

**12. CONSIDERATION OF A RESOLUTION
APPROVING THE ISSUANCE OF A REVENUE
REFUNDING BOND BY THE I.D.A. FOR THE
VILLAGE AT WOODS EDGE**

On March 12, the Southampton County Industrial Development Authority convened a public hearing to consider issuing a Revenue Refunding Bond in a maximum amount not to exceed \$5 million to facilitate the refinancing of some of the Village at Woods Edge's existing debt, which paves the way for them to construct a new \$2.8 million memory care unit for their patients with advancing dementia.

While the facility is located in the City of Franklin, because of some refinancing that the City is planning in 2013, the City of Franklin I.D.A. was unable to fully accommodate the Village without exceeding the \$10 million annual cap imposed by the IRS for qualified tax exempt obligations. Accordingly, the Village approached us to see if we'd be willing to assist. They intend to issue the financing for their new facility (\$2.8 million) through the City's I.D.A. and refinance their existing debt (\$4,992,000) through the County's I.D.A. The savings from their refinancing will help pay the additional debt service on their new memory care unit.

Please find a copy of the I.D.A.'s certificate attached, which includes a summary of their public hearing, a fiscal impact statement and a copy of the resolution they adopted following their hearing.

Before they can proceed in issuing the bond, it is necessary for the Board of Supervisors to adopt a resolution that permits them to issue it. A copy of the resolution is attached herewith for your consideration.

In accordance with state law, these bonds will not pledge the credit or taxing power of the County or its I.D.A. and **will be payable solely from revenues derived from the Village.**

Attachments:

1. Board of Supervisors' Resolution
2. I.D.A. Certificate of Public Hearing
3. Draft Bond Purchase and Loan Agreement

MOTION REQUIRED: A motion is required to adopt the attached resolution.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
SOUTHAMPTON COUNTY, VIRGINIA**

WHEREAS, The Village at Woods Edge, a not-for-profit Virginia nonstock corporation (the “Corporation”), owns and operates a facility for the residence and care of the elderly (the “Facility”) in the City of Franklin, Virginia, which serves the residents of Southampton County, Virginia (the “County”);

WHEREAS, the Industrial Development Authority of the County of Southampton, Virginia (the “Authority”), has considered the application of the Corporation for the issuance of the Authority’s revenue refunding bond (the “Bond”) pursuant to Title 15.2, Chapter 49 of the Code of Virginia of 1950, as amended, in one or more series, in a total amount now estimated not to exceed \$[4,992,000], the proceeds of which are expected to be used to (a) refinance a portion of the Corporation’s \$9,165,000 promissory note dated June 28, 2006, in connection with the refunding of (i) the outstanding portion of the Residential Care Facility First Mortgage Revenue Note (The Village at Woods Edge), Series 2006A, issued by the Industrial Development Authority of the City of Franklin, Virginia (the “Franklin Authority”), and (ii) the outstanding portion of the Residential Care Facility First Mortgage Revenue Refunding Bonds (The Village at Woods Edge), Series 2002, issued by the Franklin Authority; and (b) pay certain expenses of issuing the Bond and other bonds issued to finance additional projects at the Facility;

WHEREAS, the Authority on March 12, 2013, has held a public hearing on the issuance of the Bond;

WHEREAS, the Authority has requested the Board of Supervisors (the “Board”) of the County to approve the issuance of the Bond to comply with Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and Section 15.2-4906 of the Code of Virginia of 1950, as amended (the “Virginia Code”), and to concur with the Authority’s expectation that the County, the Authority and all subordinate issuing entities or authorities do not reasonably expect to issue in calendar year 2013 any other tax-exempt obligations (not including “private activity bonds” other than “qualified 501(c)(3) bonds,” as those terms are defined in the Code), that when aggregated with the Bond for purposes of Section 265(b)(3)(B) of the Code will be in excess of \$10,000,000, in order that the Authority may designate the Bond as a “qualified tax-exempt obligation” under Section 265(b)(3)(B) of the Code; and

WHEREAS, a copy of the Authority’s resolution approving the issuance of the Bond, subject to terms to be agreed upon, and a record of the public hearing including the notice thereof and a “fiscal impact statement” with respect to the issuance of the Bond have been filed with the Board and are hereby incorporated by reference;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS
OF SOUTHAMPTON COUNTY, VIRGINIA:**

1. The Board hereby approves the issuance of the Bond by the Authority for the benefit of the Corporation, as required by Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, to permit the Authority to issue the Bond for the purpose set forth above.

2. Approval of the issuance of the Bond, as required by Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code, does not constitute an endorsement of the Bond or the creditworthiness of the Corporation. As required by Section 15.2-4909 of the Virginia Code, the Bond shall provide that neither the County nor the Authority shall be obligated to pay the Bond or the interest thereon or other costs incident thereto except from the revenues and moneys pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia, the County or the Authority shall be pledged thereto.

3. The County [having not previously issued] in calendar year 2013 any tax-exempt obligations (not including “private activity bonds” other than “qualified 501(c)(3) bonds,” as those terms are defined in the Code), which are required to be aggregated with obligations issued by the Authority for purposes of Section 265(b)(3)(B) of the Code, and the County, the Authority and all subordinate issuing entities or authorities not reasonably expecting to issue in calendar year 2013 any other such obligations that when aggregated with the Bond will be in excess of \$10,000,000, the County concurs with the Authority’s intention to designate the Bond as a “qualified tax-exempt obligation” under Section 265(b)(3)(B) of the Code.

4. This Resolution shall take effect immediately upon its adoption.

CERTIFICATE

The undersigned Clerk of the Board of Supervisors of Southampton County, Virginia (the "Board"), hereby certifies as follows:

1. A regular meeting of the Board was held on _____, 2013, at which meeting the following duly elected members were present or absent:

PRESENT:

ABSENT:

2. Attached hereto is a true, correct and complete copy of a resolution adopted by a majority of the members of the Board present and voting at such meeting.

3. The resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on this date and constitutes the only resolution adopted by the Board relating to the issuance by the Industrial Development Authority of the County of Southampton, Virginia, of its revenue bonds for the benefit of The Village at Woods Edge.

WITNESS the following signature this ___ day of _____, 2013.

[SEAL]

Clerk, Board of Supervisors of Southampton
County, Virginia

CERTIFICATE OF PUBLIC HEARING

The undersigned Secretary of the Industrial Development Authority of the County of Southampton, Virginia (the "Authority"), hereby certifies as follows:

1. A special meeting of the Authority was duly called and held at 4:30 p.m. on March 12, 2013, at the Board of Supervisors Meeting Room, Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia. The meeting was open to the public, and persons of differing views were given an opportunity to be heard. At such meeting all of the directors of the Authority were present or absent throughout as follows:

PRESENT: V.S. Pittman, II, Vice-Chairman
Leon W. Bolton
A. Ashburn Cutchin, III
A. Meredith Felts, Jr.
Eppa J. Gray, Jr.

ABSENT: E. Beale Carter, Jr., Chairman
Ben S. Lee


2. The Chairman announced the commencement of a public hearing on the application of The Village at Woods Edge. Notice of such hearing was published on February 24, 2013, and March 3, 2013, in the Tidewater News (the "Notice"). A copy of the Notice and certificate of publication of such Notice have been filed with records of the Authority and are attached hereto as Exhibit (i).

3. The individuals identified in Exhibit (ii) appeared and addressed the Authority and a reasonably detailed summary of the statements made at the public hearing is included in Exhibit (ii). The fiscal impact statement required by the Virginia Industrial Development and Revenue Bond Act is attached hereto as Exhibit (iii).

4. Attached hereto as Exhibit (iv) is a true, correct and complete copy of a resolution (the "Resolution"), adopted at such meeting of the Authority by the unanimous vote of the Authority's directors present at such meeting.

The Resolution constitutes all formal action taken by the Authority at such meeting relating to matters referred to in the Resolution. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

WITNESS my hand and the seal of the Authority this 12th day of March, 2013.



Secretary, Industrial Development Authority
of the County of Southampton, Virginia

(SEAL)

AFFIDAVIT OF PUBLIC NOTICE


Certificate of Publication

THE TIDEWATER NEWS
1000 Armory Drive
Franklin, Va. 23851

I, Steve Stewart, publisher of The Tidewater News, publishing in the City of Franklin, Southampton County, Virginia, and has General Circulation in Isle of Wight County, do hereby certify that the publication as attached was published in the said newspaper once a week for 2 successive week (s) in the manner prescribed by law, to-wit in its issues of:

2-24-13
3-3-13
Signed Michelle Gray
Publisher Tony Clark
By Michelle Gray
Dated 3-10-13

Sworn to and subscribed before me, in my presence, this 6th day of MARCH, 2013. A Virginia Notary Public. In and for the State at Large
Loretta Lomax
My commission expires: January 31, 2017

 Loretta Lomax
Commonwealth of Virginia
Notary Public
Commission No. 7237388
My Commission Expires 1/31/2017

NOTICE OF PUBLIC HEARING ON PROPOSED REVENUE BOND FINANCING BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF SOUTHAMPTON, VIRGINIA FOR THE VILLAGE AT WOODS EDGE

NOTICE is hereby given that the Industrial Development Authority of the County of Southampton, Virginia (the "Authority"), will hold a public hearing on the application of The Village at Woods Edge (the "Corporation"), for the Authority to issue, pursuant to the Virginia Industrial Development and Revenue Bond Act (the "Act"), its revenue bonds in one or more series in a maximum amount not to exceed \$5,000,000 (the "Bonds"). The Corporation is a not-for-profit Virginia non-stock corporation that operates a facility for the residence and care of the elderly located at 1401 N. High Street, Franklin, Virginia 23851 (the "Facility"). The proceeds of the Bonds are to be used, together with other available funds, to (a) refinance a portion of the Corporation's \$9,165,000 promissory note dated June 28, 2006, in connection with the refunding of (i) the outstanding portion of the Residential Care Facility First Mort-

gage Revenue Note (The Village at Woods Edge), Series 2006A (the "2006 Bonds"), issued by the Industrial Development Authority of the City of Franklin, Virginia (the "Franklin Authority"), and (ii) the outstanding portion of the Residential Care Facility First Mortgage Revenue Refunding Bonds (The Village at Woods Edge), Series 2002 (the "2002 Bonds"), issued by the Franklin Authority; and (b) pay certain expenses of issuing the Bonds and other bonds issued to finance additional projects at the Facility.

The 2006 Bonds were issued to finance the cost of acquiring, constructing and equipping an expansion to the Facility consisting of (1) a new dining facility capable of seating 135 residents and their guests and (2) 21 independent living cottages. The 2002 Bonds were issued to refund a portion of the Franklin Authority's Residential Facility First Mortgage Revenue Refunding Bonds (Village at Woods Edge), Series 1994 (the "1994 Bonds"). The 1994 Bonds were issued to refund the Franklin Authority's Residential Facility First Mortgage Revenue Bonds (The Village at Woods Edge), Series 1988, which were issued to finance the cost of acquiring, constructing and equipping the

original Facility, which consisted of approximately 55 independent living units and 42 assisted living units.

The public hearing, which may be continued or adjourned, will be held at 4:30 p.m. on March 12, 2013, at the Board of Supervisors Meeting Room, Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia. As required by the Act, the Bonds will not pledge the credit or the taxing power of the Commonwealth of Virginia, the County of Southampton or the Authority, but will be payable solely from revenues derived from the Corporation and pledged therefor. Any person interested in the issuance of the Bonds or the location, nature or purpose of the Facility may appear and be heard. A copy of the Corporation's application may be inspected at the offices of the County Administrator, Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia, during business hours. INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF SOUTHAMPTON, VIRGINIA

**SUMMARY OF STATEMENTS MADE AT
PUBLIC HEARING CONDUCTED BY THE
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
COUNTY OF SOUTHAMPTON, VIRGINIA,
ON MARCH 12, 2013,
WITH RESPECT TO THE APPLICATION OF
THE VILLAGE AT WOODS EDGE**

The Vice Chairman convened a public hearing regarding the application of The Village at Woods Edge for a bond financing, noting that notice of the hearing had been published as required. In response to the Vice Chairman's invitation to speak on the subject, Rhonda Stewart, Executive Director of The Village at Woods Edge, and Lynn Powell, a member of the Board of Directors of The Village at Woods Edge, described the financing, and Amanda Jarratt, President and CEO of Franklin-Southampton Economic Development, Inc., voiced her approval of the financing. The Chairman closed the public hearing and the Authority continued its meeting by considering the application submitted by The Village at Woods Edge.

