012 Obligation created hereby.

WHEREAS, the Corporation has determined that the Series 2012 Obligation may be issued in fully registered form without coupons and that the form of such Series 2012 Obligation and the Master Trustee’s certificate of authentication to be endorsed thereon are to be in substantially the form set forth in Exhibit A hereto with such modifications, insertions, omissions

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and changes as are required or permitted by the provisions of the Original Master Indenture and this Supplemental Master Indenture No. 1.

WHEREAS, the Series 2012 Obligation is being issued in connection with the issuance by the Colorado Health Facilities Authority (the "Authority") of its: (i) \$104,205,000 Revenue and Refunding Bonds, Series 2012A (Covenant Retirement Communities, Inc.) (the "Series 2012A Bonds"), (ii) \$22,905,000 Revenue and Refunding Bonds, Series 2012B (Covenant Retirement Communities, Inc.) (the "Series 2012B Bonds"), and (iii) \$23,060,000 Revenue and Refunding Bonds, Series 2012C (Covenant Retirement Communities, Inc.) (the "Series 2012C Bonds" and, together with the Series 2012A Bonds and the Series 2012B Bonds, the "Series 2012 Bonds") issued under the Bond Trust Indenture dated as of September 1, 2012 (the "Bond Indenture") between the Authority and Wells Fargo Bank, N.A., as bond trustee (the "Bond Trustee").

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Series 2012 Obligation issued hereunder by the Holders thereof, the Corporation covenants and agrees with the Master Trustee for the benefit of the Holders from time to time of the Obligations issued hereby, as follows:

## ARTICLE I DEFINITIONS AND INTERPRETATION

Words not defined in this Supplemental Master Indenture No. 1 shall have the meanings given them in the Original Master Indenture. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

## ARTICLE II CREATION OF SERIES 2012 OBLIGATION

There is hereby created an Obligation to be known as and titled "Direct Note Obligation, Series 2012". The Series 2012 Obligation, in the form set forth in Exhibit A hereto and in the principal amount of \$150,170,000, shall be executed by the Corporation, in its capacity as Obligated Group Representative, and authenticated and delivered in accordance with Article II of the Master Indenture.

The Series 2012 Obligation shall be dated September 6, 2012 and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of the Series 2012 Obligation in Exhibit A hereto. The Series 2012 Obligation shall bear interest from its date at a rate equal to the interest accruing on and payable with respect to the Series 2012 Bonds.

The Series 2012 Obligation is being issued to evidence the Corporation's obligation arising under the Loan Agreement dated as of September 1, 2012 (the "Loan Agreement") between the Corporation and the Authority. The Corporation is the Primary Obligor on the Series 2012 Obligation. The principal of, premium, if any, on and interest on the Series 2012

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Obligation shall be due and payable at the same time and in the same amount as payments due under the Loan Agreement and on the Series 2012 Bonds.

The Members of the Obligated Group shall have the right to prepay all or a portion of the Series 2012 Obligation as shall be necessary to effect the payment, prepayment, redemption, refunding or advance refunding of the Series 2012 Bonds or any portion thereof, and the Series 2012 Obligation is subject to mandatory prepayment in the event of mandatory redemption of the Series 2012 Bonds in the amount necessary to provide for the payment of the mandatory redemption price in the manner provided in the Bond Indenture. If called for prepayment or redemption in such events, the Series 2012 Obligation shall be subject to prepayment or redemption in such amount, and at such times, in the manner and with the premium necessary to effect the payment, prepayment, refunding, advance refunding or redemption of all or a portion of the Series 2012 Bonds to be paid, prepaid, refunded, advance refunded or redeemed. The Members of the Obligated Group may prepay the Series 2012 Obligation to the extent of proceeds received from insurance and condemnation under certain conditions, in whole or in part and, if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

The Corporation hereby elects, in its capacity as Obligated Group Representative, to make payments on the Series 2012 Obligation by check or draft hand delivered to the 2012 Bond Trustee or by wire transfer to the Bond Trustee, in either case delivered on or prior to the date each such payment is due.

The Holder of the Series 2012 Obligation has the right under the Master Indenture to request an acceleration of the Series 2012 Obligation upon the occurrence of the events of default described in Section 4.1 of the Master Indenture.

The Series 2012 Obligation shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Bond Trustee. No transfer of the Series 2012 Obligation shall be registered under the Master Indenture except for transfers to a successor to the Bond Trustee.

The Series 2012 Obligation shall not be issued until all conditions precedent to the issuance of the Series 2012 Bonds set forth in the Bond Indenture and the Loan Agreement shall have been satisfied or waived by the proper party or parties.

## ARTICLE III REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants that all representations and warranties contained in the Original Master Indenture are true and correct on the date hereof with the same effect as if said representations and warranties were made herein on and as of the date hereof, provided that the references to the Original Master Indenture therein shall be deemed to include this Supplemental Master Indenture No. 1.

The Corporation represents and warrants that all requirements and conditions to the issuance of the Series 2012 Obligation set forth in the Original Master Indenture have been complied with and satisfied.

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## ARTICLE IV MISCELLANEOUS

In all respects not inconsistent with the terms and provisions of this Supplemental Master Indenture No. 1, the Original Master Indenture is hereby ratified, approved and confirmed.

This Supplemental Master Indenture No. 1 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.

If any provision of this Supplemental Master Indenture No. 1 shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute or governmental regulation, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplemental Master Indenture No. 1 shall not affect the remaining portions of this Supplemental Master Indenture No. 1 or any part thereof.

This Supplemental Master Indenture No. 1 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Supplemental Master Trust Indenture Number 1 to be signed in its name and on its behalf by its President, and to evidence its acceptance of the trusts and agreements hereby created the Master Trustee has caused this Supplemental Master Trust Indenture Number 1 to be signed in its name and on its behalf by one of its Vice Presidents, all as of the day and year first above written.

COVENANT RETIREMENT COMMUNITIES, INC.

By: *Rich K. Fisk*  
President

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Master Trustee

By: *Michelle Collins*  
Vice President

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**UNOFFICIAL COPY****EXHIBIT A**

**[THIS DIRECT NOTE OBLIGATION HAS NOT BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED]**

**FORM OF  
COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2012**

R-1

\$150,170,000

COVENANT RETIREMENT COMMUNITIES, INC., an Illinois not for profit corporation (the "Corporation"), for value received hereby acknowledges and agrees as that it is, together with the Members of the Obligated Group and any future Member of an Obligated Group (together with the Corporation, the "Members of the Obligated Group") created under that certain Amended and Restated Master Trust Indenture (as supplemented by the Supplemental Master Trust Indenture Number 1 of even date therewith and among the same parties thereto and as hereafter supplemented and amended, the "Master Indenture") dated as of September 1, 2012 among the Members of the Obligated Group and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee (the "Master Trustee") will be obligated to, and promises to, pay to WELLS FARGO BANK, N.A. (the "Bond Trustee") or registered assigns, the principal sum of ONE HUNDRED FIFTY MILLION ONE HUNDRED SEVENTY THOUSAND and 00/100 Dollars (\$150,170,000) in monthly installments on or before the 15th day of each month, in the amounts and years set forth below and to pay interest thereon in monthly installments in the amounts and years set forth below.

Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2012	\$ 0.00	\$837,604.17*
2013	240,000.00	591,250.00
2014	234,583.33	586,450.00
2015	259,583.33	579,412.50
2016	232,916.67	569,029.17
2017	131,666.67	559,712.50
2018	138,750.00	553,129.17
2019	137,083.33	546,191.67
2020	154,166.67	539,337.50
2021	155,000.00	531,629.17
2022	374,583.33	523,879.17
2023	324,583.33	505,150.00
2024	350,000.00	488,920.83
2025	499,583.33	471,420.83
2026	714,583.33	449,770.83
2027	710,833.33	420,020.83
2028	750,416.67	384,479.17



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Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2029	790,416.67	348,333.33
2030	1,174,166.67	310,187.50
2031	1,233,333.33	252,854.17
2032	1,295,416.67	192,562.50
2033	1,361,083.33	129,166.67

\* The amount due on October 15 and November 15, 2012.

The Corporation shall receive certain credits against its required payments of principal of and interest on this Series 2012 Obligation to the extent set forth in Section 5.3 of the Loan Agreement (the "Loan Agreement") dated as of September 1, 2012 between the Corporation and the Colorado Health Facilities Authority (the "Authority"), pursuant to the provisions of which the proceeds of the sale of the: (i) \$104,205,000 Revenue and Refunding Bonds, Series 2012A (Covenant Retirement Communities, Inc.) (the "Series 2012A Bonds"), (ii) \$22,905,000 Revenue and Refunding Bonds, Series 2012B (Covenant Retirement Communities, Inc.) (the "Series 2012B Bonds"), and (iii) \$23,060,000 Revenue and Refunding Bonds, Series 2012C (Covenant Retirement Communities, Inc.) (the "Series 2012C Bonds" and, together with the Series 2012A Bonds and the Series 2012B Bonds, the "Series 2012 Bonds") were loaned by the Authority to the Corporation.

Such principal and interest are payable at the designated corporate trust office of the Bond Trustee under the Bond Trust Indenture (the "Bond Indenture") dated as of September 1, 2012 between the Authority and the Bond Trustee or at the office of any successor trustee under the Bond Indenture.

Terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Loan Agreement and the Bond Indenture.

The principal of this Series 2012 Obligation is subject to prepayment in whole or in part by the Corporation from time to time, in the manner, under the circumstances and at the prices set forth in the Loan Agreement. In certain events (including, without limitation, the occurrence of an event of default as defined in the Loan Agreement) and in the manner set forth in the Loan Agreement, the entire principal amount of this Series 2012 Obligation may be declared to be due and payable.

This Series 2012 Obligation is issued under and secured by and entitled to the security of the Master Indenture. The Corporation and the Members of the Obligated Group (as identified in the Master Indenture) are currently the only Members of the Obligated Group. The Members of the Obligated Group jointly and severally agree under the Master Indenture to be liable on all Obligations issued under the Master Indenture (including this Series 2012 Obligation), subject to the Master Indenture's provisions permitting a Member to leave the Obligated Group. Reference is made to the Master Indenture, to all indentures supplemental thereto and to all amendments thereto for the provisions, among others, with respect to the nature and extent of the security for this Series 2012 Obligation, the rights, duties and obligations of the Members of the Obligated



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Group and the Master Trustee and the rights of the holders of the Series 2012 Obligation, and to all the provisions of which the holder hereof by the acceptance of this Obligation assents.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the holder of this Series 2012 Obligation may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. Any such consent by the holder of this Series 2012 Obligation shall be conclusive and binding upon such Holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Series 2012 Obligation.

This Series 2012 Obligation is transferable by the registered holder hereof in person or by duly authorized attorney at the principal corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Obligation. Upon such transfer a new registered Obligation or Obligations without coupons of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes.

This Series 2012 Obligation is prepayable at any time to the extent of proceeds received from insurance, condemnation or sale consummated under threat of condemnation under certain conditions, in whole or in part and if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

This Series 2012 Obligation may also be prepaid in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding or advance refunding of the Series 2012 Bonds or any portion of such Series 2012 Bonds in the manner provided in the Bond Indenture.

In the event this Series 2012 Obligation is prepaid as aforesaid, notice thereof identifying the portion of this Series 2012 Obligation to be prepaid will be given by electronic means and by first class mail, postage prepaid, to the registered owner or owners hereof at their addresses shown on the registration books not less than 30 days nor more than 60 days prior to the date fixed for prepayment. This Series 2012 Obligation or the portion hereof so called for prepayment will cease to bear interest on the specified prepayment date, provided funds for its prepayment are on deposit at the place of payment at that time, and this Series 2012 Obligation or such portion shall no longer be protected by the Master Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture.

This Series 2012 Obligation is subject to advance defeasance of the Master Indenture by depositing cash or Escrow Obligations (as defined in the Master Indenture) or both in an amount,

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together with the income or increment to accrue thereon sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding under the Master Indenture at or before their maturity date. The Members shall remain the obligors on such Obligations but the holders thereof shall be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Members may also pay or provide for the payment of the entire indebtedness on this Series 2012 Obligation or any portion of this Series 2012 Obligation by depositing Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on this Series 2012 Obligation or a portion of this Series 2012 Obligation at or before its maturity date. Upon such deposit, this Series 2012 Obligation or portion of this Series 2012 Obligation shall cease to be entitled to any lien, benefit or security under the Master Indenture. The Members shall remain the obligors on such Obligation but the holders thereof shall be entitled to payment (to the exclusion of all other Obligation holders) solely out of such funds received from such Escrow Obligations.

The holder of this Series 2012 Obligation shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

The holder of this Series 2012 Obligation has the right under the Master Indenture to request an acceleration of this Series 2012 Obligation upon the occurrence of an event of default described in Section 4.1 of the Master Indenture.

In certain events (including without limitation the occurrence of an "event of default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the outstanding principal of this Series 2012 Obligation may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Master Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Series 2012 Obligation, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2012 Obligation have been duly authorized by resolution of the Corporation duly adopted.

No recourse shall be had for the payment of the principal of or premium or interest on this Series 2012 Obligation or for any claim based hereon or upon any obligation, covenant or agreement in the Master Indenture contained against any past, present or future officer, trustee, director, member, employee or agent of any Member of the Obligated Group, or any incorporator, officer, trustee, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, trustees, directors, members, employees or

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agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Series 2012 Obligation.

The Corporation, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Members of the Obligated Group.

This Series 2012 Obligation shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the certificate of authentication hereon shall have been duly executed by the Master Trustee.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Series 2012 Obligation to be executed in its name and on its behalf by the manual signature of its President, all as of September 6, 2012.

COVENANT RETIREMENT COMMUNITIES, INC.

By: \_\_\_\_\_  
President

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**[Form of Master Trustee's Certificate of Authentication]**

The undersigned Master Trustee hereby certifies that this Obligation is one of the Obligations described in the within-mentioned Master Indenture.

The Bank of New York Mellon Trust  
Company, N.A., as Master Trustee

By \_\_\_\_\_  
Vice President

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## EXHIBIT C

SUPPLEMENTAL MASTER INDENTURE NUMBER 2

[See Attached]

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A handwritten signature in black ink is written over the diagonal watermark. The signature is highly stylized and illegible. To the right of the signature, the number '22' is written in a simple, handwritten style.

