
LOAN AGREEMENT

BY AND BETWEEN

CALCASIEU PARISH PUBLIC TRUST AUTHORITY

AND

SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION

Dated as of January 1, 2014

**\$10,000,000
Hospital Revenue Bonds
(Lake Charles Memorial Hospital Project)
Series 2014**

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of January 1, 2014, and effective from the time of execution and delivery hereof, is by and among the **CALCASIEU PARISH PUBLIC TRUST AUTHORITY**, a public trust and public corporation created and existing pursuant to the provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and by a certain Amended, Restated and Supplemental Trust Indenture dated August 27, 2003, and **SOUTHWEST LOUISIANA HOSPITAL ASSOCIATION**, a Louisiana nonprofit corporation ("SLHA").

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered pursuant to the Act to issue bonds for the purpose of providing funds for and to fulfill and achieve its authorized public functions or corporate purposes as set forth in the Act, including the development of projects for development of hospital, extended care, clinical, community health, geriatric, nursing home and other medical care facilities and services; and

WHEREAS, SLHA is organized under the laws of the State on a non-stock basis as a nonprofit corporation, and the Southwest Louisiana Health Care System, Inc. (the "Corporation") is the sole member of SLHA; and

WHEREAS, SLHA is empowered to consummate the transactions contemplated hereunder and to do all acts and exercise all powers and assume all obligations necessary or incident thereto; and

WHEREAS, pursuant to the Act, the Issuer desires to issue its Hospital Revenue Bonds (Lake Charles Memorial Hospital Project), Series 2014 in the aggregate principal amount of \$10,000,000 (the "Bonds"), and to loan the proceeds of the sale of the Bonds to SLHA, for the purpose of (i) providing funds for acquisition, construction, renovation and equipping of hospital facilities generally for SLHA (the "Project"), and (ii) paying costs of issuing the Bonds; and

WHEREAS, the Issuer proposes to lend the proceeds of the Bonds to SLHA, and SLHA desires to borrow the proceeds of the Bonds from the Issuer upon the terms and conditions set forth in this Loan Agreement to finance the Project; and

WHEREAS, contemporaneously with execution and delivery of this Loan Agreement, the parties to the Financing Documents (hereinafter defined) have executed and delivered the other Financing Documents for the purpose of effecting issuance of the Bonds, furthering the public purposes of the Act, and securing to the Holders (hereinafter defined) of the Bonds payment of Bond Obligations (hereinafter defined) by or on behalf of the Issuer;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the Issuer and SLHA agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. Terms used in this Loan Agreement which are defined in the Indenture have the same meaning which are assigned to such terms in the Indenture. The following terms shall have the meanings assigned to them below whenever they are used in this Loan Agreement unless the context clearly indicates otherwise:

"Account" means any of the accounts created within any Fund.

“Accountant” means a Person engaged in the practice of accounting who (except as otherwise expressly provided herein) may be employed by or affiliated with SLHA, the Corporation or any Restricted Affiliate.

“Accounts Receivable” means any and all right to payment for services rendered or for goods sold or leased which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance.

“Act” means Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 9:2341, *et seq.*).

“Additional Bonds” means any bonds, other than the Bonds, issued by the Issuer pursuant to the Indenture and this Loan Agreement.

“Additions” means any and all real or personal property wherever located or used (i) which is desirable in the business of SLHA or a Restricted Affiliate; (ii) the cost of construction, acquisition or development of which is properly chargeable to the property accounts of SLHA or a Restricted Affiliate, in accordance with generally accepted accounting principles; and (iii) which is owned by SLHA or a Restricted Affiliate.

“Adjusted Revenues” of any Persons, for any period, means gross patient revenues of such Persons, less provision for uncollectible accounts, free service and discounts and estimated contractual allowances of such Persons, plus other operating revenues and investment and other income of such Persons for such period, all determined on a combined basis in accordance with generally accepted accounting principles.

“Affiliate” of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, “control” when used with respect to any Person means the power to direct the policies of such Person, directly or indirectly, whether through the ownership of voting securities or the power to appoint and remove its directors; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Affiliate Order” means a written order signed in the name of the Person giving such consent or order or making such request by the Chairman of the Board of Trustees, the President, or a Vice President and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary, or an Assistant Secretary of such Person, and delivered to the Trustee.

“Annual Debt Service Requirements” of any Person means, for any Fiscal Year, the principal of and premium, if any, and interest and other debt service charges (including any fees or premiums for any letter of credit, surety bond, policy of insurance, or any similar credit or liquidity support secured in connection therewith) on all Funded Debt of such Person coming due in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Corporation:

(1) if such Person has received a binding commitment, within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to refund any of its Funded Debt at its Stated Maturity, then the portion of the principal of and premium, if any, on the Funded Debt committed to be refunded shall be excluded from such calculation and the principal of and interest on the refunding Funded Debt which would be due in the Fiscal Year for which the calculation is being made, if incurred at the Maturity of the Funded Debt to be refunded, shall be added;

(2) if the principal of and premium, if any, and interest and other debt service charges on any Funded Debt due in any Fiscal Year exceed by more than 25% the greatest amount of

principal of and premium, if any, and interest and other debt service charges on such Funded Debt due in any preceding or succeeding year (such Debt being referred to herein as "Balloon Debt"), and the Person obligated thereon shall deliver to the Trustee a certificate of a nationally recognized firm of investment bankers or financial consultants stating that financing of a stated term and interest rate is reasonably attainable to refund any of such Balloon Debt, then the principal of and premium, if any, on such Balloon Debt which could so be refunded shall be excluded from such calculation and the principal of and interest on the refunded Funded Debt which would result from the financing so certified due in such Fiscal Year shall be added;