FISCAL IMPACT STATEMENT

February 5, 2013

The Village at Woods Edge
(Applicant)

The Village at Woods Edge
(Facility)

1. Maximum amount of financing sought	\$4,992,490
2. Estimated taxable value of the facility's real property to be constructed in the locality	N/A
3. Estimated real property tax per year using present tax rates	N/A
4. Estimated personal property tax per year using present tax rates	N/A
5. Estimated merchants' capital tax per year using present tax rates	N/A
6. a. Estimated dollar value per year of goods that will be purchased from Virginia companies within the locality	\$500,000
b. Estimated dollar value per year of goods that will be purchased from non-Virginia companies within the locality	N/A
c. Estimated dollar value per year of services that will be purchased from Virginia companies within the locality	\$500,000
d. Estimated dollar value per year of services that will be purchased from non-Virginia companies within the locality	N/A
7. Estimated number of regular employees on year round basis	20
8. Average annual salary per employee	\$18,500

Chairman

Industrial Development Authority of the County of Southampton, Virginia

**RESOLUTION OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON, VIRGINIA,
RELATING TO THE ISSUANCE OF ITS REVENUE REFUNDING BOND FOR
THE VILLAGE AT WOODS EDGE**

WHEREAS, the Industrial Development Authority of the County of Southampton, Virginia (the “Authority”) is a political subdivision of the Commonwealth of Virginia (the “Commonwealth”) created and existing pursuant to the Virginia Industrial Development and Revenue Bond Act, being Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”);

WHEREAS, the Act authorizes the Authority to issue bonds or notes to finance and refinance facilities for the residence and care of the elderly;

WHEREAS, The Village at Woods Edge, a not-for-profit Virginia nonstock corporation (the “Corporation”), owns and operates a facility for the residence and care of the elderly (the “Facility”) in the City of Franklin, Virginia, which serves the residents of Southampton, County, Virginia;

WHEREAS, the Corporation has requested the Authority to issue its revenue refunding bond (the “Bond”), in a total amount not to exceed \$4,992,000, for the benefit of the Corporation, to (a) refinance a portion of the Corporation’s \$9,165,000 promissory note dated June 28, 2006, in connection with the refunding of (i) the outstanding portion of the Residential Care Facility First Mortgage Revenue Note (The Village at Woods Edge), Series 2006A, issued by the Industrial Development Authority of the City of Franklin, Virginia (the “Franklin Authority”), and (ii) the outstanding portion of the Residential Care Facility First Mortgage Revenue Refunding Bonds (The Village at Woods Edge), Series 2002, issued by the Franklin Authority; and (b) pay certain expenses of issuing the Bond and other bonds issued to finance additional projects at the Facility;

WHEREAS, the Corporation has requested that the Authority designate the Bond as a “qualified tax-exempt obligation” under Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, a public hearing has been held by the Authority as required by Section 147(f) of the Code and Section 15.2-4906 of the Act; and

WHEREAS, there have been presented to this meeting drafts of the following instruments (the “Documents”), which the Authority proposes to execute or approve to carry out the issuance and sale of the Bond, copies of which shall be filed with the records of the Authority:

(1) Bond Purchase and Loan Agreement (the “Loan Agreement”), between the Corporation, the Authority and SunTrust Bank, or a subsidiary thereof, as purchaser (the “Purchaser”);

(2) Form of the Bond, bearing interest and payable as set forth therein; and

(3) Form of the Corporation’s promissory note in the aggregate principal amount of the Bond (the “Promissory Note”), including the form of assignment thereof from the Authority to the Purchaser.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF SOUTHAMPTON, VIRGINIA:

1. The issuance of the Bond in the aggregate principal amount not to exceed \$4,992,000 is hereby approved. All terms of the Bond as set forth therein, including the interest rate and final maturity, are hereby approved.

2. The Chairman and Vice Chairman of the Authority, either of whom may act, are each hereby authorized to execute and deliver the Loan Agreement.

3. The Chairman and Vice Chairman of the Authority, either of whom may act, are authorized and directed to execute the Bond by manual or facsimile signature, and the Secretary and Assistant Secretary of the Authority, either of whom may act, are authorized and directed to have the seal of the Authority affixed or printed thereon and to attest such seal by manual or facsimile signature. The Chairman and Vice Chairman, either of whom may act, are authorized and directed to deliver the Bond to the Purchaser upon terms provided in the Loan Agreement.

4. The Chairman and Vice Chairman of the Authority, either of whom may act, are hereby authorized and directed to accept from the Corporation the Promissory Note to evidence the Corporation’s repayment obligations under the Loan Agreement and to assign by endorsement and deliver the Promissory Note to the Purchaser as security for the Bond.

5. The Documents shall be in substantially the forms presented to this meeting, which are hereby approved, with such completions, omissions, insertions and changes as the Authority’s counsel or the executing officer of the Authority may approve, with execution constituting conclusive evidence of approval of any such completions, omissions, insertions and changes.

6. The officers of the Authority are hereby authorized and directed to execute, deliver and file all documents, certificates and instruments, including Internal Revenue Service Form 8038, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond.

7. The Authority designates the Bond as a “qualified tax-exempt obligation” under Section 265(b)(3)(B) of the Code. The Authority represents that it has not issued and does not anticipate issuing in calendar year 2013 any bonds, other than bonds that are “private activity bonds” under Section 141 of the Code that are not “qualified 501(c)(3) bonds” under Section 145 of the Code, that, when aggregated with the Bond, will be in excess of \$10,000,000.

8. The Authority hereby recommends that the Board of Supervisors of Southampton County, Virginia, approve the issuance of the Bond in accordance with the provisions of Section 147(f) of the Code and Section 15.2-4906 of the Act.

9. All costs and expenses in connection with the issuance of the Bond, including but not limited to the fees and expenses of Bond Counsel and Authority Counsel, shall be paid from the proceeds of the Bond or funds provided by or on behalf of the Corporation. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the Corporation and that the Authority shall have no responsibility therefor.

10. Hunton & Williams LLP is hereby designated as bond counsel for the financing.

11. Any authorization herein to execute a document shall include authorization to record such document where appropriate and to deliver it to the other parties thereto.

12. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond are hereby ratified, approved and confirmed.

13. This resolution shall take effect immediately upon its adoption.

BOND PURCHASE AND LOAN AGREEMENT

among

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON, VIRGINIA,**

SUNTRUST BANK, as Bondholder

and

THE VILLAGE AT WOODS EDGE

**[\$4,992,000] Residential Care Facility Mortgage Revenue Refunding Bond
(The Village at Woods Edge), Series 2013B**

Dated as of March 1, 2013

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1	Definitions.....	1
Section 1.2	Rules of Construction	5

ARTICLE II REPRESENTATIONS AND FINDINGS

Section 2.1	Representations and Findings by Authority.....	5
Section 2.2	Representations by Borrower.....	6

ARTICLE III ISSUANCE OF BOND

Section 3.1	Sale and Purchase of Bond	8
Section 3.2	Conditions Precedent to Delivery of Bond.....	9

ARTICLE IV DISPOSITION OF PROCEEDS

Section 4.1	Disposition of Proceeds; Refunding	12
-------------	--	----

ARTICLE V INTENTIONALLY OMITTED

ARTICLE VI PAYMENTS

Section 6.1	Amounts Payable	12
Section 6.2	Default in Payments.....	13
Section 6.3	Unconditional Obligations.....	13
Section 6.4	Payments Assigned.....	13
Section 6.5	Optional Put.....	13
Section 6.6	Capital Adequacy and Cost of Carry	14
Section 6.7	Determination of Taxability.....	15

ARTICLE VII SPECIAL COVENANTS

Section 7.1	Maintenance and Modifications by Borrower	15
Section 7.2	Taxes, Charges and Liens	16
Section 7.3	Insurance.....	16
Section 7.4	Cure by Authority or Bondholder.....	16
Section 7.5	Undertaking and Use of Project.....	16
Section 7.6	Indemnification.....	16

Section 7.7	Tax Exemption for Bond	18
Section 7.8	Certificate as to No Default	20
Section 7.9	References to Bond Ineffective after Bond Paid.....	21
Section 7.10	Financial Records and Statements	21
Section 7.11	Proof of Payment of Taxes and Other Charges	21
Section 7.12	Inspection and Right of Access.....	21
Section 7.13	Maintenance of Existence.....	21

ARTICLE VIII

DAMAGE, DESTRUCTION, CONDEMNATION AND LOSS OF TITLE

Section 8.1	Parties to Give Notice	22
Section 8.2	Damage, Destruction, Condemnation and Loss of Title.....	22

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1	Event of Default.....	23
Section 9.2	Remedies on Default.....	24
Section 9.3	No Remedy Exclusive.....	25
Section 9.4	Counsel Fees and Other Expenses	25
Section 9.5	No Additional Waiver Implied by One Waiver.....	25

ARTICLE X

PREPAYMENT

Section 10.1	Option to Prepay	25
Section 10.2	Mandatory Prepayment.....	25

ARTICLE XI

MISCELLANEOUS

Section 11.1	Term of Agreement.....	26
Section 11.2	Successors and Assigns.....	26
Section 11.3	Limitation of Authority's Liability	26
Section 11.4	If Payment or Performance Date is Not a Business Day	26
Section 11.5	Registration of the Bond	26
Section 11.6	Severability	27
Section 11.7	Applicable Law; Entire Understanding	27
Section 11.8	Counterparts.....	27
Section 11.9	Notices	27
Section 11.10	Other Agreements.....	28

- EXHIBIT A - Form of Bond
- EXHIBIT B - Form of Promissory Note
- EXHIBIT C - Insurance Requirements

THIS BOND PURCHASE AND LOAN AGREEMENT, made as of the first day of March, 2013, among the **INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF SOUTHAMPTON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia, a body politic and corporate, created and existing under the Constitution and Laws of the Commonwealth of Virginia (the “Authority”), **SUNTRUST BANK** (the “Bondholder”), and **THE VILLAGE AT WOODS EDGE**, a Virginia nonstock not-for-profit corporation (the “Borrower”);

WITNESSETH:

WHEREAS, the Authority intends to issue and sell the Bond, as hereinafter defined, to the Bondholder to provide for the refinancing by the Authority of the Refunded Bonds, as hereinafter defined, for the benefit of the Borrower; the Authority intends to loan the proceeds from the sale of the Bond to the Borrower pursuant to this Agreement; and the Borrower intends to issue and deliver to the Authority the Note, as hereinafter defined, in order to evidence the Borrower’s obligation to repay such loan;

WHEREAS, the Authority intends for the Bond to be secured by the assignment to the Bondholder of the Note; and

WHEREAS, the Authority, the Bondholder and the Borrower desire to set forth the terms and conditions with respect to such financing;

NOW, THEREFORE, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION**

Section 1.1 Definitions. In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

“Act” shall mean the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended and in effect from time to time.

“Agreement” shall mean this Bond Purchase and Loan Agreement, including any amendments hereto.

“Authority” shall mean the Industrial Development Authority of the County of Southampton, Virginia, and its successors and assigns.

“Authorized Representative” shall mean the Borrower’s [Chairman, President or a Vice President], or such other person or persons designated to act on behalf of the Borrower by written certificate furnished to the Bondholder and the Authority containing the specimen signatures of such person or persons and signed on behalf of the Borrower by its headmaster and chief financial officer. Such certificate may designate an alternate or alternates.