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EXHIBIT C

**SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 2**

**COVENANT RETIREMENT COMMUNITIES, INC.**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
AS MASTER TRUSTEE**

Dated as of July 1, 2013

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## SUPPLEMENTAL MASTER TRUST INDENTURE NUMBER 2

This Supplemental Master Trust Indenture Number 2 (“Supplemental Master Indenture Number 2”) dated as of July 1, 2013 between COVENANT RETIREMENT COMMUNITIES, INC. (the “Corporation” and the “Obligated Group Representative”), on behalf of and with the other Members of the Obligated Group identified on Exhibit C to the hereinafter referred to Amended and Restated Master Indenture, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee, a national banking association organized and existing under the laws of the United States of America being qualified to accept and administer the trusts hereby created (the “Master Trustee”).

### WITNESSETH:

WHEREAS, the Corporation on behalf of and with the other Members of the Obligated Group identified on Exhibit C to the Amended and Restated Master Indenture, along with any future organizations identified as the members of an obligated group created therein (together with the Corporation, the “Members of the Obligated Group”), and the Master Trustee, have executed and delivered that certain Amended and Restated Master Trust Indenture, dated as of September 1, 2012 (the “Amended and Restated Master Indenture”, as heretofore supplemented by Supplemental Master Trust Indenture Number 1, dated as of September 1, 2012 (“Supplemental Master Indenture Number 1”) and as supplemented by this Supplemental Master Indenture Number 2 and as hereafter supplemented and amended, collectively, the “Master Indenture”), which provides for the issuance by the Obligated Group Representative of Direct Note Obligations (the “Obligations”) upon the Obligated Group Representative and the Master Trustee entering into an indenture supplemental to the Amended and Restated Master Indenture.

WHEREAS, the Corporation has been appointed the Obligated Group Representative under the Amended and Restated Master Indenture and has all requisite corporate power and is authorized under the terms of the Master Indenture to issue Obligations, which constitute the joint and several obligations of the Members of the Obligated Group.

WHEREAS, the Corporation, as Obligated Group Representative, desires to issue three Obligations hereunder, designated, respectively, as “Direct Note Obligation, Series 2013A” (the “Series 2013A Obligation”), as “Direct Note Obligation, Series 2013B” (the “Series 2013B Obligation”), and as “Direct Note Obligation, Series 2013C” (the “Series 2013C Obligation” and, collectively with the Series 2013A Obligation and the Series 2013B Obligation, the “Series 2013 Obligations”).

WHEREAS, all acts and things necessary to make the Series 2013 Obligations, when authorized and executed by the Corporation and authenticated and delivered by the Master Trustee as provided in the Amended and Restated Master Indenture, the valid, binding and legal joint and several obligations of each Member of the Obligated Group, and to constitute these presents, together with the Amended and Restated Master Indenture, a valid indenture and agreement according to its terms and the terms of the Amended and Restated Master Indenture, have been done and performed, and the execution of this Supplemental Master Indenture Number 2 and the issuance hereunder and under the Master Indenture of the Series 2013

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Obligations, as described herein, have in all respects been duly authorized, and the Corporation, in the exercise of the legal right and power vested in it, executes this Supplemental Master Indenture Number 2 and proposes to make, execute, issue and deliver the Series 2013 Obligations created hereby.

WHEREAS, the Corporation has determined that the Series 2013 Obligations may be issued in fully registered form without coupons and that the form of such Series 2013 Obligations and the Master Trustee's certificate of authentication to be endorsed thereon are to be in substantially the form set forth in Exhibits A, B and C hereto with such modifications, insertions, omissions and changes as are required or permitted by the provisions of the Amended and Restated Master Indenture, as heretofore amended, and this Supplemental Master Indenture Number 2.

WHEREAS, the Series 2013 Obligations are being issued in connection with the issuance (i) by the Colorado Health Facilities Authority (the "Colorado Authority") of its: (a) \$21,995,000 Revenue Bonds, Series 2013A (Covenant Retirement Communities, Inc.) (the "Series 2013A Bonds") and (b) \$17,550,000 Revenue Bonds, Series 2013B (Tax-Exempt Mandatory Paydown Securities (TEMPS)) (Covenant Retirement Communities, Inc.) (the "Series 2013B Bonds"), all issued under the Bond Trust Indenture dated as of July 1, 2013 (the "Colorado Bond Indenture") between the Colorado Authority and Wells Fargo Bank, N.A., as bond trustee (the "Colorado Bond Trustee") and (ii) by the California Statewide Communities Development Authority (the "California Authority") of its \$20,450,000 Revenue Bonds, Series 2013C (Covenant Retirement Communities, Inc.) (the "Series 2013C Bonds") and, collectively with the Series 2013A Bonds and the Series 2013B Bonds, the "Series 2013 Bonds") all issued under the Bond Trust Indenture dated as of July 1, 2013 (the "California Bond Indenture" and, together with the Colorado Bond Indenture, the "Bond Indentures") between the California Authority and Wells Fargo Bank, N.A., as bond trustee (the "California Bond Trustee" and, together with the Colorado Bond Trustee, the "Bond Trustees").

WHEREAS, as permitted by Section 3.17 of the Master Indenture, the Corporation, as Obligated Group Representative, desires to amend Exhibit B to the Master Indenture to make certain unimproved real property of the Corporation Excluded Property.

WHEREAS, Section 6.1(b) of the Master Indenture permits amendments to the Master Indenture without the consent of, or notice to, any of the Holders to amend the description of Excluded Property if such amendment does not materially and adversely affect the interests of the Holders.

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Series 2013 Obligations issued hereunder by the Holders thereof, the Corporation covenants and agrees with the Master Trustee for the benefit of the Holders from time to time of the Obligations issued hereby, as follows:

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## ARTICLE I DEFINITIONS AND INTERPRETATION

Words not defined in this Supplemental Master Indenture Number 2 shall have the meanings given them in the Amended and Restated Master Indenture. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

## ARTICLE II CREATION OF SERIES 2013 OBLIGATIONS

(a) Series 2013A Obligation. There is hereby created an Obligation to be known as and titled "Direct Note Obligation, Series 2013A". The Series 2013A Obligation, in the form set forth in Exhibit A hereto and in the principal amount of \$21,995,000, shall be executed by the Corporation, in its capacity as Obligated Group Representative, and authenticated and delivered in accordance with Article II of the Master Indenture.

The Series 2013A Obligation shall be dated July 31, 2013 and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of the Series 2013A Obligation in Exhibit A hereto. The Series 2013A Obligation shall bear interest from its date at a rate or rates equal to the interest accruing on and payable with respect to the Series 2013A Bonds.

The Series 2013A Obligation is being issued to evidence the Corporation's obligation arising under the Loan Agreement dated as of July 1, 2013 (the "Colorado Loan Agreement") between the Corporation and the Colorado Authority with respect to the Series 2013A Bonds. The Corporation is the Primary Obligor on the Series 2013A Obligation. The principal of, premium, if any, on and interest on the Series 2013A Obligation shall be due and payable at the same time and in the same amount as payments due under the Colorado Loan Agreement with respect to the Series 2013A Bonds.