(3) in the case of Balloon Debt or Put Debt, if the Person obligated thereon shall deliver to the Trustee a Board Resolution of such Person agreeing to retire (and such Balloon Debt or Put Debt shall permit the retirement of), or to fund a sinking fund for, the principal of such Balloon Debt or Put Debt according to a fixed schedule, stated in such resolution ending one Fiscal Year prior to the Fiscal Year in which such principal is due, then the principal of (and, in the case of retirement, the premium, if any, and interest and other debt service charges on) such Balloon Debt or Put Debt shall be computed as if the same were due in accordance with such schedule, with interest assumed at the stated interest rate, if fixed, otherwise at a rate based upon the Bond Buyer Revenue Bond Index, or such other index as shall be approved by a firm of nationally recognized underwriters, provided that this clause shall apply only to Balloon Debt or Put Debt for which the installments of principal previously scheduled have been paid on or before the times required by such schedule;

(4) if Debt has been incurred to finance capital improvements, interest on such Debt and any fees or premiums for any letter of credit, surety bond, policy of insurance, or any similar credit or liquidity support secured in connection therewith shall be excluded from such calculation to the extent that such interest and any fees or premiums are provided from the proceeds of such Debt and accrue during the period of construction thereof;

(5) as to any Debt which bears interest at a variable rate which cannot be ascertained at the time of calculation, then the rate that shall be applied for such calculation shall be 120% of the average rate thereon (or which would have been borne thereby had such Debt then been Outstanding and had such Debt accrued interest based upon the variable rate interest index specified in such Debt or, for any period such index was not calculated or calculable, the next most comparable variable rate interest index then available) during the preceding 24-month period ending within 30 days prior to the date of calculation;

(6) in the case of any guarantees or other Debt described in clause (3) of the definition of Debt, the principal of and premium, if any, and interest and other debt service charges on such Debt shall be deemed to be 20% of the maximum annual payment of the principal of and premium, if any, and interest and other debt service charges due and payable with respect to the indebtedness guaranteed in any future Fiscal Year; provided, however, that (a) if the Corporation or a Restricted Affiliate which guarantees a Debt is actually required to make any payment on such Debt, 100% of the guaranteed annual debt service payment shall be included in any computation of the Annual Debt Service Requirements of the Corporation or such Restricted Affiliate for each of the three Fiscal Years following a payment, (b) if the Annual Debt Service Requirements for two (2) or more Persons are to be calculated on a combined basis and one of such Persons is primarily liable on certain Debt and the other is, by reason of a guarantee or agreement substantially equivalent to a guarantee, secondarily liable for such Debt, only the principal, premium, if any, and interest and other debt service charges on the Debt of the Person primarily liable shall be included in calculating Annual Debt Service Requirements, and (c) if two (2) or more persons whose Annual Debt Service Requirements are to be computed on a combined basis and each has guaranteed the Debt of another Person, the combined Annual Debt Service Requirements of such guarantors shall, except as

provided in clause (a) above, be deemed to be 20% of the maximum annual payment of the principal of and premium, if any, and interest and other debt service charges due and payable on such Debt by the Person primarily liable therefor;

(7) as to any Debt with respect to which there has been made an Irrevocable Deposit, the actual principal of and interest on such Debt to be paid from such Irrevocable Deposit shall be excluded; and

(8) as to any Debt with respect to which there has been established a reserve fund which shall be applied to the payment of principal of and interest on such Debt if there is an insufficiency to pay such debt service or which may be applied to the last maturing payment of such Debt, then there may be excluded from the calculation of Annual Debt Service Requirement the amount in said reserve fund which is available and which will be actually applied to such principal payment in the year such Debt matures or is redeemed or otherwise retired, at the time of such calculation for the Fiscal Year in question.

“Annual Debt Service Requirements of the Restricted Group” means the aggregate Annual Debt Service Requirements of the Corporation and the Restricted Affiliates, after elimination of all inter-company items, combined in accordance with generally accepted accounting principles.

“Applicable Percentage” means, the purpose of giving notice or directing the remedies to be pursued by the Trustee pursuant to Article VII hereof, at least 25% in aggregate principal amount of the Bonds then Outstanding, unless the Trustee receives a contrary direction from the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding in which case Applicable Percentage shall mean more than 50%, and for all other purposes, including requesting the waiver of any default or recision of any acceleration of maturity of the Bonds, at least 66-2/3% in aggregate principal amount of the Bonds then Outstanding; provided, that with respect to any default in the payment of Debt Service, the Applicable Percentage means 100%, and provided further that, with respect to the removal of the Trustee, the applicable Percentage means more than 50%.

“Assignee” means Argent Trust Company, N.A., Ruston, Louisiana, its successors and assigns.

“Assignment” means, collectively, the Act of Assignment of Revenues dated as of December 1, 1987 by and among SLHA, the Corporation and The Bank of New York Mellon Trust Company, N.A., Baton Rouge, Louisiana, successor to Bank One Trust Company, N.A. and First National Bank of Lake Charles, as assignee (“Prior Assignee”), as supplemented by the First Supplemental Assignment, the Second Supplemental Assignment, the Third Supplemental Assignment, the Fourth Supplemental Assignment, and the Fifth Supplemental Assignment, in favor of the Prior Assignee, the Sixth Supplemental Act of Assignment of Revenues in favor of the Assignee, and the Seventh Supplemental Act of Assignment of Revenues dated as of January 1, 2014, by and among SLHA, the Corporation and the Assignee, as may be supplemented from time to time.