“Authorizing Resolution” shall mean the resolution of the Authority adopted on March 12, 2013, approving, among other things, the issuance, sale and award of the Bond to the Bondholder on the Closing Date.

“Bond” shall mean the Residential Care Facility Mortgage Revenue Refunding Bond (The Village at Woods Edge), Series 2013B, issued by the Authority pursuant to this Agreement in an initial principal amount of \$[4,992,000] and substantially in the form attached as Exhibit A.

“Bondholder Covenant Agreement” shall mean the Bondholder Covenant Agreement dated as of March 1, 2013, between the Borrower and the Bondholder, as it may be amended, supplemented or replaced from time to time.

“Bond Counsel” shall mean Hunton & Williams LLP, or other nationally recognized bond counsel satisfactory to the Bondholder.

“Bond Year” shall mean (a) the period beginning on the date of issue of the Bond and ending at the close of business on the next following Rebate Computation Day, and (b) each one-year period thereafter which ends at the close of business on a Rebate Computation Day.

“Bondholder” shall mean SunTrust Bank, as holder of the Bond, or any subsequent holder thereof.

“Borrower” means (i) The Village at Woods Edge, a non-profit, Virginia nonstock corporation, and (ii) any surviving, resulting, or transferee entity as provided in the Financing Documents.

“Business Day” shall mean any day other than a Saturday or Sunday or other day on which the Bondholder is authorized or required to close, and, for purposes of determining Libor, a date on which banks are open for business in the London interbank market.

“Closing Date” shall mean the date of the Bond.

“Code” shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

“Computation Date” shall mean (a) the last day of the fifth and each succeeding fifth Bond Year so long as such day occurs before the day the Bond is paid in full, and (b) the day the Bond is paid in full.

“Deed of Trust” shall mean the Amended and Restated Deed of Trust, Assignment and Security Agreement dated as of March 1, 2013, between the Borrower and certain deed of trust trustees, as the same may be amended, modified or supplemented from time to time.

“Default Rate” shall mean the Interest Rate plus [200 basis points (2.0%)] per annum.

“Determination of Taxability” means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on the Bond is or was includable in the gross income of a holder of the Bond for federal income tax

purposes (other than a holder who is a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any holder of a Bond, and until the conclusion of any appellate review, if sought.

“Event of Default” shall mean any of the events set forth in Section 9.1.

“Financing Instruments” shall mean this Agreement, the Bond, the Note, the Deed of Trust, [the Security Agreement] and the Bondholder Covenant Agreement.

“501(c)(3) Organization” shall mean an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code.

“Franklin Authority” shall mean the Industrial Development Authority of the City of Franklin, Virginia.

“Governmental Authority” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Interest Rate” shall have the meaning assigned in the Bond.

“Net Proceeds” shall mean net proceeds as defined in Section 150(a)(3) of the Code.

“Note” shall mean the promissory note issued by the Borrower pursuant to this Agreement in a principal amount equal to the principal amount of the Bond, substantially in the form attached as Exhibit B.

“Optional Put Date” shall mean [March 31], 2023.

“Payment of the Bond” shall mean payment in full of the Bond and the making in full of all other Required Payments due and payable at the time of such payment.

“Permitted Liens” shall have the meaning assigned in the Bank Covenant Agreement.

“Project” shall mean the construction and equipping of a facility for the residence and care of the elderly, which was financed with the proceeds of the Refunded Bonds.

“Property” shall mean all of the Borrower’s property, real and personal, subject to the lien created by the Deed of Trust and as more fully defined therein.

“Rebate Amount” shall mean the rebate amount (as defined in Section 1.148-1 of the Treasury Regulations) with respect to the Bond.

“Rebate Amount Payable” shall mean, for any Computation Date, the amount (if any) payable to the United States pursuant to Section 148(f) of the Code with respect to the Rebate Amount as of such Computation Date, including any amount payable with respect to income attributable to the Rebate Amount.

“Rebate Computation Day” shall mean the day in each calendar year that corresponds to the date on which the final payment of principal of the Bond is scheduled to be made, which day is hereby selected by the Authority as the last day of each Bond Year.

“Refunded Bonds” shall mean the outstanding portions of the Residential Care Facility First Mortgage Revenue Note (The Village at Woods Edge), Series 2006A, and the Residential Care Facility First Mortgage Revenue Refunding Bonds (The Village at Woods Edge), Series 2002, issued by the Franklin Authority.

“Required Payment” shall mean any payment of money required under the terms of the Financing Instruments to be made by the Borrower for its own account or for the account of the Authority.

“Restricted Gift” shall mean a gift, devise or bequest collected by the Borrower that is conditioned upon its use by the Borrower for (a) the renovation, construction, equipping or installation of the Project or payment of the price thereof, or (b) the payment or prepayment, in whole or in part, of the Bond.

[“Security Agreement” means the Security Agreement, dated March 1, 2013, from the Borrower in favor of the Bondholder and SunTrust Bank, as the same may be amended, modified or supplemented from time to time.]

“Series 2013A Bond” shall mean the Residential Care Facility Mortgage Revenue Bond (The Village at Woods Edge), Series 2013A, issued by the Industrial Development Authority of the City of Franklin, Virginia.

“Taxable Period” means, with respect to the Bond, the period that elapses from the date on which the interest on the Bond is includable in the gross income of the holder thereof as a result of a Determination of Taxability to and including the mandatory purchase date for the Bond as a result of such Determination of Taxability.

“Taxable Rate” means Libor (as defined in the form of the Bond), plus 195 basis points, or, if applicable, the Base Rate, as defined in the Bond.

“Trade or Business” shall mean a trade or business as such term is used in Section 141(b)(6) of the Code.

“Unrelated Trade or Business” shall mean a Trade or Business of a 501(c)(3) Organization that is an unrelated trade or business (determined by applying Section 513(a) of the Code) of such 501(c)(3) Organization.

“Virginia Code” shall mean the Code of Virginia of 1950, as amended.

Section 1.2 Rules of Construction. The following rules shall apply to the construction of the Financing Instruments unless the context otherwise requires:

(a) Words importing the singular number shall include the plural number and vice versa, and any gender shall connote any other gender.

(b) All references in a Financing Instrument to particular articles or sections are references to articles or sections of such Financing Instrument unless otherwise indicated.

(c) The headings and Table of Contents in any Financing Instrument are solely for convenience of reference and shall not constitute a part of such Financing Instrument, nor shall they affect its meaning, construction or effect.

(d) Words importing the prepayment or calling for prepayment of the Bond shall not be deemed to refer to or connote the payment of the Bond at its stated maturity.

(e) All accounting terms used in any Financing Instrument which are not expressly defined therein shall have the meanings respectively given to them in accordance with generally accepted accounting principles. All financial computations made pursuant to any Financing Instrument shall be made in accordance with generally accepted accounting principles consistently applied, and all balance sheets and other financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied.

ARTICLE II REPRESENTATIONS AND FINDINGS

Section 2.1 Representations and Findings by Authority. The Authority makes the following representations and findings as the basis for its undertakings hereunder:

(a) The Authority is duly organized and existing under the Act, is a political subdivision of the Commonwealth of Virginia vested with the rights and powers conferred upon it under the Act, has the power to execute and deliver the Financing Instruments to which it is a party, to perform its obligations thereunder, to issue the Bond to refinance the Refunded Bonds, to loan the proceeds from the sale of the Bond to the Borrower (which constitutes an “eligible business” under the Act) pursuant to this Agreement, the refinancing of the Refunded Bonds and the Project, each constituting an authorized undertaking under the Act and such loan being in furtherance of the purposes for which the Authority was organized, and to carry out its other obligations under such Financing Instruments. By proper corporate action the Authority has duly authorized the execution and delivery of such Financing Instruments, the performance of its obligations thereunder and the issuance of the Bond and, simultaneously with the execution and delivery of this Agreement, has issued and sold the Bond. No proceedings to dissolve the Authority have been instituted.

(b) The execution and delivery of, and compliance by the Authority with the terms and conditions of, the Financing Instruments to which the Authority is a party will

not conflict with, or constitute or result in a default under or violation of, (i) the Act or any existing law, rule or regulation applicable to it, (ii) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Authority or any of its assets is subject, or (iii) the by-laws or any other rules or procedures of the Authority.

(c) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (i) the issuance and delivery of the Bond by the Authority, (ii) the execution or delivery of, or compliance by the Authority with the terms and conditions of, the other Financing Instruments to which it is a party, or (iii) the assignment by the Authority of the Note.

(d) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Authority, threatened against the Authority with respect to (i) the organization or existence of the Authority, (ii) its authority to execute or deliver the Financing Instruments to which it is a party, (iii) the validity or enforceability of any such Financing Instruments or the transactions contemplated thereby, (iv) the title of any officer of the Authority who executed such Financing Instruments, or (v) any authority or proceedings related to the execution and delivery of such Financing Instruments on behalf of the Authority, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(e) The Authority has found that the refinancing of the Refunded Bonds and the Project will serve the purposes of the Act.

(f) None of the directors of the Authority has a personal interest (as defined in Section 2.2-3101 of the Virginia Code) in any Financing Instrument or in any transaction contemplated thereby or is an officer or employee of the Authority, the Borrower or the Bondholder.

(g) The Bond constitutes the only outstanding obligation of the Authority in any manner secured by or payable from the revenues of the Borrower or from the loan of the proceeds from the sale of the Bond.

Section 2.2 Representations by Borrower. The Borrower makes the following representations as the basis for its undertakings hereunder:

(a) The Borrower is a nonstock corporation duly organized under the laws of Virginia and is in good standing in Virginia, has the power and authority to own its properties and to enter into the Financing Instruments to which it is a party and the transactions contemplated thereby and to perform its obligations thereunder, and by proper action has duly authorized the execution and delivery of such Financing Instruments.

(b) The loan to the Borrower of the proceeds from the sale of the Bond by the Authority will assist the Borrower in maintaining and operating the Project at the lowest possible cost in the City of Franklin in the Commonwealth of Virginia, which will provide

improved facilities for the residence and care of the elderly of Southampton County and promote their welfare.

(c) No litigation at law or in equity or any proceeding before any governmental agency involving the Borrower is pending or, to the knowledge of the Borrower, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its authority to do business, refinancing of the Refunded Bonds, the validity of the Financing Instruments to which the Borrower is a party or the performance of its obligations thereunder.

(d) The execution and delivery of, and compliance by the Borrower with the terms and conditions of, the Financing Instruments to which it is a party will not conflict with, or constitute or result in a default under or violation of, (i) the Borrower's articles of incorporation or bylaws, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its property is bound, or (iii) any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property.

(e) The Borrower has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bond or the execution and delivery of the Financing Instruments to which the Borrower is a party, or that are required to date for the performance by the Borrower of its obligations under the Financing Instruments or for the refinancing of the Refunded Bonds. The Borrower has no reason to believe that any such consents, approvals, authorizations or orders which may be required in the future cannot be obtained as and when needed.

(f) The remaining average reasonably expected economic life (within the meaning of Section 147(b) of the Code) of the facilities being financed or refinanced with the Net Proceeds of the Bond is not less than ____ years.

(g) The Borrower is a 501(c)(3) Organization that is not a private foundation (within the meaning of Section 509(a) of the Code). The Borrower has conducted its operations and filed all required reports and documents with the Internal Revenue Service (the "Service") so as to maintain its status as such a 501(c)(3) Organization, the letter from the Service to the effect that the Borrower is a 501(c)(3) Organization has not been modified, limited or revoked and the Borrower has received no notice from the Service inquiring about, threatening or proposing to audit its status as a 501(c)(3) Organization. The Borrower is in compliance with all terms, conditions and limitations, if any, contained in such letter or any other notification from the Service. In particular, (i) the Borrower is organized and operated exclusively for educational or charitable purposes, (ii) no part of the net earnings of the Borrower has inured to the benefit of any private shareholder or individual, (iii) no substantial part of the activities of the Borrower has consisted of carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise permitted by Section 501(h) of the Code), and (iv) the Borrower has not participated or intervened (through the publishing or distribution of statements or

otherwise) in any political campaign on behalf of or in opposition to any candidate for public office. The Borrower is not organized or operated exclusively for religious purposes.