The Members of the Obligated Group shall have the right to prepay all or a portion of the Series 2013A Obligation as shall be necessary to effect the payment, prepayment, redemption, refunding or advance refunding of the corresponding Series 2013A Bonds or any portion thereof, and the Series 2013A Obligation is subject to mandatory prepayment in the event of mandatory redemption of the Series 2013A Bonds in the amount necessary to provide for the payment of the mandatory redemption price of the Series 2013A Bonds in the manner provided in the Colorado Bond Indenture. If called for prepayment or redemption in such events, the Series 2013A Obligation shall be subject to prepayment or redemption in such amount, and at such times, in the manner and with the premium necessary to effect the payment, prepayment, refunding, advance refunding or redemption of all or a portion of the Series 2013A Bonds to be paid, prepaid, refunded, advance refunded or redeemed. The Members of the Obligated Group may prepay the Series 2013A Obligation to the extent of proceeds received from insurance and condemnation under certain conditions, in whole or in part and, if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

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The Corporation hereby elects, in its capacity as Obligated Group Representative, to make payments on the Series 2013A Obligation by check or draft hand delivered to the Colorado Bond Trustee or by wire transfer to the Colorado Bond Trustee, in either case delivered on or prior to the date each such payment is due.

The Holder of the Series 2013A Obligation has the right under the Master Indenture to request an acceleration of the Series 2013A Obligation upon the occurrence of the events of default described in Section 4.1 of the Master Indenture.

The Series 2013A Obligation shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Colorado Bond Trustee. No transfer of the Series 2013A Obligation shall be registered under the Master Indenture except for transfers to a successor to the Bond Trustee.

The Series 2013A Obligation shall not be issued until all conditions precedent to the issuance of the Series 2013A Bonds set forth in the Colorado Bond Indenture and the Colorado Loan Agreement shall have been satisfied or waived by the proper party or parties.

(b) Series 2013B Obligation. There is hereby created an Obligation to be known as and titled "Direct Note Obligation, Series 2013B". The Series 2013B Obligation, in the form set forth in Exhibit B hereto and in the principal amount of \$17,550,000, shall be executed by the Corporation, in its capacity as Obligated Group Representative, and authenticated and delivered in accordance with Article II of the Master Indenture.

The Series 2013B Obligation shall be dated July 31, 2013 and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of the Series 2013B Obligation in Exhibit B hereto. The Series 2013B Obligation shall bear interest from its date at a rate or rates equal to the interest accruing on and payable with respect to the Series 2013B Bonds.

The Series 2013B Obligation is being issued to evidence the Corporation's obligation arising under the Loan Agreement dated as of July 1, 2013 (the "Colorado Loan Agreement") between the Corporation and the Colorado Authority with respect to the Series 2013B Bonds. The Corporation is the Primary Obligor on the Series 2013B Obligation. The principal of, premium, if any, on and interest on the Series 2013B Obligation shall be due and payable at the same time and in the same amount as payments due under the Colorado Loan Agreement with respect to the Series 2013B Bonds.

The Members of the Obligated Group shall have the right to prepay all or a portion of the Series 2013B Obligation as shall be necessary to effect the payment, prepayment, redemption, refunding or advance refunding of the corresponding Series 2013B Bonds or any portion thereof. If called for prepayment or redemption in such events, the Series 2013B Obligation shall be subject to prepayment or redemption in such amount, and at such times, in the manner and with the premium necessary to effect the payment, prepayment, refunding, advance refunding or redemption of all or a portion of the Series 2013B Bonds to be paid, prepaid, refunded, advance refunded or redeemed. The Members of the Obligated Group may prepay the Series 2013B Obligation to the extent of proceeds received from insurance and condemnation under certain



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conditions, in whole or in part and, if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

The Corporation hereby elects, in its capacity as Obligated Group Representative, to make payments on the Series 2013B Obligation by check or draft hand delivered to the Colorado Bond Trustee or by wire transfer to the Colorado Bond Trustee, in either case delivered on or prior to the date each such payment is due.

The Holder of the Series 2013B Obligation has the right under the Master Indenture to request an acceleration of the Series 2013B Obligation upon the occurrence of the events of default described in Section 4.1 of the Master Indenture.

The Series 2013B Obligation shall consist of a single Obligation without coupons registered as to principal and interest in the name of the Colorado Bond Trustee. No transfer of the Series 2013B Obligation shall be registered under the Master Indenture except for transfers to a successor to the Bond Trustee.

The Series 2013B Obligation shall not be issued until all conditions precedent to the issuance of the Series 2013B Bonds set forth in the Colorado Bond Indenture and the Colorado Loan Agreement shall have been satisfied or waived by the proper party or parties.

(c) Series 2013C Obligation. There is hereby created an Obligation to be known as and titled "Direct Note Obligation, Series 2013C". The Series 2013C Obligation, in the form set forth in Exhibit C hereto and in the principal amount of \$20,450,000, shall be executed by the Corporation, in its capacity as Obligated Group Representative, and authenticated and delivered in accordance with Article II of the Master Indenture.

The Series 2013C Obligation shall be dated July 31, 2013 and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of the Series 2013C Obligation in Exhibit C hereto. The Series 2013 Obligation shall bear interest from its date at a rate equal to the interest accruing on and payable with respect to the Series 2013C Bonds.

The Series 2013C Obligation is being issued to evidence the Corporation's obligation arising under the Loan Agreement dated as of July 1, 2013 (the "California Loan Agreement") between the Corporation and the California Authority with respect to the Series 2013C Bonds. The Corporation is the Primary Obligor on the Series 2013C Obligation. The principal of, premium, if any, on and interest on the Series 2013C Obligation shall be due and payable at the same time and in the same amount as payments due under the California Loan Agreement with respect to the Series 2013C Bonds.

The Members of the Obligated Group shall have the right to prepay all or a portion of the Series 2013C Obligation as shall be necessary to effect the payment, prepayment, redemption, refunding or advance refunding of the Series 2013C Bonds or any portion thereof, and the Series 2013C Obligation is subject to mandatory prepayment in the event of mandatory redemption of the Series 2013C Bonds in the amount necessary to provide for the payment of the mandatory redemption price in the manner provided in the California Bond Indenture. If called for prepayment or redemption in such events, the Series 2013C Obligation shall be subject to

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prepayment or redemption in such amount, and at such times, in the manner and with the premium necessary to effect the payment, prepayment, refunding, advance refunding or redemption of all or a portion of the Series 2013C Bonds to be paid, prepaid, refunded, advance refunded or redeemed. The Members of the Obligated Group may prepay the Series 2013C Obligation to the extent of proceeds received from insurance and condemnation under certain conditions, in whole or in part and, if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

The Corporation hereby elects, in its capacity as Obligated Group Representative, to make payments on the Series 2013C Obligation by check or draft hand delivered to the California Bond Trustee or by wire transfer to the California Bond Trustee, in either case delivered on or prior to the date each such payment is due.

The Holder of the Series 2013C Obligation has the right under the Master Indenture to request an acceleration of the Series 2013C Obligation upon the occurrence of the events of default described in Section 4.1 of the Master Indenture.