“Authorized Representative” means, with respect to any party to any Financing Document, any person or persons at the time designated to act on behalf of such party by a written certificate, containing a specimen signature of such person or persons, which is duly executed on behalf of such party and is furnished to the other parties to that Financing Document, and to the Issuer and the Trustee.

“Available Moneys” shall mean any moneys on deposit with a Trustee for the benefit of the bondholders which are (i) Bond proceeds, (ii) amounts on deposit for a period of 124 consecutive days during which no petition in bankruptcy under the United States Bankruptcy Code has been filed by or against the Issuer, SLHA or any Restricted Affiliate, instituted under the State insolvency or other laws affecting creditor's rights generally, or (iii) any moneys with respect to which an unqualified opinion from nationally recognized counsel has been received stating that such payments to bondholders would not constitute

voidable preferences under Section 547 of the United States Bankruptcy Code, or similar state or federal laws with voidable preference provisions in the event of the filing of a petition for relief under the United States Bankruptcy Code, or similar state or federal laws with voidable preference provisions by or against the entity from whom the money is received.

“Available Revenues” of any Person for any period means the amount of excess (deficit) of revenue over expense of such Person for such period, plus income if any, for such period from the investment of unrestricted or restricted funds not otherwise included in such revenue (but only to the extent that the Annual Debt Service Requirements of such Person for such period includes amounts to which such income may be applied, assuming any necessary action by the Board of Directors of such Person), plus amounts which have been deducted for such period for or to make provision for:

- (1) interest on Consolidated Funded Debt,
- (2) any fees or premiums for any letter of credit, surety bond, policy of insurance, or any similar credit or liquidity support secured in connection therewith,
- (3) amortization of Debt discount, and
- (4) property retirement, depreciation, depletion, obsolescence, and other items not requiring an outlay of cash,

but less any income from any Irrevocable Deposit to the extent such income is used in any adjustment of Annual Debt Service Requirements and any interest or Consolidated Funded Debt thereby excluded from the definition of Annual Debt Service Requirements and less pledges for such period to make a donation, gift, or other charitable contribution to the extent encumbered pursuant to Section 7.10(b) to secure the payment of Debt which is not Funded Debt, all determined on a combined basis in accordance with generally accepted accounting principles. However, there shall not be included in Available Revenues of SLHA or any Restricted Affiliate, respectively,

(a) any excess (deficit) of revenue over expense of any Person (other than SLHA) for any period during which it was not a Restricted Affiliate, or of any Person which has withdrawn or is withdrawing as a Restricted Affiliate, or

(b) any excess (deficit) of revenue over expense of any material business, properties, or assets acquired (by way of merger, consolidation, purchase, or otherwise) by SLHA or any Restricted Affiliate, respectively, for any period prior to the acquisition thereof.

“Available Revenues of the Restricted Group” means the aggregate of Available Revenues of SLHA, the Corporation and the Restricted Affiliates after elimination of inter-company items, combined in accordance with generally accepted accounting principles.

“Board of Directors” of any Person means either the board of directors, commissioners or trustees of such Person.

“Board Resolution” of any Person means a copy of a resolution, certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors thereof or its Executive Committee and to be in full force and effect on the date of such certification, delivered to the Trustee.

“Bond Documents” means the Financing Documents and all other agreements, certificates, documents and instruments ever delivered in connection with any of the Financing Documents.

“Bond Obligations” means the Debt Service due and payable and to become due and payable whether in accordance with the terms of the Bonds, the acceleration of the maturity thereof, or otherwise and

any other amounts which may be payable by SLHA or any other obligated Person to, or on behalf of, the Issuer under the Bond Documents.

“Bond Year” means the one-year period commencing with the date of issuance of the Bonds and ending on January 1, 2015, and each one year period thereafter.

“Bondholder” or **“Holder”** or **“Owner”** means, with respect to any Bond, the Person appearing on the registration books of the Trustee as the registered holder of such Bond or a Beneficial Owner.

“Bonds” means the \$10,000,000 Calcasieu Parish Public Trust Authority Hospital Revenue Bonds (Lake Charles Memorial Hospital Project) Series 2014, dated the date of delivery thereof, issued by the Issuer pursuant to the Indenture, and any Additional Bonds issued pursuant to the provisions of the Indenture.

“Business Day” means any day on which the office of the Trustee is open for business; and on which the New York Stock Exchange is not closed.

“Claims” means all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part: (a) the issuance of the Bonds, (b) the duties, activities, acts or omissions of any Person in connection with the issuance of the Bonds, or the obligations of the various parties arising under the Bond Documents, or (c) the duties, activities, acts or omissions of any Person in connection with the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Completion Date” means the date the Project has been completed and placed in service and no construction retainage is required in connection with the Project, as certified to the Trustee by an Authorized Representative of SLHA.

“Consolidated Funded Debt” of any Persons means the aggregate, after eliminating inter-company items, of all Funded Debt of such Persons, combined in accordance with generally accepted accounting principles.

“Construction Fund” means the special fund of that name established with the Trustee pursuant to Section 5.01 of the Indenture.