(h) The Borrower has not collected, and does not expect to collect, Restricted Gifts, that exceed, in the aggregate, the difference between (i) the anticipated aggregate cost of (A) the renovation, construction, equipping and installation of the Project and the costs of issuance, and (ii) the original principal amount of the Refunded Bonds plus the anticipated earnings from the investment of the proceeds thereof.

(i) No person other than the Borrower has been a user of any portion of the Project since the construction of such Project and no portion of the Project has been used in an Unrelated Trade or Business by the Borrower, except in both cases as may be identified by the Borrower in the tax certificates executed in connection with the issuance of the Refunded Bonds and/or the Bond.

(j) The Borrower normally receives at least 75% of its support (as such term is used for purposes of Section 509 of the Code) in the form of gross receipts from the performance of services and the furnishing of facilities by the Borrower in an activity which is not an Unrelated Trade or Business (not including such receipts from any person or any bureau or similar agency of a governmental unit, as described in Section 170(c)(1) of the Code, in any taxable year to the extent such receipts exceed the greater of \$5,000 or 1% of the Borrower's support in such taxable year) from persons other than disqualified persons (as defined in Section 4946 of the Code) with respect to the Borrower.

(k) All financial statements and other information delivered to the Bondholder by the Borrower in connection with the Bondholder's purchase of the Bond are accurate and are sufficiently complete to accurately reflect the Borrower's financial condition. There has been no material adverse change in the business or financial condition of the Borrower from that reflected in such financial statements and other information, except as may have been otherwise disclosed to the Bondholder in writing.

(l) The information contained in the certifications of the Borrower delivered at the time of the execution and delivery of this Agreement with respect to compliance with the requirements of Section 145 of the Code, including the information in IRS Form 8038 filed by the Authority with respect to the Bond, is true and correct in all respects.

(m) The Borrower has not received any notice or other communication from the Internal Revenue Service questioning its tax-exempt status or the tax-exempt status of the Refunded Bonds or any other bonds issued for its benefit.

ARTICLE III ISSUANCE OF BOND

Section 3.1 Sale and Purchase of Bond. The Authority shall issue and sell the Bond to the Bondholder and secure the Bond by assigning the Note to the Bondholder, upon the terms and conditions set forth herein.

The Bondholder represents that it is purchasing the Bond for its own account for investment and has no present intention of reselling or disposing of the Bond or engaging in any “distribution” thereof (as that term is used in the Securities Act of 1933, as amended, and the regulations of the Securities and Exchange Commission thereunder). The Bondholder represents that it is familiar with the operations and financial condition of the Borrower based upon information furnished to the Bondholder by the Borrower and has made such inquiries as it deems appropriate in connection with the purchase of the Bond. In determining to purchase the Bond, the Bondholder has not relied upon any information (including financial information) relating to the Borrower provided by the Authority, nor has it relied upon the omission of the Authority to provide any such information. The Bondholder relieves the Authority of any liability for failure to provide such information.

The Bondholder shall not assign or offer the Bond, or any participation therein, for sale in any state of the United States without first (a) either (i) taking all necessary action to qualify the Bond for offer and sale under the securities and “Blue Sky” laws of the United States and such state, or (ii) determining that no such action is necessary because of a registration exemption or exemptions, and (b) providing to the purchaser of the Bond, or any participant therein, all material information in the Bondholder’s possession necessary to evaluate the risks and merits of the investment represented by the purchase of or participation in the Bond.

It is specifically understood and agreed that the Authority makes no representation, covenant or agreement as to the financial position or business condition of the Borrower and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the sale of the Bond, or as to the correctness, completeness or accuracy thereof.

The Borrower represents that no Financing Instrument nor any information (financial or otherwise) furnished by or on behalf of the Borrower in connection with the negotiation or the sale of the Bond contains any untrue statement of a material fact or omits (when considered together with all information furnished) a material fact necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading. There is no fact that the Borrower has not disclosed in writing to the Bondholder that materially affects adversely or, so far as the Borrower can now foresee, based on facts known to it, will have a material adverse effect on the properties, business, prospects, profits or condition (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under the Financing Instruments.

Section 3.2 Conditions Precedent to Delivery of Bond. The Bondholder shall be required to accept delivery of the Bond only upon delivery to it, in form and substance satisfactory to it, of the following:

- (a) Executed copies of the Financing Instruments, with the Note having been assigned to the Bondholder.
- (b) Evidence of the due authorization, execution and delivery of the Financing Instruments by the parties thereto.

(c) The written opinion of Hunton & Williams LLP that the Bond has been validly issued by the Authority and, subject to customary exceptions, that interest thereon is excludable from gross income for federal income tax purposes and exempt from income taxation by the Commonwealth of Virginia.

(d) The written opinion of counsel for the Borrower, relating to the organization and existence of the Borrower, its status as a 501(c)(3) Organization, the power of the Borrower to enter into the Financing Instruments to which it is a party, the enforceability of such Financing Instruments and such other matters as the Bondholder may reasonably request.

(e) The written opinion of counsel to the Authority, relating to the organization of the Authority, the due approval, validity and enforceability of the Bond, and such other matters as the Bondholder may reasonably request.

(f) The following conditions shall be satisfied with respect to the Property:

(i) Appraisal. Prior to closing, the Bondholder must order and receive a narrative appraisal (the "Appraisal") of the Property in form and substance, and certified as of a date, satisfactory to the Bondholder. The Appraisal (and any update thereof required or permitted by the Financing Documents) will be prepared by an independent, licensed appraiser who is a member of the American Institute of Real Estate Appraisers and is acceptable to the Bondholder. The Appraisal (and any update thereof required or permitted hereby or by the Financing Documents) will conform to the applicable appraisal guidelines established by the Bondholder and will be based on the as-built value of the Property in accordance with the Plan that have been approved by all applicable Governmental Authorities. The principal amount of the Bond plus the other debt secured by the Deed of Trust shall not exceed 65% of the fair market value of the Property as determined by the Appraisal.

(ii) Title Insurance. The Borrower must deliver to the Bondholder a mortgagee title insurance policy (on the current ALTA edition) in the amount of debt secured by the Deed of Trust. Such policy must be issued by a title insurance company acceptable to the Bondholder and must insure that good and marketable fee simple title to the Property is vested of record in the Borrower, that the lien of the Deed of Trust is a first lien on the Property, and that title to the Property is subject only to those covenants, conditions, restrictions, easements, rights of way and other matters of record that are acceptable to the Bondholder. The Borrower must provide to the Bondholder, for the Bondholder's approval, copies of all documents described or referred to in the title insurance policy. Such policy must insure affirmatively against any mechanics' and materialmen's liens and must contain such additional affirmative coverages and endorsements as the Bondholder may reasonably require (including, without limitation, comprehensive, same as survey, access, subdivision, separate tax lot, interest rate swap and zoning endorsements) and otherwise must be satisfactory to the Bondholder in all respects.

(iii) Survey. The Borrower will deliver to the Bondholder a current plat of survey (or an existing plat recertified to the Bondholder) of the Property prepared by a licensed surveyor or civil engineer. The survey must comply with ALTA requirements and shall designate (1) the perimeter of the Property by courses and distances with reference to a verifiable point of beginning; (2) the location of all easements, rights of way, alleys, waterways, restrictions, encroachments, set back lines and other matters applicable to the Property, specifying the holder of each such easement or other matter and the pertinent recordation information; (3) the location and name of any streets or roadways abutting the Property; (4) the proposed or actual location of any improvements situated or to be situated on the Property (including the number and location of any parking spaces) and the relationship of such improvements by courses and distances to the perimeter of the Property, building restriction lines and set backs; and (5) the total area (in acres and, at the Bondholder's option, square feet) of the Property. The survey will set forth such other matters as may be required by the Bondholder, will be certified to the Bondholder and the Bondholder's title insurer, and otherwise will be satisfactory to the Bondholder in all respects.

(iv) Zoning and Subdivision. The Borrower will provide evidence satisfactory to the Bondholder (which may include a zoning endorsement to the title insurance policy issued to the Bondholder) that (1) the Property is located in a zoning classification in which the Borrower's proposed use of the Property is permitted as a principal use as a matter of right and not as a nonconforming use and without the necessity of any special use permit, special exception, variance or other special approval (or if any such special use permit, special exception, variance or other special approval is required, the Bondholder must receive and approve the terms thereof), (2) the Property contains one or more contiguous record lots duly subdivided in accordance with applicable laws and with separate tax assessments and billings, and (3) there is pending no proceeding, either administrative, legislative or judicial, that, in any manner, would affect adversely the status of the zoning of the Property or any part thereof or the Borrower's right to use the Property in the manner contemplated in this Agreement.

(v) Flood Hazard Certification. The Bondholder must order and receive a flood hazard certification form as required by applicable banking regulations with respect to the Property.

(vi) Insurance. The Borrower will provide evidence that it has satisfied the insurance requirements set forth on Exhibit C to this Agreement.

(vii) Filings. The Deed of Trust will have been delivered to the title insurance company (and the title insurance company shall have agreed to insure the "gap") to be recorded among the land records of the City of Franklin, Virginia, and all Uniform Commercial Code financing statements required by the Bondholder to be filed to perfect any security interest created by the Financing Documents will have been filed and the Bondholder will have received evidence

satisfactory to it that there are no conflicting financing statements or security interests.

(viii) Environmental Audit. The Bondholder must order and receive a report of an engineering or environmental consulting firm acceptable to the Bondholder confirming that there are no hazardous or toxic substances in or at the Property, and that the Property will not violate any law or regulation protecting wetlands. The report must be acceptable to the Bondholder in its reasonable discretion.

(g) Payment of the Bondholder's remaining closing fee of \$_____ and payment of the Bondholder's counsel fee in an amount not to exceed \$_____.

(h) Such other documentation, certificates and opinions as may be reasonably required by the Bondholder.

ARTICLE IV DISPOSITION OF PROCEEDS

Section 4.1 Disposition of Proceeds; Refunding. On the Closing Date, the Authority and the Borrower hereby direct the Bondholder to transfer (i) \$_____ from the proceeds of the Bond to U.S. Bank National Association, as trustee for the Refunded Bonds (the "2002 Trustee"), with other available funds to facilitate the redemption of the outstanding principal amount of the Refunded Bonds, (ii) \$_____ as directed by the Borrower to certain vendors or to the Borrower to be used to pay, or reimburse the Borrower, for costs of issuance related to the Bond and the Series 2013A Bond. On the Closing Date, the Borrower will cause the 2002 Trustee to apply \$_____ from the _____ fund to the Refunded Bonds and \$_____ of the Borrower's equity to facilitate the redemption of the outstanding principal amount of the Refunded Bonds.

ARTICLE V INTENTIONALLY OMITTED

ARTICLE VI PAYMENTS

Section 6.1 Amounts Payable.(a) The Borrower shall make all payments required under the Note and, for the account of the Authority, shall make all payments required under the Bond, as and when the same become due (whether at maturity, by acceleration or otherwise), in the manner set forth in the Bond and shall make all other Required Payments in the manner set forth in the applicable Financing Instruments. Payments to the Bondholder shall be made in lawful money of the United States of America at the address of the Bondholder set forth in Section 11.8 or at such other place as the Bondholder may direct in writing. Any amount at any time paid to the Bondholder as a payment of principal of or interest on the Bond shall be credited against the Borrower's obligations hereunder and under the Note (but subject to collection of any instrument, draft, check or order for payment received by the Bondholder).

(b) The Borrower shall pay to the Authority when due and payable its reasonable fees and expenses related to the issuance and carrying of the Bond and the refinancing of the Project, and as due from time to time under the Authority's rules and procedures, including without limitation, attorneys' fees and expenses (provided, however, that such amounts, together with any other amounts paid to the Authority, shall not equal or exceed an amount which would cause the "yield" on the Note, this Agreement or any other "acquired purpose obligation" to be "materially higher" than the "yield" on the Bond, as such terms are defined in the Code). The obligations of the Borrower under this subsection and subsection (c) shall survive Payment of the Bond.