The Series 2013C Obligation shall consist of a single Obligation without coupons registered as to principal and interest in the name of the California Bond Trustee. No transfer of the Series 2013C Obligation shall be registered under the Master Indenture except for transfers to a successor to the Bond Trustee.

The Series 2013C Obligation shall not be issued until all conditions precedent to the issuance of the Series 2013C Bonds set forth in the California Bond Indenture and the California Loan Agreement shall have been satisfied or waived by the proper party or parties.

## ARTICLE III AMENDMENT TO MASTER INDENTURE

The amendment to the description of Excluded Property as set forth in Exhibit B to the Master Indenture is being made pursuant to Section 6.1(b) of the Master Indenture which permits amendments to the Master Indenture without the consent of the Holders provided such amendment does not materially and adversely affect the interests of the Holders.

Section 3.17 of the Master Indenture provides that Exhibit B to the Master Indenture may be amended to include additional real property acquired by a Member upon receipt by the Master Trustee of an Officer's Certificate of such Member stating that the total value of the Property included in Exhibit B does not exceed 10% of the total value of the Property of the Obligated Group. An Officer's Certificate has been delivered to the Master Trustee in connection with the execution of this Supplemental Master Indenture Number 2. The Corporation hereby amends, in its capacity as Obligated Group Representative, Exhibit B to the Master Indenture to make certain unimproved real property of the Corporation, located in the State of Oklahoma, Excluded Property as described on Exhibit D attached hereto.

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## ARTICLE IV REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants that all representations and warranties contained in the Amended and Restated Master Indenture are true and correct on the date hereof with the same effect as if said representations and warranties were made herein on and as of the date hereof, provided that the references to the Amended and Restated Master Indenture therein shall be deemed to include this Supplemental Master Indenture Number 2.

The Corporation represents and warrants that all requirements and conditions to the issuance of the Series 2013 Obligations set forth in the Amended and Restated Master Indenture have been complied with and satisfied.

## ARTICLE V MISCELLANEOUS

In all respects not inconsistent with the terms and provisions of this Supplemental Master Indenture Number 2, the Amended and Restated Master Indenture as heretofore supplemented and amended, is hereby ratified, approved and confirmed.

This Supplemental Master Indenture Number 2 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.

If any provision of this Supplemental Master Indenture Number 2 shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute or governmental regulation, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplemental Master Indenture Number 2 shall not affect the remaining portions of this Supplemental Master Indenture Number 2 or any part thereof.

This Supplemental Master Indenture Number 2 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Supplemental Master Trust Indenture Number 2 to be signed in its name and on its behalf by its President, and to evidence its acceptance of the trusts and agreements hereby created the Master Trustee has caused this Supplemental Master Trust Indenture Number 2 to be signed in its name and on its behalf by one of its Vice Presidents, all as of the day and year first above written.

COVENANT RETIREMENT COMMUNITIES, INC.

By: \_\_\_\_\_  
President

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Master Trustee

By: \_\_\_\_\_  
Vice President

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**EXHIBIT A  
FORM OF COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013A**

**[THIS DIRECT NOTE OBLIGATION HAS NOT BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED]**

**COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013A**

R-1

\$21,995,000

COVENANT RETIREMENT COMMUNITIES, INC., an Illinois not for profit corporation (the "Corporation"), for value received hereby acknowledges and agrees that it is, together with the Members of the Obligated Group and any future Member of an Obligated Group (together with the Corporation, the "Members of the Obligated Group") created under that certain Amended and Restated Master Trust Indenture, dated as of September 1, 2012 (the "Amended and Restated Master Indenture", as heretofore supplemented by Supplemental Master Trust Indenture Number 1 dated as of September 1, 2012 and as supplemented by Supplemental Master Trust Indenture Number 2 dated as of July 1, 2013 and as hereafter supplemented and amended, collectively, the "Master Indenture") among the Members of the Obligated Group and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee (the "Master Trustee"), obligated to, and promises to pay to, WELLS FARGO BANK, N.A. (the "Bond Trustee"), or registered assigns, the principal sum of TWENTY-ONE MILLION, NINE HUNDRED NINETY-FIVE THOUSAND and 00/100 Dollars (\$21,995,000) in monthly installments on or before the 15th day of each month, in the amounts and years set forth below and to pay interest thereon in monthly installments in the amounts and years set forth below.

Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2013	-	\$ 103,681*
2014	-	102,824
2015	-	102,824
2016	-	102,824
2017	-	102,824
2018	-	102,824
2019	\$ 25,833	102,824
2020	27,083	101,726
2021	28,333	100,575
2022	29,583	99,371
2023	30,833	98,114

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Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2024	32,083	96,803
2025	33,333	95,039
2026	35,417	93,205
2027	37,083	91,257
2028	39,583	89,218
2029	41,250	87,041
2030	44,167	84,669
2031	46,667	82,129
2032	49,583	79,446
2033	52,083	76,595
2034	10,000	73,600
2035	1,259,583	73,025
2036	10,417	599

\*The amount due on August 15, 2013 and the 15<sup>th</sup> day of each month thereafter to and including November 15, 2013.

The Corporation shall receive certain credits against its required payments of principal of and interest on this Series 2013A Obligation to the extent set forth in Section 5.3 of the Loan Agreement (the "Colorado Loan Agreement") dated as of July 1, 2013 between the Corporation and the Colorado Health Facilities Authority (the "Colorado Authority"), pursuant to the provisions of which the proceeds of the sale of the \$21,995,000 Revenue Bonds, Series 2013A (Covenant Retirement Communities, Inc.) (the "Series 2013A Bonds") were loaned by the Colorado Authority to the Corporation.

Such principal and interest are payable at the designated corporate trust office of the Bond Trustee under the Bond Trust Indenture (the "Colorado Bond Indenture") dated as of July 1, 2013 between the Authority and the Bond Trustee or at the office of any successor trustee under the Colorado Bond Indenture.

Terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Colorado Loan Agreement and the Colorado Bond Indenture.

The principal of this Series 2013A Obligation is subject to prepayment in whole or in part by the Corporation from time to time, in the manner, under the circumstances and at the prices set forth in the Colorado Loan Agreement. In certain events (including, without limitation, the occurrence of an event of default as defined in the Colorado Loan Agreement) and in the manner set forth in the Colorado Loan Agreement, the entire principal amount of this Series 2013A Obligation may be declared to be due and payable.

This Series 2013A Obligation is issued under and secured by and entitled to the security of the Master Indenture. The Corporation and the Members of the Obligated Group (as identified in the Master Indenture) are currently the only Members of the Obligated Group. The Members of the Obligated Group jointly and severally agree under the Master Indenture to be

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liable on all Obligations issued under the Master Indenture (including this Series 2013A Obligation), subject to the Master Indenture's provisions permitting a Member to leave the Obligated Group. Reference is made to the Master Indenture, to all indentures supplemental thereto and to all amendments thereto for the provisions, among others, with respect to the nature and extent of the security for this Series 2013A Obligation, the rights, duties and obligations of the Members of the Obligated Group and the Master Trustee and the rights of the holder of the Series 2013A Obligation, and to all the provisions of which the holder hereof by the acceptance of this Obligation assents.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the holder of this Series 2013A Obligation may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. Any such consent by the holder of this Series 2013A Obligation shall be conclusive and binding upon such Holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Series 2013A Obligation.