“Corporation” means Southwest Louisiana Health Care System, Inc., a Louisiana nonprofit corporation.

“Corporation Order” and **“Corporation Request”** mean, respectively, a written order or request signed in the name of the Corporation by the Chairman of the Board of Directors, the President, or a Vice President and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary, or an Assistant Secretary of the Corporation, and delivered to the Trustee.

“Current Assets” means cash and cash equivalent deposits, marketable securities, Accounts Receivable, accrued interest receivable, funds designated by SLHA, the Corporation or any Restricted Affiliate for any specific purpose and any other intangible assets of the Restricted Group ordinarily considered current assets under generally accepted accounting principles.

“Debt” of any Person at any date shall mean all:

- (1) indebtedness of such Person for borrowed money;
- (2) lease obligations of such Person which, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;
- (3) all indebtedness for borrowed money or capitalized lease obligations guaranteed, directly or indirectly, in any manner by such Person, or in effect guaranteed, directly or indirectly, by such Person through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness for borrowed money or capitalized lease obligations against loss, or to pay funds to the debtor (for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and
- (4) all indebtedness secured by any mortgage, lien, pledge, charge, or encumbrance upon property owned by such Person even though such Person has not assumed or become liable for the payment thereof.

“Debt Service” means the amount of principal of, premium, if any, and interest on the Bonds when due and payable whether at maturity, upon redemption or acceleration in accordance with the terms of the Indenture.

“Debt Service Fund” means the special fund of that name established with the Trustee pursuant to Section 5.01 of the Indenture.

“Default” means any Event of Default or any event or condition which, with the giving of notice or the passage of time, or both, would constitute an Event of Default under any of the Financing Documents.

“Eligible Securities” means, to the extent permitted by applicable law:

(a) Certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(b) Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States (i) the Export-Import Bank of the United States, (ii) the Federal Housing Administration, (iii) the Government National Mortgage Association (“GNMA”), (iv) the Rural Economic Community Development Administration (formerly known as the Farmers Home Administration), (v) the Federal Financing Bank, (vi) the Department of Housing and Urban Development, (vii) the General Services Administration, (viii) the U.S. Maritime Administration or (ix) the Small Business Administration.

(c) Investments in direct obligations in any of the following agencies which obligations are not fully guaranteed by the full faith and credit of the United States (i) senior obligations by the Federal Home Loan Bank System, (ii) senior debt obligations and participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) issued by the Federal Home Mortgage Corporation (“FHLMC”) or senior debt obligations and mortgage-backed securities (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) of the Federal National Mortgage Association (“FNMA”) (iii) obligations of the Resolution Funding Corporation (“REFCORP”) or (iv) senior debt obligations of the Student Loan Marketing Association (“SLMA”) (excluding securities that do not have a fixed par value/or whose terms do not promise a fixed dollar amount at maturity or call date).

(d) Investments in (i) U.S. dollar denominated deposit accounts, federal funds, bankers acceptances, and certificates of deposit of any bank whose short term debt obligations are rated A-1+ by S&P and P-1 by Moody's and maturing no more than 360 calendar days after the date of purchase (holding company ratings are not considered as ratings of the bank) or (ii) Certificates of deposit of any bank, which certificates are fully insured by the Federal Deposit Insurance Corporation ("FDIC").

(e) Investments in money market funds rated "AAAm" or "AAAm-G" by S&P.

(f) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's, Inc. and A-1+ by S&P and which matures not more than 270 calendar days after the date of purchase.

(g) Pre-refunded municipal obligations defined as follows: any bonds or other obligations rated "AAA" by S&P and "Aaa" by Moody's (based on an irrevocable escrow account or fund) of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice.

(h) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A1/A+" or higher by both Moody's and S&P.

The value of the above investments (paragraphs a-h) shall be determined as follows:

"Value," which shall be determined as of the end of each quarter, means that the value of any investments shall be calculated as follows:

(1) for securities:

(A) computed on the basis of the bid price last quoted by the Federal Reserve Bank of New York on the valuation date and printed in the Wall Street Journal or the New York Times; or

(B) a valuation performed by a nationally recognized and accepted pricing service whose valuation method consists of the composite average of various bid price quotes on the valuation date; or

(C) the lower of two dealer bids on the valuation date. The dealer of their parent holding companies must be rated at least investment grade by S&P and Moody's and must be market makers in the securities being valued.

(2) as to certificates of deposit and banker's acceptance: the face amount thereof, plus accrued interest.

(i) Repurchase agreements with (i) any domestic bank, or domestic branch of a foreign bank, the long term debt which is rated at least "A" by S&P and "A2" by Moody's; or (ii) any broker-dealer with "retail customers" or a related affiliate thereof which broker dealer has, or the parent company (which guarantees the provider) of which has, long term debt rated at least "A" by S&P and "A2" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (iii) any other entity rated at least "A" by S&P and "A2" by Moody's, provided that:

(1) the repurchase agreement is collateralized with the obligations described in paragraphs (a) or (b) above; or with obligations described in paragraph (c) (i) and (ii) above.

(2) the Trustee will value the collateral securities at least weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days.

(3) the market value of the collateral must be maintained at: 104% of the total principal of the repurchase agreement for obligations described in paragraphs (a) and (b); 105% of the total principal of the repurchase agreement for obligations described in paragraph (c) (i) and (ii) above.