(c) The Borrower shall pay (i) the reasonable fees and expenses of the Bondholder, bond counsel and counsel to the Bondholder and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the Bond and the costs of producing the Financing Instruments, and (ii) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the transactions contemplated by this Agreement.

Section 6.2 Default in Payments. If the Borrower should fail to make any Required Payment when due, the Borrower shall, to the extent permitted by law, pay interest thereon at the Default Rate.

Section 6.3 Unconditional Obligations. The obligations of the Borrower to make Required Payments and to perform and observe all other covenants, conditions and agreements hereunder shall be general obligations of the Borrower and shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim the Borrower might otherwise have against the Authority or the Bondholder. Nothing in this section shall be construed as a waiver by the Borrower of any rights or claims it may have against the Authority or the Bondholder under this Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Authority or the Bondholder separately. Subject to Section 11.1, the Borrower shall not suspend or discontinue any such payment hereunder or fail to observe and perform any of its other covenants, conditions and agreements under the Financing Instruments for any cause, including without limitation any acts or circumstances that may constitute failure of consideration, failure of title to any part or all of the Project, or commercial frustration of purpose, or any damage to or destruction of all or any part of the Project, or any change in the tax or other laws of the United States of America, Commonwealth of Virginia or any political subdivision of either, or any failure of the Authority or the Bondholder to observe and perform any covenant, condition or agreement, whether express or implied, or any duty, liability or obligation contained in or arising out of or in connection with any Financing Instrument.

Section 6.4 Payments Assigned. The Borrower consents to the assignment of the Note and of certain rights of the Authority under this Agreement to the Bondholder and agrees to pay to the Bondholder all amounts payable by the Borrower pursuant to the Note and this Agreement, except for any amounts payable directly to the Authority pursuant to the provisions hereof.

Section 6.5 Optional Put. On the Optional Put Date, unless the Authority and the Borrower shall have received written notice from the Bondholder, not more than 120 days and

not less than 90 days prior to the Optional Put Date, that the Bondholder has elected not to tender the Bond for purchase on such Put Date, the Borrower shall pay or cause the payment from available funds the purchase price of the Bond, which shall be the aggregate unpaid principal amount thereof, without a premium, plus accrued and unpaid interest to the Optional Put Date, in accordance with Article X hereof. Failure of the Borrower to provide for the payment in full of the Bond on such date shall constitute an Event of Default hereunder.

Section 6.6 Capital Adequacy and Cost of Carry. (a) If any change in any law or regulation or in the interpretation thereof by any court or administrative or Governmental Authority charged with the administration thereof (including, without limitation, the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices, or any successor or similar authority), shall either (a) impose, modify or deem applicable any reserve, special deposit or similar requirement against the Bond owned by the Bondholder or (b) impose on the Bondholder any other condition relating, directly or indirectly, to this Agreement, and the result of any event referred to in the preceding clause (a) or (b) shall be to increase the cost to the Bondholder of owning the Bond (including, without limitation, any such change that results in the Bond becoming subject to federal alternative minimum tax), then, upon demand by the Bondholder, the Borrower hereby agrees to pay to the Bondholder, from time to time as specified by the Bondholder, such additional amounts as shall be sufficient to compensate the Bondholder for such increased cost. A certificate of the Bondholder claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bondholder may use any reasonable averaging and attribution methods. For the avoidance of doubt, all requests, rules, guidelines or directives (i) issued in connection with the Dodd–Frank Wall Street Reform and Consumer Protection Act, or (ii) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a change in law regardless of the date enacted, adopted, issued or implemented.

(b) If, after the date of this Agreement, the Bondholder shall have determined that the adoption or implementation of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bondholder with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bondholder's capital, on the Bond or otherwise, as a consequence of its ownership of the Bond to a level below that which the Bondholder could have achieved but for such adoption, change or compliance (taking into consideration the Bondholder's policies with respect to capital adequacy) by an amount deemed by the Bondholder to be material, then from time to time, promptly upon demand by the Bondholder, the Borrower hereby agrees to pay the Bondholder such additional amount or amounts as will compensate the Bondholder for such reduction. A certificate of the Bondholder claiming compensation under this subsection and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error. In determining any such amount, the Bondholder may use any

reasonable averaging and attribution methods. For the avoidance of doubt, this Section 6.6(b) shall apply to all requests, rules, guidelines or directives concerning capital adequacy (i) issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (ii) promulgated by Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, regardless of the date enacted, adopted, issued or implemented.

(c) Notwithstanding anything in the foregoing subsections (a) or (b) to the contrary, the obligations of the Borrower to pay additional amounts or additional compensation under this Section 6.6 shall not commence until the Bondholder has given the Borrower at least 30 days' written notice of the occurrence of any event described in such subsections (a) or (b) and a calculation of the additional amounts payable by the Borrower.

Section 6.7 Determination of Taxability. Upon the occurrence of a Determination of Taxability, the Bond shall be subject to mandatory tender for purchase from the Bondholder thereof by the Borrower at the purchase price of the Bond, which shall be the aggregate unpaid principal amount thereof, without a premium, plus accrued and unpaid interest to such purchase date in accordance with Article X hereof. In addition to the purchase price required to be paid pursuant to the terms of the Indenture, the Borrower hereby agrees to pay to the Bondholder certain additional amounts, as follows:

(a) an additional amount equal to the difference between (i) the amount of interest paid on the Bond during the Taxable Period and (ii) the amount of interest that would have been paid on the Bond during the Taxable Period had the Bond borne interest at the Taxable Rate; plus

(b) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Bondholder as a result of the occurrence of a Determination of Taxability.

The Borrower also shall make reasonable arrangements satisfactory to the Authority and the Bondholder for the payment of their reasonable expenses, including reasonable legal expenses, incurred in connection with any Determination of Taxability. Notwithstanding any other provision of this Agreement, the obligations of the Borrower pursuant to this Section shall continue following the expiration of the term of this Agreement.

ARTICLE VII SPECIAL COVENANTS

Section 7.1 Maintenance and Modifications by Borrower. The Borrower shall, at its own expense, keep the Project in as reasonably safe condition as its operations shall permit and keep the Project in good repair and operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs, renewals and replacements. The Borrower may, at its own expense, make any additions, modifications or improvements to the Project that it deems desirable.

Section 7.2 Taxes, Charges and Liens. The Borrower (a) shall pay, as the same become due, all taxes and governmental charges of any kind whatsoever lawfully assessed, levied or imposed with respect to payments under this Agreement, the Project or any machinery, equipment or other property installed or brought by the Borrower thereon, and (b) shall pay as the same become due all utility and other charges incurred in the operation, maintenance, use and occupancy of the Project and all assessments and charges lawfully made by a governmental body for public improvements to the Project. The Borrower may, however, contest in good faith any such tax, assessment or charge after giving the Bondholder ten days' advance notice of such contest, in which event the Borrower may permit such tax, charge or assessment to remain unpaid, or such lien to remain unsatisfied and undischarged, during the period of such contest and any appeal therefrom.

Section 7.3 Insurance. The Borrower shall continuously maintain or cause to be maintained insurance against such risks as are customarily insured against by similarly situated educational institutions in Virginia, paying as the same become due all premiums in respect thereto, in accordance with the Bondholder's requirements as set forth in Exhibit C. The Borrower has previously furnished to the Bondholder a copy of such certificate(s) of insurance coverage, and shall furnish to the Bondholder, from time to time, evidence of any renewal or replacement of such policy (or policies).

Section 7.4 Cure by Authority or Bondholder. If the Borrower shall fail to make any payment or perform any act required of it hereunder, the Authority or the Bondholder, without prior notice to or demand upon the Borrower and without releasing any obligation or waiving any default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by the Authority or the Bondholder and all costs, fees and expenses so incurred, including reasonable counsel fees, shall be immediately due and payable by the Borrower as an additional obligation under this Agreement, together with interest thereon at the Taxable Rate, to the extent permitted by law.

Section 7.5 Undertaking and Use of Project. The Borrower shall obtain all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Project, whether now existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other changes to the Project and irrespective of the cost of making the same. Upon request by the Bondholder, the Borrower shall furnish to the Bondholder evidence of the Borrower's compliance with the requirements of the preceding sentence. The Borrower shall use the Project for the purposes contemplated by the Authorizing Resolution until Payment of the Bond; provided that the Borrower may change the use of the Project, or cause such use to be changed, if the Borrower shall have first delivered to the Bondholder an opinion of Bond Counsel that such change in use will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 7.6 Indemnification.(a) The Borrower shall (i) protect, indemnify and save harmless the Authority and the Bondholder and any person who "controls" (within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20(a) of the Securities Exchange Act of 1934, as amended) the Bondholder (collectively, the "Indemnified Parties") from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs

and expenses (including, without limitation, attorneys' fees and expenses and settlement amounts) imposed upon or incurred by or asserted against any Indemnified Party on account of or related to (A) any failure of the Borrower to comply with any of the terms, warranties, covenants or representations in the Financing Instruments, or (B) any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof; and (ii) at all times protect, indemnify and save harmless the Indemnified Parties from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation, attorneys' fees and expenses and settlement amounts) imposed upon or incurred by or asserted against the Indemnified Parties on account of or related to (A) the initial sale, issuance or offering for sale of the Bond or (B) any action related to the acts, representations, covenants, obligations or other matters contemplated by, required by or related to the Financing Instruments; provided that such indemnity shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the proceeds received by it from any insurance carried with respect to such loss and provided further that benefits of this section shall not inure to any person other than the Indemnified Parties. Nothing contained herein shall require the Borrower to indemnify the Authority for any claim or liability resulting from its negligence or its willful, wrongful acts or any other Indemnified Party for any claim or liability resulting from its or his negligence or willful, wrongful acts.

(b) The Borrower shall also indemnify and hold harmless the Indemnified Parties against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in information submitted by the Borrower to the Authority or to the Bondholder with respect to the initial issuance and purchase of the Bond or caused by any omission or alleged omission of any material fact necessary to be stated therein in order to make such statements to the Authority and the Bondholder not misleading or incomplete.

(c) If any action is brought against any Indemnified Party in respect of which indemnity may be sought from the Borrower under subsection (a) or (b) above, such Indemnified Party shall promptly notify the Borrower in writing, and the Borrower shall assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Each Indemnified Party has the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel will be at the expense of such Indemnified Party unless the employment of such counsel has been specifically authorized by the Borrower. The Borrower will not be liable for any settlement of any such action made without its consent, but if such action is settled with the consent of the Borrower or if there be a final judgment for the plaintiff in such action, the Borrower shall indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

(d) The obligations of the Borrower under this section shall survive Payment of the Bond. All references in this section to any Indemnified Party shall include its members, directors, officers, employees and agents.

Section 7.7 Tax Exemption for Bond.(a) Neither the Authority nor the Borrower shall cause any proceeds of the Bond to be expended except pursuant to this Agreement. The Borrower shall not (i) permit the proceeds of the Bond to be expended in any way that would result in (A) more than 5% of the Net Proceeds of the Bond being used (directly or indirectly) in one or more Trades or Businesses of one or more persons other than 501(c)(3) Organizations or in one or more Unrelated Trades or Businesses, (B) more than 5% of the proceeds of the Bond being used (directly or indirectly) to make or finance loans to one or more persons other than 501(c)(3) Organizations or to one or more 501(c)(3) Organizations with respect to one or more Unrelated Trades or Businesses, or (C) issuance costs of the Bond in excess of 2% of the proceeds (as such term is used for purposes of Section 147(g) of the Code) of the Bond being financed from the proceeds from the sale of the Bond, or (ii) take or omit to take any other action with respect to the use of such proceeds if the taking of or omission to take such action would result in interest on the Bond being includable, in whole or in part, in the gross income of the owner of the Bond for federal income tax purposes under Section 103 of the Code. The Borrower shall not take or omit to take any other action if the taking of or omission to take such action would cause such interest to be so includable. All property that is provided by the Net Proceeds of the Bond shall be owned by the Borrower at all times. The Borrower shall not permit or cause the Project or any part thereof to be leased to or managed by any person in violation of this subsection.