This Series 2013A Obligation is transferable by the registered holder hereof in person or by duly authorized attorney at the principal corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Obligation. Upon such transfer a new registered Obligation or Obligations without coupons of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes.

This Series 2013A Obligation is prepayable at any time to the extent of proceeds received from insurance, condemnation or sale consummated under threat of condemnation under certain conditions, in whole or in part and if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

This Series 2013A Obligation may also be prepaid in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding or advance refunding of the Series 2013A Bonds or any portion thereof in the manner provided in the Colorado Bond Indenture.

In the event this Series 2013A Obligation is prepaid as aforesaid, notice thereof identifying the portion of this Series 2013A Obligation to be prepaid will be given by electronic means and by first class mail, postage prepaid, to the registered owner or owners hereof at their addresses shown on the registration books not less than 30 days nor more than 60 days prior to the date fixed for prepayment. This Series 2013A Obligation or the portion hereof so called for prepayment will cease to bear interest on the specified prepayment date, provided funds for its

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prepayment are on deposit at the place of payment at that time, and this Series 2013A Obligation or such portion shall no longer be protected by the Master Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture.

This Series 2013A Obligation is subject to advance defeasance of the Master Indenture by depositing cash or Escrow Obligations (as defined in the Master Indenture) or both in an amount, together with the income or increment to accrue thereon sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding under the Master Indenture at or before their maturity date. The Members shall remain the obligors on such Obligations but the holders thereof shall be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Members may also pay or provide for the payment of the entire indebtedness on this Series 2013A Obligation or any portion of this Series 2013A Obligation by depositing Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on this Series 2013A Obligation or a portion of this Series 2013A Obligation at or before its maturity date. Upon such deposit, this Series 2013A Obligation or portion of this Series 2013A Obligation shall cease to be entitled to any lien, benefit or security under the Master Indenture. The Members shall remain the obligors on such Obligation but the holders thereof shall be entitled to payment (to the exclusion of all other Obligation holders) solely out of such funds received from such Escrow Obligations.

The holder of this Series 2013A Obligation shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

The holder of this Series 2013A Obligation has the right under the Master Indenture to request an acceleration of this Series 2013A Obligation upon the occurrence of an event of default described in Section 4.1 of the Master Indenture.

In certain events (including, without limitation, the occurrence of an "event of default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the outstanding principal of this Series 2013A Obligation may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Master Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Series 2013A Obligation, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2013A Obligation have been duly authorized by resolution of the Corporation duly adopted.

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No recourse shall be had for the payment of the principal of or premium or interest on this Series 2013A Obligation or for any claim based hereon or upon any obligation, covenant or agreement in the Master Indenture contained against any past, present or future officer, trustee, director, member, employee or agent of any Member of the Obligated Group, or any incorporator, officer, trustee, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, trustees, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Series 2013A Obligation.

The Corporation, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Members of the Obligated Group.

This Series 2013A Obligation shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the certificate of authentication hereon shall have been duly executed by the Master Trustee.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Series 2013A Obligation to be executed in its name and on its behalf by the manual signature of its President, all as of July 31, 2013.

COVENANT RETIREMENT COMMUNITIES, INC.

By: \_\_\_\_\_  
President

Property of Cook County Clerk's Office

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## [Form of Master Trustee's Certificate of Authentication]

The undersigned Master Trustee hereby certifies that this Obligation is one of the Obligations described in the within-mentioned Master Indenture.

The Bank of New York Mellon Trust  
Company, N.A., as Master Trustee

By \_\_\_\_\_  
Vice President

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**EXHIBIT B  
FORM OF COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013B**

**[THIS DIRECT NOTE OBLIGATION HAS NOT BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED]**

**COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013B**

R-1

\$17,550,000

COVENANT RETIREMENT COMMUNITIES, INC., an Illinois not for profit corporation (the "Corporation"), for value received hereby acknowledges and agrees that it is, together with the Members of the Obligated Group and any future Member of an Obligated Group (together with the Corporation, the "Members of the Obligated Group") created under that certain Amended and Restated Master Trust Indenture, dated as of September 1, 2012 (the "Amended and Restated Master Indenture", as heretofore supplemented by Supplemental Master Trust Indenture Number 1 dated as of September 1, 2012 and as supplemented by Supplemental Master Trust Indenture Number 2 dated as of July 1, 2013 and as hereafter supplemented and amended, collectively, the "Master Indenture") among the Members of the Obligated Group and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee (the "Master Trustee"), obligated to, and promises to pay to, WELLS FARGO BANK, N.A. (the "Bond Trustee"), or registered assigns, the principal sum of SEVENTEEN MILLION, FIVE HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$17,550,000) in monthly installments on or before the 15<sup>th</sup> day of each month, in the amounts and years set forth below and to pay interest thereon in monthly installments in the amounts and years set forth below.

Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2013	\$ -	\$46,453*
2014	-	46,069
2015	-	46,069
2016	-	46,069
2017	-	46,069
2018	1,462,500	46,069

\*The amount due on August 15, 2013 and the 15<sup>th</sup> day of each month thereafter to and including November 15, 2013.

The Corporation shall receive certain credits against its required payments of principal of and interest on this Series 2013B Obligation to the extent set forth in Section 5.3 of the Loan Agreement (the "Colorado Loan Agreement") dated as of July 1, 2013 between the Corporation



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and the Colorado Health Facilities Authority (the “Colorado Authority”), pursuant to the provisions of which the proceeds of the sale of the \$17,550,000 Revenue Bonds, Series 2013B (Tax-Exempt Mandatory Paydown Securities (TEMPS)) (Covenant Retirement Communities, Inc.) (the “Series 2013B Bonds”) were loaned by the Colorado Authority to the Corporation.

Such principal and interest are payable at the designated corporate trust office of the Bond Trustee under the Bond Trust Indenture (the “Colorado Bond Indenture”) dated as of July 1, 2013 between the Authority and the Bond Trustee or at the office of any successor trustee under the Colorado Bond Indenture.

Terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Colorado Loan Agreement and the Colorado Bond Indenture.

The principal of this Series 2013B Obligation is subject to prepayment in whole or in part by the Corporation from time to time, in the manner, under the circumstances and at the prices set forth in the Colorado Loan Agreement. In certain events (including, without limitation, the occurrence of an event of default as defined in the Colorado Loan Agreement) and in the manner set forth in the Colorado Loan Agreement, the entire principal amount of this Series 2013B Obligation may be declared to be due and payable.

This Series 2013B Obligation is issued under and secured by and entitled to the security of the Master Indenture. The Corporation and the Members of the Obligated Group (as identified in the Master Indenture) are currently the only Members of the Obligated Group. The Members of the Obligated Group jointly and severally agree under the Master Indenture to be liable on all Obligations issued under the Master Indenture (including this Series 2013B Obligation), subject to the Master Indenture’s provisions permitting a Member to leave the Obligated Group. Reference is made to the Master Indenture, to all indentures supplemental thereto and to all amendments thereto for the provisions, among others, with respect to the nature and extent of the security for this Series 2013B Obligation, the rights, duties and obligations of the Members of the Obligated Group and the Master Trustee and the rights of the holder of the Series 2013B Obligation, and to all the provisions of which the holder hereof by the acceptance of this Obligation assents.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the holder of this Series 2013B Obligation may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. Any such consent by the holder of this Series 2013B Obligation shall be conclusive and binding upon such Holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Series 2013B Obligation.