(4) the Trustee or a third party acting solely as agent therefore (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than the means of entries on the transferor's books).

(5) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time of such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, and substituted collateral and all proceeds thereof.

(6) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee.

(j) Investment agreements with a financial institution the long-term debt of which, or, in the case of a financial institution whose investment agreement is guaranteed, the guarantor's long term debt is rated at least "AA" by S&P and "Aa2" by Moody's; provided, that in all cases, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at least one business day prior to the debt service payment dates on the Bonds and in such amounts as are necessary to pay debt service (or, if the investment agreement is for the Construction Fund, construction draws) on the Bonds;

(ii) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(iii) a fixed guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(iv) the Trustee receives the opinion of domestic counsel and of foreign counsel (if applicable) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms;

(v) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3" respectively, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, either (1) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a third party acting solely as agent thereof (the "Holder of the Collateral") Permitted Collateral which is free and clear of any third party liens or claims at the levels specified in the definition of Permitted Collateral set forth below, or (2) obtain a guarantor whose long term debt is rated at least "AA-" by S&P and "Aa3" by

Moody's, or (3) repay the principal of and accrued but unpaid interest on the investment (the choice (1), (2) or (3) shall be that of the provider, as appropriate); and

(B) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" or "A3" by S&P or Moody's, as appropriate, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment in either case with no penalty or premium to the Trustee;

(vi) the investment agreement shall state and an opinion of counsel shall be rendered that the Trustee has a perfected first priority interest in the Permitted Collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee is in possession); and

(vii) the investment agreement must provide that if during its term:

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee;

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee;

(C) the provider fails to perform any of its obligations under the investment agreement (other than obligations related to payment or rating) and such breach continues for ten Business Days or more after written notice thereof is given by the Trustee to the provider, it shall be an Event of Default; or

(D) a representation or warranty made by the provider proves to have been incorrect or misleading in any material respect when made, it shall be an Event of Default.

For the purposes of this definition, obligations issued or held in the name of the Trustee (or in the name of Issuer and payable to the Trustee) in book-entry form on the books of the Department of Treasury of the United States shall be deemed to be deposited with the Trustee.

"Event of Default" is defined in Section 8.01 of the Indenture.

"Exempt Subsidiary" means any Person which is described in Section 501(c)(3) of the Code, and is operated, supervised, or controlled by SLHA, the Corporation, or one or more other Exempt Subsidiaries, within the meaning of Section 1.509(a)-4(g) of the Regulations.

"Financial Statements" means the individual or combined financial statements of SLHA and/or the Corporation and their Restricted Affiliates for any Fiscal Year, including in each case individual or combined balance sheets as of the end of the Fiscal Year and individual and combined statements of income and surplus and of source and application of funds for such Fiscal Year setting forth in each case in comparative form the combined figures for the previous Fiscal Year, all in reasonable detail and accompanied by an opinion of nationally recognized, independent certified public accountants selected by SLHA or the Corporation, stating that such financial statements fairly present the financial condition of the SLHA and Corporation and their Restricted Affiliates in accordance with generally accepted accounting practices consistently applied (except for changes in application in which such accountants concur), and that the examination of such accountants in connection with such financial statements has been made in accordance

with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

“Financing Documents” means the Indenture, this Loan Agreement, the Guaranty Agreement, the Bonds, the Mortgage, the Security Agreement, the Assignment, and the Pledge and Security Agreement, including any amendments and supplements thereto.

“Fiscal Year” means any period of 12 full consecutive calendar months for which Financial Statements have been reported on by independent certified public accountants.

“Force Majeure” means acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States of America, or of any state thereof, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, floods, washouts, droughts, arrests, restraining of government and people, civil disturbances, explosions, nuclear accidents, wars, breakage or accidents to machinery, transmission pipes or canals, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other cause not reasonably within the control of the party claiming such inability.

“Funded Debt” of any Person means all Debt created, assumed, or guaranteed by such Person which matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of such Person to a date, more than 1 year after the original creation, assumption, or guarantee of such Debt by such Person.

“Funded Debt Service Coverage Ratio” means the ratio for the period in question of Available Revenues of the Restricted Group to Maximum Annual Debt Service Requirements. Notwithstanding anything herein to the contrary, projections of the Funded Debt Service Coverage Ratio may be made by an Officer’s Certificate if (i) the ratio of Available Revenues of the Restricted Group to Annual Debt Service Requirements for the Historic Test Period exceeded 1.50, and (ii) the Funded Debt Service Coverage Ratio immediately following the transaction in question exceeded 1.50.

“Funds” means the Bond Proceeds Fund, the Debt Service Fund, the Construction Fund, and the Rebate Fund created under Section 5.01 of the Indenture.

“Government Obligations” means direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, which obligations are noncallable, including certificates evidencing proportionate ownership of any such obligation or any principal and interest payments on the same.

“Guaranty Agreement” means the Guaranty Agreement dated as of January 1, 2014, by the Corporation in favor of the Trustee.

“Historic Text Period” means, at the option of the Corporation, either (i) any twelve (12) consecutive calendar months out of the most recent period of eighteen (18) full calendar months, or (ii) the most recent period of twelve (12) full consecutive calendar months for which Financial Statements have been reported upon by an Accountant, or (iii) the most recent Fiscal Year.

“Indemnified Party” or **“Indemnified Parties”** means the Issuer and the Trustee and any of their officers, trustees, directors, members, commissioners and employees, as the case may be.