(b) (i) The Borrower shall not (A) take or omit to take any action, or make or approve any investment or use of any proceeds of the Bond or any other moneys or the taking or omission of any other action, which would cause the Bond to be an arbitrage bond within the meaning of Section 148 of the Code, or (B) approve the use of any proceeds from the sale of the Bond otherwise than in accordance with the Authority's "non-arbitrage" certificate given at the issuance of the Bond barring any unforeseen circumstances, in which event the Borrower shall use such proceeds with due diligence and shall comply with such certificate to the extent feasible. Without limiting the generality of the foregoing, the Borrower shall at its sole expense take all action required under Section 148 of the Code and regulations thereunder to prevent loss of the exclusion from gross income for federal income tax purposes of interest on the Bond under such section.

(ii) Not later than 50 days after each Computation Date, the Borrower shall (A) pay to the United States on behalf of the Authority the Rebate Amount Payable for such Computation Date, and (B) furnish to the Bondholder a certificate of the Borrower that such payment was made, setting forth the amount and date of such payment. Such certificate shall be accompanied by a certificate prepared or approved by independent certified public accountants or by some other person, satisfactory to the Bondholder, experienced in the event of amounts to be rebated under Section 148(f) of the Code, setting forth the Rebate Amount and Rebate Amount Payable with respect to such Computation Date and the computation thereof.

(iii) Any payment to the United States under this subsection shall be made in accordance with regulations under Section 148(f) of the Code, shall be made to such address as may be specified in such regulations or otherwise

specified by the United States Treasury Department, and shall be accompanied by such forms, statements or other items as may be specified in such regulations or otherwise specified by the United States Treasury Department.

(iv) If the regulations under Section 148(f) of the Code as in effect at the date of issue of the Bond should hereafter be modified or replaced, the Borrower shall pay to the United States in a timely manner all amounts to be rebated pursuant to Section 148(f) of the Code in accordance with the regulations in effect from time to time and otherwise comply with such regulations in such manner as may be necessary to prevent the Bond from being an arbitrage bond (to the extent such regulations are applicable with respect to the Bond). With respect to any such payment to the United States, the Borrower shall immediately furnish to the Bondholder the certificates provided for in paragraph (ii).

(v) For a period of six years following the final Computation Date or such longer period as may be specified in regulations under Section 148(f) of the Code, the Borrower, on behalf of the Authority, shall maintain (A) an executed counterpart of each election made by the Authority with respect to amounts to be rebated to the United States under Section 148(f) of the Code with respect to the Bond and (B) records of all events made with respect to such amounts.

(vi) The provisions of this subsection shall survive the Payment of the Bond.

(vii) The provisions of paragraphs (ii) through (v), inclusive, shall be inapplicable (A) with respect to any portion (including all) of the Bond which is not subject to the requirements of Section 148(f)(2) of the Code by reason of subparagraph (A), (B) or (C) of Section 148(f)(4) of the Code or Treasury Regulations Section 1.148-7, and (B) at any time as of and prior to which no nonpurpose investments (as defined in Section 148(f)(6) of the Code) shall have been acquired with gross proceeds (as defined in Section 148(f)(6) of the Code) of the Bond.

(c) The Borrower shall not permit any payment out of the proceeds of the Bond if, as a result of such payment the average maturity of the Bond would exceed 120% of the average reasonably expected economic life of the facilities financed from the Net Proceeds of the Bond, as determined in accordance with Section 147(b) of the Code.

(d) No proceeds of the Bond shall be used to provide any airplane, skybox or other private luxury box, facility primarily used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No proceeds of the Bond shall be used directly or indirectly to provide residential rental property for family units unless the first use of such property is pursuant to the financing provided by the Bond, within the meaning of Section 145(d) of the Code. If the first use of any portion of such property is pursuant to taxable financing (as defined in Section 145(d)(3)(C) of the Code), (i) the Borrower represents that (A) there was a reasonable expectation (at the time such taxable financing was provided) that such taxable financing

would be replaced by the financing provided by the Bond, and (B) the Bond is being issued to replace such taxable financing within a reasonable period after such taxable financing was provided, and (ii) the first use of such portion shall be deemed to be pursuant to the financing provided by the Bond if the Borrower shall cause the proceeds from the sale of the Bond to be used to replace such taxable financing on, or as soon as practicable after, the Closing Date.

(e) No portion of the Project shall be leased to the United States or any agency or instrumentality thereof, nor shall the Borrower take, or permit any lessee or user of the Project to take, any action that would cause the Bond to be deemed to be federally guaranteed (as defined in Section 149(b)(2) of the Code).

(f) The Borrower shall (i) take all such actions as may be necessary to cause the Borrower to continue to be a 501(c)(3) Organization that is not a private foundation (within the meaning of Section 509(a) of the Code), and (ii) shall not take any action that might cause it to cease to be such a 501(c)(3) Organization. The Borrower shall file in a timely manner all reports and other documents that are required to be filed with any governmental body (A) by such a 501(c)(3) Organization or (B) in order to remain such a 501(c)(3) Organization.

(g) The Borrower and the Authority (at the request and expense of the Borrower) shall file any reports or statements and take such other action as may be required from time to time to cause the Bond to be and remain a qualified 501(c)(3) bond within the meaning of Section 145 of the Code.

(h) If the Borrower shall collect a Restricted Gift, the Borrower shall, as soon as practicable and no later than 13 months after its receipt of such Restricted Gift, apply such Restricted Gift to the payment of the cost of the Project or to pay debt service on or prepayment of the Bond. To the extent that a Restricted Gift cannot be so applied, the Borrower shall invest such Restricted Gift as provided in the Authority's "non-arbitrage" certificate given at the issuance of the Bond.

(i) The Borrower shall not permit any portion of the Project the acquisition, renovation or construction of which is financed or refinanced, in whole or in part, with the proceeds from the sale of the Bond to be used in a Trade or Business of any person that is not a 501(c)(3) Organization or in any Unrelated Trade or Business of the Borrower or any other person.

(j) Any provision of this section shall be of no further effect if and to the extent that such provision is, in the opinion of Bond Counsel, expressed in an opinion of such Bond Counsel, satisfactory to the Bondholder, delivered to the Bondholder and the Borrower, not necessary to cause the interest on the Bond to be excludable from gross income for federal income tax purposes.

Section 7.8 Certificate as to No Default. The Borrower shall deliver to the Bondholder and the Authority concurrently with the delivery of each of the annual financial statements required in Section 7.10, the certificate of an Authorized Representative stating that,

during the period covered by such financial statements and as of the date of such certificate, no event or condition has occurred or existed, or is occurring or existing, that constitutes or that, with notice or lapse of time or both, would constitute an Event of Default, or if such an event or condition has occurred or existed, or is occurring or existing, specifying the nature and period of such event or condition and what action the Borrower has taken, is taking or proposes to take with respect thereto. The Borrower shall promptly notify the Bondholder at any time the Borrower becomes aware of any event or condition described in the preceding sentence.

Section 7.9 References to Bond Ineffective after Bond Paid. Upon Payment of the Bond, all references in this Agreement to the Bond shall be ineffective, and the Authority and the Bondholder shall thereafter have no rights hereunder, except as explicitly provided herein.

Section 7.10 Financial Records and Statements. The Borrower shall maintain proper books of record and account, in which full and correct entries shall be made, in accordance with generally accepted accounting principles applied on a consistent basis from year to year, within 150 days after the end of each of its fiscal years (or such other date agreed to by the Bondholder), shall furnish the Authority and the Bondholder copies of the consolidated balance sheet of the Borrower as of the end of such fiscal year and a consolidated profit and loss statement and statement of cash flows of the Borrower and its consolidated entities for such fiscal year, all in reasonable detail, with supporting schedules. All financial statements referred to in the preceding sentence shall be accompanied by (a) an unqualified opinion, or other opinion satisfactory to the Bondholder, with respect thereto rendered by independent certified public accountants acceptable to the Bondholder and (b) any management letter provided to the Borrower by such accountants. The Borrower shall furnish the Bondholder such additional unaudited financial statements of the Borrower as the Bondholder may reasonably request.

Section 7.11 Proof of Payment of Taxes and Other Charges. The Borrower shall upon request furnish the Authority or the Bondholder proof of payment of any taxes, governmental charges, utility charges, insurance premiums or other charges required to be paid by the Borrower under this Agreement.

Section 7.12 Inspection and Right of Access. The Bondholder, the Authority and their duly authorized agents shall have the right at all reasonable times and upon reasonable notice to enter upon and inspect any part of the Project and to examine, inspect and make copies of the books, records and accounts of the Borrower insofar as such books, records and accounts relate to the Project and the Bond.

Section 7.13 Maintenance of Existence. The Borrower shall maintain its corporate existence and its qualification to do business in Virginia. The Borrower shall not dissolve or otherwise dispose of all or substantially all of its business and assets, or consolidate with or merge into another entity or permit one or more other entities to merge into it. The Borrower shall continue to be a private, nonprofit institution under the laws of the Commonwealth of Virginia.

ARTICLE VIII
DAMAGE, DESTRUCTION, CONDEMNATION AND LOSS OF TITLE

Section 8.1 Parties to Give Notice. In case of any material damage to or destruction of any part of the Project, the Borrower shall give prompt notice thereof to the Bondholder. In case of a taking of any part of the Project or any right therein under the exercise of the power of eminent domain or any loss thereof because of failure of title thereto or the commencement of any proceedings or negotiations that might result in such a taking or loss, the Borrower shall give prompt notice to the Bondholder. Each such notice shall describe generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 8.2 Damage, Destruction, Condemnation and Loss of Title. If before payment of the Bond any part of the Project is damaged or destroyed by fire or other casualty, condemned or lost because of failure of title, the Borrower shall give prompt notice to the Bondholder and shall cause the Net Proceeds received by them on account of any such damage, destruction or condemnation to be applied (i) to the prepayment of the Note, (ii) to payment of the cost of the replacement, repair, rebuilding or restoration, either on completion thereof or as the work progresses, of the Project to substantially the same condition as prior to such damage, destruction, condemnation or loss of title, with such alterations and additions as the Borrower may reasonably determine and as will not impair the capacity or character of the Project for the purpose for which such are then being used or are intended to be used, or (iii) with the approval of the Bondholder, to the construction, renovation and equipping of a facility comparable in capacity and purposes to the Project on a site chosen by the Borrower and approved by the Bondholder. In the event of any such damage, destruction or loss of title, the Bondholder may (but shall be under no obligation to) make proof of loss to any insurance company if not promptly made by the Borrower.

The Bondholder may require, as conditions to application of such Net Proceeds to the replacement, repair, rebuilding or restoration, that (a) the Borrower shall supply to the Bondholder a certificate from an architect or engineer selected by the Borrower and acceptable to the Bondholder stating the estimated cost of such work and (b) such estimated cost shall not exceed the sum of such Net Proceeds and other funds provided or to be provided by the Borrower to the Bondholder for such purpose.

The Net Proceeds and any funds provided by the Borrower shall be delivered to and held by the Bondholder in a special escrow account and disbursed from time to time as provided herein. The reasonable expenses or charges of such architect or engineer and the costs of replacement, repair, rebuilding or restoration of the Project shall be paid out of the escrowed funds held by the Bondholder. The Bondholder may withhold from each amount disbursed 10% thereof until all of such work is completed and proof has been furnished to the Bondholder that no lien or liability has attached or will attach to the Project in connection with such work and that the Project is otherwise free and clear of security interests of every kind except any encumbrances permitted or otherwise approved by the Bondholder. The Bondholder may as a condition precedent to any disbursement require the Borrower to submit for approval by the Bondholder complete and detailed plans and specifications for such work, together with evidence that such work may be accomplished at a cost not greater than the escrowed funds available, or that the necessary funds are otherwise available to the Borrower.