This Series 2013B Obligation is transferable by the registered holder hereof in person or by duly authorized attorney at the principal corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master

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Indenture, and upon surrender and cancellation of this Obligation. Upon such transfer a new registered Obligation or Obligations without coupons of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes.

This Series 2013B Obligation is prepayable at any time to the extent of proceeds received from insurance, condemnation or sale consummated under threat of condemnation under certain conditions, in whole or in part and if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

This Series 2013B Obligation may also be prepaid in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding or advance refunding of the Series 2013B Bonds or any portion thereof in the manner provided in the Colorado Bond Indenture.

In the event this Series 2013B Obligation is prepaid as aforesaid, notice thereof identifying the portion of this Series 2013B Obligation to be prepaid will be given by electronic means and by first class mail, postage prepaid, to the registered owner or owners hereof at their addresses shown on the registration books not less than 30 days nor more than 60 days prior to the date fixed for prepayment. This Series 2013B Obligation or the portion hereof so called for prepayment will cease to bear interest on the specified prepayment date, provided funds for its prepayment are on deposit at the place of payment at that time, and this Series 2013B Obligation or such portion shall no longer be protected by the Master Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture.

This Series 2013B Obligation is subject to advance defeasance of the Master Indenture by depositing cash or Escrow Obligations (as defined in the Master Indenture) or both in an amount, together with the income or increment to accrue thereon sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding under the Master Indenture at or before their maturity date. The Members shall remain the obligors on such Obligations but the holders thereof shall be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Members may also pay or provide for the payment of the entire indebtedness on this Series 2013B Obligation or any portion of this Series 2013B Obligation by depositing Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on this Series 2013B Obligation or a portion of this Series 2013B Obligation at or before its maturity date. Upon such deposit, this Series 2013B Obligation or portion of this Series 2013B Obligation shall cease to be entitled to any lien, benefit or security under the Master Indenture. The Members shall remain the obligors on such Obligation but the holders thereof shall be entitled to payment (to the exclusion of all other Obligation holders) solely out of such funds received from such Escrow Obligations.

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The holder of this Series 2013B Obligation shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

The holder of this Series 2013B Obligation has the right under the Master Indenture to request an acceleration of this Series 2013B Obligation upon the occurrence of an event of default described in Section 4.1 of the Master Indenture.

In certain events (including, without limitation, the occurrence of an "event of default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the outstanding principal of this Series 2013B Obligation may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Master Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Series 2013B Obligation, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2013B Obligation have been duly authorized by resolution of the Corporation duly adopted.

No recourse shall be had for the payment of the principal of or premium or interest on this Series 2013B Obligation or for any claim based hereon or upon any obligation, covenant or agreement in the Master Indenture contained against any past, present or future officer, trustee, director, member, employee or agent of any Member of the Obligated Group, or any incorporator, officer, trustee, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, trustees, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Series 2013B Obligation.

The Corporation, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Members of the Obligated Group.

This Series 2013B Obligation shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the certificate of authentication hereon shall have been duly executed by the Master Trustee.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Series 2013B Obligation to be executed in its name and on its behalf by the manual signature of its President, all as of July 31, 2013.

COVENANT RETIREMENT COMMUNITIES, INC.

By: \_\_\_\_\_  
President

Property of Cook County Clerk's Office

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## [Form of Master Trustee's Certificate of Authentication]

The undersigned Master Trustee hereby certifies that this Obligation is one of the Obligations described in the within-mentioned Master Indenture.

The Bank of New York Mellon Trust  
Company, N.A., as Master Trustee

By \_\_\_\_\_  
Vice President

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**EXHIBIT C  
FORM OF COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013C**

**[THIS DIRECT NOTE OBLIGATION HAS NOT BEEN REGISTERED  
UNDER THE SECURITIES ACT OF 1933, AS AMENDED]**

**COVENANT RETIREMENT COMMUNITIES, INC.  
DIRECT NOTE OBLIGATION, SERIES 2013C**

R-1

\$20,450,000

COVENANT RETIREMENT COMMUNITIES, INC., an Illinois not for profit corporation (the "Corporation"), for value received hereby acknowledges and agrees as that it is, together with the Members of the Obligated Group and any future Member of an Obligated Group (together with the Corporation, the "Members of the Obligated Group") created under that certain Amended and Restated Master Trust Indenture, dated as of September 1, 2012 (the "Amended and Restated Master Indenture", as heretofore supplemented by Supplemental Master Trust Indenture Number 1, dated as of September 1, 2012 and as supplemented by Supplemental Master Trust Indenture Number 2, dated as of July 1, 2013 and as hereafter supplemented and amended, collectively, the "Master Indenture") among the Members of the Obligated Group and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as master trustee (the "Master Trustee"), obligated to, and promises to pay to, WELLS FARGO BANK, N.A. (the "California Bond Trustee"), or registered assigns, the principal sum of TWENTY MILLION, FOUR HUNDRED FIFTY THOUSAND and 00/100 Dollars (\$20,450,000) in monthly installments on or before the 15th day of each month, in the amounts and years set forth below and to pay interest thereon in monthly installments in the amounts and years set forth below.

Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2013	\$ -	\$ 96,658*
2014	-	98,859
2015	-	98,859
2016	-	98,859
2017	-	98,859
2018	-	98,859
2019	-	98,859
2020	-	98,859
2021	-	98,859
2022	-	98,859
2023	-	98,859
2024	-	98,859



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Year Ending December 1,	Monthly Installment of Principal	Monthly Installment of Interest
2025	-	98,859
2026	-	98,859
2027	-	98,859
2028	-	98,859
2029	-	98,859
2030	-	98,859
2031	-	98,859
2032	-	98,859
2033	-	98,859
2034	-	98,859
2035	782,083	98,859
2036	922,083	51,867

\*The amount due on August 15, 2013 and the 15<sup>th</sup> day of each month thereafter to and including November 15, 2013.

The Corporation shall receive certain credits against its required payments of principal of and interest on this Series 2013C Obligation to the extent set forth in Section 7.3 of the Loan Agreement (the "California Loan Agreement") dated as of July 1, 2013 between the Corporation and the Statewide Communities Development Authority (the "California Authority"), pursuant to the provisions of which the proceeds of the sale of the \$20,450,000 Revenue Bonds, Series 2013C (Covenant Retirement Communities, Inc.) (the "Series 2013C Bonds") were loaned by the California Authority to the Corporation.

Such principal and interest are payable at the designated corporate trust office of the Bond Trustee under the Bond Trust Indenture (the "California Bond Indenture") dated as of July 1, 2013 between the Authority and the Bond Trustee or at the office of any successor trustee under the California Bond Indenture.

Terms used and not otherwise defined herein shall have the same meanings ascribed to them in the California Loan Agreement and the California Bond Indenture.