“Indenture” means the Trust Indenture dated as of January 1, 2014, by and between the Issuer and the Trustee, and any amendments or supplements hereto.

“Independent” when used with respect to any specified Person means such a Person who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in SLHA, the Corporation or any other obligor upon the Bonds or in any Affiliate of SLHA, the Corporation or such other obligor, and (3) is not connected with the Issuer or such other obligor or with any Affiliate of SLHA, the Corporation or such other obligor as an officer, employee, promoter, trustee, partner, director, or person performing similar functions. Whenever it is herein provided that any Independent Person’s opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by Corporation Order or Affiliate Order, as the case may be, and shall be approved by the Trustee in the exercise of reasonable care and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

“Insurance Consultant” means a firm of professional insurance consultants knowledgeable in the operations of hospitals and having a favorable reputation for skill and experience in the field of hospital insurance consultation.

“Interest Payment Date” means, with respect to the Bonds, each January 1 and July 1 commencing July 1, 2014, and with respect to any series of Additional Bonds, the meaning ascribed to it in such Additional Bonds or any resolution or indenture (or similar instrument) authorizing or securing such Additional Bonds.

“Irrevocable Deposit” means the irrevocable deposit of Government Obligations in trust with a bank with trust powers, all or a portion of the principal or interest of which is pledged to the payment of principal of or interest on Outstanding Debt.

“Issuance Costs” means costs incurred by or on behalf of the Corporation or SLHA in connection with the loan by the Issuer to SLHA. The parties hereby express their understanding and agreement that the sole purpose for issuance of the Bonds is to enable the loan to SLHA to effect the public purposes of the Act and that all costs incurred in connection with issuance of the Bonds are incurred incident to making such loan at the request and for the benefit of SLHA and, therefore, are properly chargeable as costs incurred by or on behalf of SLHA; therefore, such costs include, among others, payment of financial, legal, accounting and appraisal fees, expenses and disbursements, the Issuer’s fees and expenses attributable to issuance of the Bonds, the cost of printing, engraving and reproduction services, legal fees for bond counsel, 501(c)(3) counsel, counsel to the Corporation and SLHA, and Trustee’s counsel, the fee of the State Bond Commission, the cost of a title opinion or title policy, expenses necessary or incident to determining the feasibility or practicability of constructing the Project, the initial or acceptance fee of the Trustee, the fees and disbursements of the Trustee payable in accordance with the Indenture prior to the Completion Date and all other fees, charges and expenses incurred in connection with issuance of the Bonds (including all costs, fees, expenses and amounts, other than Debt Service, which may be payable by the Issuer under any bond purchase agreement or agreements pursuant to which the Bonds are sold) and the preparation and filing or recording of any Bond Document.

“Issuer” means the Calcasieu Parish Public Trust Authority, and its successors and assigns.

“Law or Regulation Circumstances” means the occurrence of the following: (i) applicable laws, governmental regulations, third-party reimbursement methods or private or governmental insurance programs shall prevent, have prevented or will prevent SLHA and Restricted Affiliates from generating sufficient Available Revenues of the Restricted Group to comply with the particular requirement of this Loan Agreement in question, (ii) the effect upon the Restricted Group of the circumstances set forth in clause (i) above shall have been confirmed by a Management Consultant’s opinion delivered to the Trustee, (iii) an Officer’s Certificate shall have been delivered to the Trustee stating that the Restricted Group has generated the maximum Available Revenues of the Restricted Group which, in the opinion of such officer, could reasonably be generated given the circumstances set forth in clause (i) above, and (iv), but only at the request

of the Trustee, there shall have been delivered to the Trustee an Opinion of Counsel as to any conclusions of law supporting the opinion or report of the Management Consultant.

“Loan” means the loan made by the Issuer to SLHA pursuant to this Loan Agreement from the proceeds of the Bonds.

“Loan Agreement” means the Loan Agreement dated as of January 1, 2014, by and between the Issuer and SLHA, and any amendments and supplements thereto.

“Loan Payments” means the payments to be made by SLHA pursuant to this Loan Agreement and guaranteed by the Corporation pursuant to the Guaranty Agreement.

“Losses” means losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys’, accountants’ and other professionals’ fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other Person under any arrangement providing for indemnification of that Person) directly or indirectly resulting from, arising out of or relating to one or more claims.

“Management Consultant” means a nationally recognized firm of Independent professional management consultants or an Independent hospital management organization knowledgeable in the operation of hospitals and having a favorable reputation for skill and experience in the field of hospital management consultation.

“Maturity” when used with respect to any Debt means the date on which the principal of such Debt becomes due and payable as therein provided, whether at the Stated Maturity or by declaration of acceleration or call for redemption or otherwise.

“Maximum Annual Debt Service” means the highest Annual Debt Service Requirements of the Restricted Group for the then current or any future Fiscal Year.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by SLHA by notice to the Trustee.

“Mortgage” means, collectively, the Collateral Mortgage by SLHA, as mortgagor (“Collateral Mortgage”), and the In Rem Collateral Mortgage by WLW Properties, Inc., as mortgagor, assigned to the Trustee, including any amendments and supplements thereto.

“Net Proceeds” means the proceeds received from the sale of the Bonds plus accrued interest, if any.

“Officer’s Certificate” means of any Person means a certificate signed by the Chairman of the Board of Directors, the President, or a Vice President and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary, or an Assistant Secretary of such Person, and delivered to the Trustee.