If Net Proceeds applied to replacement, repair, rebuilding or restoration shall not be sufficient to pay in full such cost, the Borrower shall pay or make arrangements satisfactory to the Bondholder to pay that portion of the cost in excess of such Net Proceeds. The Borrower will not by reason of the payment of such excess cost be entitled to any interest other than their interest under this Agreement or to any reimbursement from the Authority or the Bondholder or to any abatement or diminution of the payment required hereunder or under the Note.

Any balance of such escrowed funds remaining after payment of the cost of replacement, repair, rebuilding or restoration shall be paid to the Bondholder as a prepayment of the Bond, provided that after Payment of the Bond all such escrowed funds shall be paid to the Borrower.

The Authority and the Borrower hereby irrevocably assign, transfer and set over to the Bondholder all of their rights to any Net Proceeds from the taking of all or any part of the Project by the exercise of the power of eminent domain or the loss thereof because of failure of title. Nothing in this section shall be construed to limit the remedies of the Bondholder hereunder in the event that any damage or loss of title to or destruction or condemnation of the Project shall constitute an Event of Default hereunder.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 **Event of Default.** Each of the following shall be an Event of Default:

(a) Failure of the Borrower to make any payment of principal of or interest on the Note when due or the failure of the Borrower to honor its obligation to purchase the Bond as provided in Sections 6.5 or 6.7 and the continuation of such failure for three Business Days after written or oral notice of such failure.

(b) Failure of the Borrower to observe or perform any of its other covenants, conditions or agreements hereunder for a period of 30 days after notice (unless the Borrower and the Bondholder shall agree in writing to an extension of such time prior to its expiration) specifying such failure and requesting that it be remedied, given by the Bondholder to the Borrower, or in the case of any such default that can be cured but cannot with due diligence be cured within such 30-day period, failure of the Borrower to proceed promptly to cure the same and thereafter prosecute the curing of the same with due diligence.

(c) (i) Failure of the Borrower to pay generally its debts as they become due subject to the provisions of Section 7.16, (ii) commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, (iii) consent by the Borrower to the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Borrower or any substantial part of the property of the Borrower, or to the taking possession by any such official of any substantial part of the property of the Borrower, or (iv) making by the Borrower of any assignment for the benefit of creditors generally.

(d) The entry of any decree or order for (i) relief by a court having jurisdiction over the Borrower or the property of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or (ii) appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for the Borrower or any substantial part of the property of the Borrower.

(e) Failure of the Borrower within 90 days after the commencement of any proceeding against the Borrower under the federal bankruptcy laws or any other applicable federal or state bankruptcy, insolvency or similar law, to have such proceedings dismissed or stayed.

(f) Reasonable determination by the Bondholder that any warranty, representation or other statement by or on behalf of the Borrower or the Authority contained in the Agreement or any financial statement or other information furnished in connection with the issuance or sale of the Bond was false or misleading in any material respect at the time it was made or delivered.

(g) The occurrence of an Event of Default under the Bondholder Covenant Agreement or any other Financing Instrument.

Section 9.2 Remedies on Default. Upon the occurrence and continuation of an Event of Default, the Bondholder may exercise any remedies under the Deed of Trust and the following:

(a) Declare all payments hereunder and under the Bond and the Note to be immediately due and payable, whereupon the same shall become immediately due and payable; provided that all such payments shall automatically be immediately due and payable, without the necessity of any action by the Bondholder, upon the occurrence of an Event of Default described in subsection (c), (d) or (e) of Section 9.1.

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or under the Bond or the Note or to enforce observance or performance of any covenant, condition or agreement of the Borrower under the Financing Instruments.

The Bondholder shall give notice to the Borrower of the exercise by the Bondholder of any of the rights or remedies under this section (i) in writing in the manner provided in Section 11.8 and (ii) by telephone, telegram or electronic mail, provided that failure to give such notice by telephone, telegram or electronic mail shall not affect the validity of the exercise of any right or remedy under this section.

Any balance of the moneys collected pursuant to action taken under this section remaining after payment of all costs and expenses of collection and amounts due hereunder shall be paid to the Bondholder and applied toward the making of Required Payments then due and payable, provided that after Payment of the Bond and payment of all other sums required by applicable law any such balance shall be paid to the Borrower.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, and any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 9.4 Counsel Fees and Other Expenses. The Borrower shall on demand pay to the Authority and the Bondholder the reasonable counsel fees and other reasonable expenses incurred by either of them in the collection of payments hereunder or the enforcement of any other obligation of the Borrower upon an Event of Default. Further, the Borrower's obligation to pay the expenses of the Authority, the Bondholder, or any other expenses because of the occurrence of an Event of Default shall survive Payment of the Bond.

Section 9.5 No Additional Waiver Implied by One Waiver. If any party or its assignee waives a default by any other party under any covenant, condition or agreement herein, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X PREPAYMENT

Section 10.1 Option to Prepay. The Bond may be prepaid at the option of the Authority (at the direction of the Borrower) according to its terms. Whenever the Borrower shall direct the Authority to make a prepayment of the Bond, the Borrower shall prepay its obligations under this Agreement and the Note by making such prepayment of the Bond for the account of the Authority. Such prepayment of the Bond shall be deemed prepayment of the Borrower's obligations hereunder and under the Note in the same amount. Prepayment of the Bond in full shall discharge the Borrower from its obligations under this Agreement and the Note (other than obligations that survive Payment of the Bond), but only if such prepayment shall constitute Payment of the Bond.

Section 10.2 Mandatory Prepayment. If at any time the Bond is required to be prepaid in whole or in part at the option of the Bondholder or pursuant to this Agreement, the Borrower shall prepay the Bond and the Note, and its obligations hereunder, in the same manner as though it had elected to make such prepayment pursuant to Section 10.1. If Bond Counsel shall determine that the outstanding principal amount of the Bond is such that the Bond may be deemed to be an "arbitrage bond" within the meaning of Section 148 of the Code, the Borrower shall prepay the Bond and the Note in such amount as Bond Counsel shall deem necessary to avoid the Bond being deemed to be an "arbitrage bond." Such prepayment shall be made immediately following the issuance of the Bond and shall be made in the same manner as though the Borrower had elected to make such prepayment pursuant to Section 10.1. Any prepayment provided for in this section shall not be subject to the requirements that prepayments be made in multiples of \$5,000 and that advance notice be given.

ARTICLE XI MISCELLANEOUS

Section 11.1 Term of Agreement. This Agreement shall be effective upon execution and delivery hereof. Subject to earlier satisfaction upon prepayment of all of the Borrower's obligations hereunder pursuant to Article X and the making in full of all other Required Payments due and payable at the date of such prepayment and subject to any provisions hereof which survive Payment of the Bond, the Borrower's obligations hereunder shall expire on the date provided in the Bond for the final payment of principal thereon, or if all Required Payments have not been made on such date, when all Required Payments shall have been made.

Section 11.2 Successors and Assigns. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. No assignment by the Borrower shall relieve the Borrower of its obligations hereunder.

Section 11.3 Limitation of Authority's Liability. No covenant, agreement or obligation contained in any Financing Instrument shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his individual capacity, and neither the directors of the Authority nor any officer thereof executing any Financing Instrument shall be liable personally on such Financing Instrument or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee, agent or attorney of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to the Financing Instruments or the Act or any of the transactions contemplated thereby, provided he acts in good faith.

The obligations of the Authority under the Financing Instruments to which it is a party are not general obligations of the Authority but are limited obligations payable solely from the revenues and receipts derived from the repayment of the loan of the proceeds of the Bond made to the Borrower pursuant to this Agreement, which revenues and receipts have been pledged and assigned to such purposes. Neither the Commonwealth of Virginia nor any political subdivision thereof, including the Authority and Southampton County, shall be obligated to pay the obligations under the Financing Instruments to which the Authority is a party or other costs incident thereto except from the revenues and receipts pledged therefor, and neither the faith and credit nor the taxing power of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and Southampton County, is pledged to the payment of such obligations.

Section 11.4 If Payment or Performance Date is Not a Business Day. If the specified or last date for the making of any payment, the performance of any act or the exercising of any right, as provided in this Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day; provided that interest shall accrue during any such period during which payment shall not occur.

Section 11.5 Registration of the Bond. The Bond shall be issued in registered form without coupons, payable to the registered owner or registered assigns. The Authority shall keep books for the registration of transfer of the Bond as the Bond Registrar. The transfer of the Bond may be registered only upon an assignment executed by the registered owner in such form as

shall be satisfactory to the Borrower and the Authority, such registration to be made on the registration books and endorsed on the Bond by the Bondholder. The person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal and purchase price of and interest on the Bond shall be made only to or upon the order of the registered owner thereof or his legal representative.

Section 11.6 Severability. If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 11.7 Applicable Law; Entire Understanding. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia. The Financing Instruments express the entire understanding and all agreements between the parties and may not be modified except in a writing signed by the parties. No Financing Instrument may be modified before Payment of the Bond without the consent of the Bondholder and the Borrower. The Bondholder and the Borrower may, without the consent of the Authority, amend any of the provisions of Article VII, other than those contained in Sections 7.4, 7.5, 7.6, 7.8, 7.9, 7.12 and 7.13.

Section 11.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

Section 11.9 Notices. Except as may otherwise be provided herein, all demands, notices, approvals, consents, requests and other communications hereunder and under the other Financing Instruments shall be in writing and shall be delivered or given by first class mail, postage prepaid, or overnight courier addressed as follows:

(a) If to the Borrower, at:

The Village at Woods Edge
1401 N. High Street
Franklin, Virginia 23851
Attention: Executive Director

(b) If to the Authority, at:

Industrial Development Authority of
the County of Southampton, Virginia
P.O Box 400
Courtland, Virginia 23837
Attention: Chairman

(c) If to the Bondholder, at:

SunTrust Bank
123 N. Main Street
Suffolk, Virginia 23434
Mail Code. NOR 6481
Attention: Lynn E. Powell

The Borrower, the Authority and the Bondholder may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests and other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.10 Other Agreements. To the extent that the execution and delivery of any Financing Instrument by the Borrower, or the performance of its obligations thereunder, would constitute a violation of or default under any other agreement to which the Bondholder and the Borrower are parties, such other agreement is hereby amended to permit such execution and delivery or such performance, as the case may be, and any default under such agreement resulting from such execution and delivery or such performance is hereby waived.

DRAFT

IN WITNESS WHEREOF, the Authority, the Bondholder and the Borrower have caused this Agreement to be executed in their respective names, all as of the date first above written.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON,
VIRGINIA**

By: _____
Chairman

SUNTRUST BANK, as Bondholder

By: _____
[Title]

THE VILLAGE AT WOODS EDGE

By: _____
[Title]

FORM OF BOND

R-1

Dated: March __, 2013

Due: March __, 2033

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON, VIRGINIA**

[\$4,992,000]

**Residential Care Facility Mortgage Revenue Refunding Bond
(The Village at Woods Edge), Series 2013B**

The Industrial Development Authority of the County of Southampton, Virginia, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received, hereby promises to pay, solely from the source and as hereinafter provided, to the order of SunTrust Bank (together with any successor registered holder of this Bond, the "Bondholder"), at its principal office in Franklin, Virginia, or at such other place as the holder of this Bond may in writing designate, in lawful money of the United States of America, the principal amount of \$[4,992,000], together with interest on the outstanding and unpaid principal amount as set forth below. The Bond shall mature on March __, 2033, subject to prior redemption or purchase, and the principal amount of this Bond shall be payable in monthly installments on the respective due dates and in the respective amounts as set forth in Schedule A hereto.

Interest on this Bond shall be calculated on the basis of 360 days applied to the actual number of days elapsed. The unpaid principal balance of this Bond shall bear interest until this Bond is paid in full at an annual rate (collectively, the "Interest Rate") equal to (I) 65% of the sum of Libor, as defined below, plus 1.95 basis points (1.95%), multiplied by (II) the Margin Rate Factor, as defined below; provided, however, that upon a determination by the Bondholder that the Bond is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code (or any successor provision), then from and after the date on which the Bond is not a "qualified tax-exempt obligation" the interest rate shall be established at a rate equal to (I) 77% of the sum of Libor, plus 1.95 basis points (1.95%), multiplied by (II) the Margin Rate Factor.