The principal of this Series 2013C Obligation is subject to prepayment in whole or in part by the Corporation from time to time, in the manner, under the circumstances and at the prices set forth in the California Loan Agreement. In certain events (including, without limitation, the occurrence of an event of default as defined in the California Loan Agreement) and in the manner set forth in the California Loan Agreement, the entire principal amount of this Series 2013C Obligation may be declared to be due and payable.

This Series 2013C Obligation is issued under and secured by and entitled to the security of the Master Indenture. The Corporation and the Members of the Obligated Group (as identified in the Master Indenture) are currently the only Members of the Obligated Group. The Members of the Obligated Group jointly and severally agree under the Master Indenture to be liable on all Obligations issued under the Master Indenture (including this Series 2013C

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Obligation), subject to the Master Indenture's provisions permitting a Member to leave the Obligated Group. Reference is made to the Master Indenture, to all indentures supplemental thereto and to all amendments thereto for the provisions, among others, with respect to the nature and extent of the security for this Series 2013C Obligation, the rights, duties and obligations of the Members of the Obligated Group and the Master Trustee and the rights of the holders of the Series 2013C Obligation, and to all the provisions of which the holder hereof by the acceptance of this Obligation assents.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the holder of this Series 2013C Obligation may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then Outstanding under the Master Indenture. Any such consent by the holder of this Series 2013C Obligation shall be conclusive and binding upon such Holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Series 2013C Obligation.

This Series 2013C Obligation is transferable by the registered holder hereof in person or by duly authorized attorney at the principal corporate trust office of the Master Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Master Indenture, and upon surrender and cancellation of this Obligation. Upon such transfer a new registered Obligation or Obligations without coupons of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Master Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes.

This Series 2013C Obligation is prepayable at any time to the extent of proceeds received from insurance, condemnation or sale consummated under threat of condemnation under certain conditions, in whole or in part and if in part, by maturities or portions thereof designated by the Corporation, without premium, as provided in the Master Indenture.

This Series 2013C Obligation may also be prepaid in whole or in part by paying the amount necessary to provide for the payment, prepayment, redemption, refunding or advance refunding of the Series 2013C Bonds or any portion of such Series 2013C Bonds in the manner provided in the California Bond Indenture.

In the event this Series 2013C Obligation is prepaid as aforesaid, notice thereof identifying the portion of this Series 2013C Obligation to be prepaid will be given by electronic means and by first class mail, postage prepaid, to the registered owner or owners hereof at their addresses shown on the registration books not less than 30 days nor more than 60 days prior to the date fixed for prepayment. This Series 2013C Obligation or the portion hereof so called for prepayment will cease to bear interest on the specified prepayment date, provided funds for its prepayment are on deposit at the place of payment at that time, and this Series 2013C Obligation



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or such portion shall no longer be protected by the Master Indenture and shall not be deemed to be outstanding under the provisions of the Master Indenture.

This Series 2013C Obligation is subject to advance defeasance of the Master Indenture by depositing cash or Escrow Obligations (as defined in the Master Indenture) or both in an amount, together with the income or increment to accrue thereon sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Obligations outstanding under the Master Indenture at or before their maturity date. The Members shall remain the obligors on such Obligations but the holders thereof shall be entitled to payment solely out of such cash and funds received from such Escrow Obligations. The Members may also pay or provide for the payment of the entire indebtedness on this Series 2013C Obligation or any portion of this Series 2013C Obligation by depositing Escrow Obligations in an amount, together with the income or increment to accrue thereon, but without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on this Series 2013C Obligation or a portion of this Series 2013C Obligation at or before its maturity date. Upon such deposit, this Series 2013C Obligation or portion of this Series 2013C Obligation shall cease to be entitled to any lien, benefit or security under the Master Indenture. The Members shall remain the obligors on such Obligation but the holders thereof shall be entitled to payment (to the exclusion of all other Obligation holders) solely out of such funds received from such Escrow Obligations.

The holder of this Series 2013C Obligation shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Master Indenture.

The holder of this Series 2013C Obligation has the right under the Master Indenture to request an acceleration of this Series 2013C Obligation upon the occurrence of an event of default described in Section 4.1 of the Master Indenture.

In certain events (including without limitation the occurrence of an "event of default" as defined in the Master Indenture), on the conditions, in the manner and with the effect set forth in the Master Indenture, the outstanding principal of this Series 2013C Obligation may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Master Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Master Indenture precedent to and in the issuance of this Series 2013C Obligation, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Series 2013C Obligation have been duly authorized by resolution of the Corporation duly adopted.

No recourse shall be had for the payment of the principal of or premium or interest on this Series 2013C Obligation or for any claim based hereon or upon any obligation, covenant or

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agreement in the Master Indenture contained against any past, present or future officer, trustee, director, member, employee or agent of any Member of the Obligated Group, or any incorporator, officer, trustee, director, member, employee or agent of any successor corporation, as such, either directly or through any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officers, trustees, directors, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Master Indenture and the issuance of this Series 2013C Obligation.

The Corporation, on behalf of itself and the other Members, hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all defenses on the grounds of extension of time of payment for the payment hereof which may be given (other than in writing) by the Master Trustee to the Members of the Obligated Group.

This Series 2013C Obligation shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the certificate of authentication hereon shall have been duly executed by the Master Trustee.

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IN WITNESS WHEREOF, Covenant Retirement Communities, Inc., as Obligated Group Representative, has caused this Series 2013C Obligation to be executed in its name and on its behalf by the manual signature of its President, all as of July 31, 2013.

COVENANT RETIREMENT COMMUNITIES, INC.

By: \_\_\_\_\_  
President

Property of Cook County Clerk's Office

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## [Form of Master Trustee's Certificate of Authentication]

The undersigned Master Trustee hereby certifies that this Obligation is one of the Obligations described in the within-mentioned Master Indenture.

The Bank of New York Mellon Trust  
Company, N.A., as Master Trustee

By \_\_\_\_\_  
Vice President

Property of Cook County Clerk's Office

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## EXHIBIT D AMENDMENT TO EXCLUDED PROPERTY

### Oklahoma:

- The approximately 15+/- acre tract of land that is a part of the Northeast quarter (NE/4) of Section Two (2), Township Seventeen (17) North, Range Thirteen (13) East, of the Indian Base and Meridian, Tulsa County, State of Oklahoma, according to the United States Government Survey thereof, being more particularly described as follows:

Commencing at the Northeast corner of said NE/4; thence South 88°46'02" West and along the North line of said NE/4, for a distance of 1880.17 feet; thence South 1°13'58" East and perpendicular to said North line, for a distance of 60.00 feet to a point on the Southerly right of way of East 121<sup>st</sup> Street South, being the point of beginning;

Thence continuing South 1°13'58" East and perpendicular to said North line, for a distance of 1100.00 feet; thence South 88°46'02" West and parallel with said North line, for a distance of 613.72 feet; thence North 0°35'18" West, for a distance of 833.01 feet; thence North 89°59'36" East, for a distance of 22.19 feet; thence North 0°00'24" West, for a distance of 130.67 feet; thence North 54°41'57" East, for a distance of 121.76 feet; thence North 13°51'23" East, for a distance of 71.12 feet to a point on the Southerly right of way of East 121<sup>st</sup> Street South; thence North 88°46'02" East and parallel with the North line of said NE/4, for a distance of 460.00 feet to the point of beginning.