“Opinion of Counsel” means an opinion or opinions in writing, signed by legal counsel who, unless otherwise specified, is counsel to a party to the Financing Documents. As to any factual matters involved in an Opinion of Counsel, such counsel may rely, to the extent that they deem such reliance proper, upon a certificate or certificates setting forth such matters, which have been signed by an official, officer, general partner or authorized representative of a particular Person.

“Organizational Documents” means, as to any member of the Restricted Group, its Articles or Certificate of Incorporation as filed with the Secretary of State of the state of its incorporation, and its Bylaws as adopted by requisite corporate action and currently in full force and effect.

“Outstanding” or “Bonds Outstanding” means all Bonds that have been authenticated and delivered by the Trustee under this Indenture, except: (i) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation; (ii) Bonds for whose payment or prepayment money, Government Obligations in the necessary amount have been irrevocably deposited with the Trustee in trust for the Holders of the Bonds pursuant to the Indenture, provided that if such Bonds are to be redeemed prior to the stated maturity thereof, notice of redemption of such Bonds shall have been duly given pursuant to the Indenture; (iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and (iv) Bonds deemed to have been paid within the meaning of Section 7.02 of the Indenture. “Outstanding” when used with respect to Debt means, as of the date of determination, all Debt except Debt or any part thereof (i) which has been paid or otherwise retired, or (ii) for the payment or redemption of which money has been irrevocably deposited with a duly authorized Person for the payment thereof (provided that, if such Debt is to be redeemed, notice thereof shall have been duly given, irrevocably provided for to the satisfaction of the Trustee, or waived), or (iii) for which, due to the deposit of money, securities, or other things of value with a trustee, paying agent, or escrow agent with respect thereto, neither SLHA, the Corporation nor any Restricted Affiliate is then obligated with respect thereto except to the extent of such deposit.

“Outstanding Parity Bonds” means the outstanding 1992A Bonds, the outstanding 2007 Bonds, and the outstanding 2013A Bonds, all as more fully described in the preamble to the Indenture.

“Permitted Encumbrances” means:

(1) liens arising by reason of good faith deposits by or with SLHA, the Corporation or any Restricted Affiliate in connection with tenders, leases of real estate, bids, or contracts (other than contracts for the payment of money), deposits by any such Person to secure public or statutory obligations or to secure, or in lieu of, surety, or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(2) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license in the ordinary course of business, or to enable SLHA, the Corporation or any Restricted Affiliate to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker’s compensation, unemployment insurance, old age pensions, or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements;

(3) any judgment lien or notice of pending action against any Person so long as the finality of such judgment or pending action is being contested in good faith and execution thereon is stayed, or while the period of responsive pleadings has not lapsed;

(4) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law affecting any property (A) to terminate such right, power, franchise, grant, license, or permit; provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof, or (B) to purchase, condemn, appropriate, recapture, or designate a purchaser of such property, or (C) to control, regulate, or zone such property or to use such property in any manner, which rights do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(5) liens for taxes or assessments or other governmental charges or levies not delinquent or being contested in accordance with Section 6.5 of the Loan Agreement;

(6) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, including liens of judgments thereunder which are not currently dischargeable;

(7) materialmen's, mechanics', carriers', workmen's, repairmen's, or other like liens arising in the ordinary course of business, or deposits to obtain the release of such liens;

(8) leases made, or existing on property acquired, in the ordinary course of business, including, without limitation, leases of medical office buildings or leases of land in connection therewith (but excluding leases incurred in connection with borrowed money or capitalized leases, which leases shall be governed by Section 6.10 of the Loan Agreement);

(9) statutory landlords' liens under leases to which SLHA, the Corporation or any Restricted Affiliate is a party;

(10) liens on money deposited by patients of any Person or others as security for or as prepayment for the cost of patient care;

(11) liens or encumbrances on property (or on the income therefrom) received by SLHA, the Corporation or any Restricted Affiliate as a gift, grant, or bequest, if such lien or encumbrance constitutes or results from restrictions placed on such gift, grant, or bequest (or on the income therefrom) by the grantor thereof;

(12) liens on money and receivables securing rights of third party payors to recoupment of amounts paid to the Corporation or any Restricted Affiliate;

(13) any other lien or encumbrance created or incurred in the ordinary course of business which does not secure, directly or indirectly, the repayment of borrowed money or the payment of installment sales contracts or capital leases and which, individually or in the aggregate, does not materially impair the value or the utility of the property subject to such lien or encumbrance;

(14) liens on proceeds of Debt (or on income from the investment of such proceeds) which secure payment of such Debt;

(15) liens on Irrevocable Deposits or money or obligations deposited with a trustee or escrow agent to cause all or any portion of Debt to be no longer Outstanding;

(16) liens on money or obligations deposited with a trustee to fund a debt service fund, depreciation reserve fund or other reserve fund with respect to Debt in accordance with the instrument under which such Debt may be secured;

(17) zoning restrictions, easements, licenses, servitudes, restrictions on the use of real property, minor restrictions or irregularities of title, and other encumbrances which do not, in the opinion of the Board of Directors of the Corporation, materially impair the use of such property in the operation of the business of the Corporation or any Restricted Affiliate or the value of such property;

(18) liens on debt instruments owned by SLHA, the Corporation or a Restricted Affiliate which have been purchased under a credit or liquidity facility to secure or support other Debt;

(19) liens created by the Financing Documents;

(20) liens described in Exhibit B hereto;

(21) any lien representing statutory rights of the United States of America by reason of federal funds made available under 42 U.S.C. §291, *et seq.*, and similar rights under other federal and state statutes;

(22) any lien in favor of the Trustee pursuant to the Assignment or the Security Agreement;

(23) any lien representing rights of setoff and banker's liens with respect to funds on deposit in a financial institution in the ordinary course of business; and

(24) the Outstanding Parity Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock or limited liability company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Project" means the real and personal property described in Exhibit A hereto, as the same may be amended from time to time in accordance with the provisions hereof.