"Libor" means the rate per annum that is equal to the quotient of: (i) the rate per annum equal to the offered rate for deposits in U.S. dollars for a one month period, which rate appears on that page of Bloomberg reporting service, or such similar service as determined by the Bondholder, that displays British Bankers' Association interest settlement rates for deposits in U.S. Dollars, as of 11:00 A.M. (London, England time) two Business Days prior to (a) date of

this Bond and (b) thereafter, the first day of each month (the “Rate Determination Date”); provided, that if no such offered rate appears on such page, the rate used for such month will be the per annum rate of interest determined by the Bondholder to be the rate at which U.S. dollar deposits for the month, are offered to the Bondholder or its commercial banking affiliate in the London Inter-Bank Market as of 11:00 A.M. (London, England time), on the day that is two Business Days prior to the Rate Determination Date, divided by (ii) a percentage equal to 1.00 minus the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th of 1%) in effect on any day to which the Bondholder or its commercial banking affiliate is subject with respect to any Libor loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to eurocurrency funding (currently referred to as “eurocurrency liabilities” under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Margin Rate Factor” means the product of (a) one minus the Maximum Federal Corporate Tax Rate as defined below multiplied by (b) 1.53846. The Margin Rate Factor shall be 1.0 so long as the Maximum Federal Corporate Tax Rate shall be 35% and thereafter shall increase from time to time effective as of the effective date of any decrease in the Maximum Federal Corporate Tax Rate.

“Maximum Federal Corporate Tax Rate” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations shall not be applicable to the Bondholder, the maximum statutory rate of federal income taxation which could apply to the Bondholder).

If for any reason the Bondholder is not able to determine LIBOR, or LIBOR does not accurately reflect the Bondholder’s cost of funds, or it becomes illegal for the Bondholder to maintain the Bond based on Libor, the Bondholder shall give written notice thereof to the Authority and the Borrower, and thereafter the Interest Rate shall be (i) 65% of the Base Rate (as defined below), multiplied by (ii) the Margin Rate Factor, until such time that such condition or conditions no longer exist and the Bondholder gives written notice thereof to the Authority and the Borrower; provided, however, that upon a determination by the Bondholder that the Bond is not a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code (or any successor provision), then from and after the date on which the Bond is not a “qualified tax-exempt obligation” the interest rate shall be established at a rate equal to (I) 77% of the Base Rate multiplied by (II) the Margin Rate Factor.

“Base Rate” means the higher of (i) the per annum rate which the Bondholder publicly announces from time to time to be its prime lending rate, as in effect from time to time and (ii) the Federal Funds Rate, as in effect from time to time, plus 0.50% per annum. Any change in such rates shall be effective as of the date of such change in such rates.

“Federal Funds Rate” shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next

succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100th of 1% of the quotations for such day transactions received by the Bondholder from three Federal funds brokers of recognized standing selected by the Bondholder.

The determination by the Bondholder of the Interest Rate (absent manifest error) shall be conclusive and binding upon the Authority and the Borrower. Upon a Determination of Taxability, this Bond will bear interest at a Taxable Rate as provided in the Agreement (hereinafter defined). Certain payments on this Bond or related thereto may bear interest at the Default Rate as provided in the Agreement.

Accrued interest on this Bond shall be paid monthly, in arrears, commencing on the first Business Day of _____, 2013, and shall continue on the first Business Day of each calendar month thereafter until the entire unpaid principal balance of this Bond is paid. On March ____, 2033, the entire unpaid principal amount of this Bond, and all accrued interest thereon, shall be due and payable, if not sooner paid hereunder.

This Bond and the interest hereon are limited obligations of the Authority payable solely from the revenues and moneys derived by the Authority from the repayment of the loan by the Authority to the Borrower of the proceeds from the sale of this Bond pursuant to the Agreement (as defined below), which revenues and moneys have been pledged and assigned to secure payment hereof. THIS BOND AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND SOUTHAMPTON COUNTY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND SOUTHAMPTON COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND MONEYS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND SOUTHAMPTON COUNTY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT THERETO. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of the Authority in his individual capacity, and neither directors of the Authority nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond is authorized and issued pursuant to the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia of 1950, as amended and in effect from time to time), and a Bond Purchase and Loan Agreement dated as of March 1, 2013 (the "Agreement"), between the Authority, The Village at Woods Edge (the "Borrower"), and the Bondholder.

The proceeds of this Bond are to be used, together with other available funds, to (a) refinance a portion of the Borrower's \$9,165,000 promissory note dated June 28, 2006, in

connection with the refunding of (i) the outstanding portion of the Residential Care Facility First Mortgage Revenue Note (The Village at Woods Edge), Series 2006A, issued by the Industrial Development Authority of the City of Franklin, Virginia (the “Franklin Authority”), and (ii) the outstanding portion of the Residential Care Facility First Mortgage Revenue Refunding Bonds (The Village at Woods Edge), Series 2002 (the “2002 Bonds”), issued by the Franklin Authority; and (b) pay certain expenses of issuing the Bond and other bonds issued to finance additional projects at the Borrower’s facility for the residence and care of the elderly. Reference is hereby made to the Agreement for a description of the provisions, among others, with respect to the nature and extent of the security for this Bond, additional amounts payable thereunder the rights, duties and obligations of the Authority and the rights of the holder of this Bond with respect thereto.

If any payment hereunder shall be due on a date which is not a Business Day (as defined in the Agreement), such payment shall be made on the next succeeding Business Day.

Upon 30 calendar days’ prior written notice to the Bondholder, the Authority at the direction of the Borrower may prepay amounts owing under this Bond at any time and from time to time, without premium. Such prepayment notice shall specify the amount of the prepayment which is to be applied. Any partial prepayment shall be applied to installments of principal in the inverse order of maturity and shall not postpone the due dates of, or relieve the amounts of, any scheduled installment payments due hereunder. Any amounts repaid hereunder may not be re-borrowed.

On March ___, 2023, this Bond is subject to optional tender for purchase, by the holder hereof, on not less than 120 days’ notice to the Borrower and the Authority, as and to the extent provided in the Agreement.

Upon default in the payment when due of any installment of principal of or interest (including supplemental interest) on this Bond and the continuation of such default, or upon the occurrence and continuation of an Event of Default under the Agreement, the holder or this Bond may at its option declare the entire principal balance and all accrued interest hereon to be due and payable immediately.

Ownership of this Bond may be transferred only by surrender hereof to the Authority and the issuance of this Bond or a replacement therefore to the transferee by the Authority. The Authority shall not be required to effect any such transfer unless properly indemnified for its expenses related to such transfer (including reasonable attorneys’ fees) by the prospective transferee.

All acts, conditions and things required to happen, exist or to be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

The Board of Supervisors of Southampton County, Virginia, has designated this Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b)(3) of the Code.

IN WITNESS WHEREOF, the Authority has caused this Bond to be signed by its Chairman or Vice-Chairman and its seal to be affixed hereon and attested by its Secretary or Assistant Secretary, and this Bond to be dated the date set forth above.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON,
VIRGINIA**

By: _____
Its: Chairman

(SEAL)

ATTEST:

Its: Secretary

DRAFT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, endorses without recourse and transfers unto _____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF TRANSFEREE

the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints

attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

By: _____

NOTICE: the signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

IN THE PRESENCE OF:

Please affix signature guarantee ink stamp below with appropriate signature, title of officer and date.

NOTICE: Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Paying Agent, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange

Act of 1934, as amended.

Schedule A

MONTHLY AMORTIZATION SCHEDULE

DRAFT

**FORM OF PROMISSORY NOTE
THE VILLAGE AT WOODS EDGE**

[\$4,992,000]

March __, 2013

The Village at Woods Edge (the “Borrower”), for value received, hereby promises to pay the Industrial Development Authority of the County of Southampton, Virginia (the “Authority”), or assigns, at the office of SunTrust Bank (the “Bondholder”) in Franklin, Virginia, or at such other place as the holder of this Note may direct in writing, in lawful money of the United States of America, the principal sum of \$[4,992,000], together with interest hereon from the date hereof until payment hereof.

Payments of principal hereof and interest hereon and the rate or rates of interest hereon shall be identical to payments and rates for the Authority’s Residential Care Facility Mortgage Revenue Refunding Bond (The Village at Woods Edge), Series 2013B, in a principal amount equal to the principal amount hereof (the “Bond”), dated the date hereof. The Bond is issued pursuant to a Bond Purchase and Loan Agreement dated as of March 1, 2013 (the “Agreement”), among the Authority, the Borrower and the Bondholder.

Payments of principal hereof shall be payable at the same time as payments of principal of the Bond are due to be paid to the holder of the Bond and shall be identical in amount to such payments of principal of the Bond due to be so paid. Payments of interest hereon shall be payable at the same time as payments of interest on the Bond are due to be paid to the holder of the Bond and shall be identical in amount to such payments of interest on the Bond due to be so paid.

It is understood that the Authority, by execution of the assignment form at the foot of this Note, is assigning this Note to the Bondholder as security for the Bond. Payments with respect to the principal of and interest on this Note shall be made directly to the holder of the Bond for the account of the Authority pursuant to the assignment hereof, to be applied only to the payment of the principal of and interest on the Bond.

The Borrower may prepay this Note in whole or in part upon the terms and conditions and in the manner provided in the Agreement and the Bond, if it shall have directed the Authority to exercise its option to effect a corresponding prepayment of the Bond, *provided however*, that this Note shall not be deemed to be paid in full until the Bond has been paid in full.

In addition to the payments of principal and interest specified above, the Borrower shall also pay such additional amounts, if any, which, together with any other moneys available therefore, may be necessary to provide for payment when due of principal of (whether at maturity, by acceleration or prepayment or otherwise) and premium, if any, and interest on the Bond and all other amounts due and payable under the Agreement.

This Note is issued pursuant to the Agreement to evidence a part of the Borrower's payment obligation in Section 6.1(a) thereof and is entitled to the benefits and subject to the conditions of the Agreement, including the provisions of Section 6.3 thereof that the Borrower's obligations thereunder and hereunder shall be unconditional. All of the terms, conditions and provisions of the Agreement are, by this reference thereto, incorporated herein as a part of this Note.

This Note is also issued as Parity Indebtedness under the Indenture of Trust dated as of March 1, 2013, between the Industrial Development Authority of the City of Franklin, Virginia, and U.S. Bank National Association, as trustee, and is secured on an equal basis with any bonds or additional Parity Indebtedness issued thereunder.

In case of an Event of Default (as defined in the Agreement) shall occur and be continuing, the principal of and interest on this Note may be declared immediately due and payable as provided in the Agreement.

DRAFT

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

THE VILLAGE AT WOODS EDGE

By: _____
Name: _____
Title: _____

DRAFT

ASSIGNMENT

The Industrial Development Authority of the County of Southampton, Virginia (the “Authority”), hereby irrevocably assigns the foregoing Note to SunTrust Bank (the “Bondholder”) and hereby directs The Village at Woods Edge, as the maker of such Note, to make all payments with respect to principal of and interest thereon and all other payments required thereby directly to the Bondholder at its principal office in Franklin, Virginia, or at such other place as the Bondholder may direct in writing. Such assignment is made without recourse in accordance with the provisions of the Agreement (as defined in the foregoing Note) and is made as security for the payment of the Authority’s Residential Care Facility Mortgage Revenue Refunding Bond (The Village at Woods Edge), Series 2013B, dated the date of the foregoing Note in a principal amount equal to the principal amount of such Note.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE COUNTY OF SOUTHAMPTON,
VIRGINIA**

By: _____

Its: _____

DRAFT

INSURANCE REQUIREMENTS

DRAFT