"Project Costs" means such costs as are eligible costs within the purview of the Act and the Code and, without intending thereby to limit or restrict any proper definition of such Project Costs, shall include the following:

(a) obligations incurred by SLHA or the Corporation with respect to acquisition, construction and installation of the Project, for labor, materials and services provided by contractors, builders and others in connection with construction and equipping of the Project, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures;

(b) the cost of acquiring by purchase, if deemed expedient, such lands, property, rights, rights of way, servitudes, easements, franchises and other interests as may be deemed necessary or convenient for construction and equipping of the Project, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon construction of the Project;

(c) the reasonable fees and expenses, including counsel fees, of the Trustee for its services prior to and during construction and interest on the Bonds attributable to the Project during construction and for a period up to six months following completion of the Project (which interest may, at the direction of SLHA or the Corporation, be transferred monthly to the Interest Account of the Debt Service Fund to satisfy the Loan Payment Obligations representing interest on the Bonds during such period), and premiums on insurance, if any, in connection with the Project;

(d) the cost of borings and other preliminary investigations, if any, to determine foundation or other conditions, fees and expenses of engineers, architects, management consultants for making studies, surveys and estimates of cost and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for performance of all other duties of engineers and architects set forth herein in relation to acquisition and construction of the Project and issuance of the Bonds therefor;

(e) all other items of expense not elsewhere in this definition specified incident to construction and equipping the Project and financing thereof, including moving expenses, acquisition

of lands, property, rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration and overhead, all properly chargeable to acquisition, construction and equipping of the Project;

(f) all Issuance Costs; and

(g) any obligation or expense heretofore or hereafter incurred or paid by SLHA or the Corporation for any of the foregoing purposes.

“Property” means any and all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory of the Restricted Group wherever located and whether now or hereafter acquired, any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated and whether now or hereafter acquired, and shall include all revenues, receipts or other moneys, or right to receive any of the same, including, without limitation, total assets of the Restricted Group, Current Assets, Revenues, accounts, Accounts Receivable, contract rights and general intangibles, and all proceeds of all of the foregoing.

“Put Debt” means indebtedness which is (i) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (ii) payable or required to be purchased or redeemed from the owner by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund or other than by reason of acceleration upon the occurrence of an event of default.

“Rebate Fund” means the special fund established in the name of the Issuer with the Trustee pursuant to this Indenture.

“Record Date” shall mean the 15th calendar day of the month next preceding an Interest Payment Date.

“Restricted Affiliate” means SLHA, the Corporation and, at any date, the Affiliates listed in Schedule I hereto (unless such Affiliate has been released from its status as a Restricted Affiliate pursuant to Section 8.3 hereof) and any other Affiliate of SLHA or the Corporation which meets the following requirements:

(1) either (a) such Affiliate is (i) a non-stock membership corporation of which the Corporation or a Restricted Affiliate is the sole member or (ii) a non-stock, non-membership corporation or a trust the sole beneficiary of which is SLHA, the Corporation or a Restricted Affiliate or (b) such Affiliate is a stock corporation all of the outstanding shares of Stock of which are owned by SLHA, the Corporation or a Restricted Affiliate, and

(2) if such Affiliate is a non-stock corporation or a trust,

(a) a permissible power of such Affiliate, with approval of a majority of its Board of Directors, is to transfer to SLHA, the Corporation (or to another Restricted Affiliate a permissible power of which is to transfer to the Corporation) money required for the payment of Debt of SLHA or the Corporation,

(b) SLHA or the Corporation has the sole right to elect or appoint and to remove, with or without cause, a majority of the directors thereof (or a majority of the directors of another Restricted Affiliate which has such right), and

(c) the applicable law pursuant to which such Affiliate is organized or the

articles of incorporation or bylaws of or the instrument of trust creating such Affiliate permits such Affiliate, at the discretion of a majority of its Board of Directors, to transfer, upon the liquidation or dissolution of such Affiliate, all assets of such Affiliate remaining after payment of its debts to SLHA, the Corporation or to another Restricted Affiliate whose remaining assets may be so transferred upon liquidation or dissolution; and

(3) such Affiliate has become a Restricted Affiliate pursuant to Section 8.1 hereof and has not thereafter been released from its status as a Restricted Affiliate pursuant to Section 8.3 hereof.

“Restricted Group” means the SLHA and all Restricted Affiliates.

“Revenues” means all receipts, revenues, income and other moneys received by or on behalf of the Restricted Group, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of Property, including insurance and condemnation proceeds with respect to Property or any portion thereof, and all rights to receive the same, whether in the form of accounts (as defined in the UCC), Accounts Receivable, contract rights or other rights, and the proceeds (as defined in the UCC) of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on Debt) and the income derived therefrom to the extent required by such designation or specification shall be excluded from Revenues.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw Hill Companies, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by SLHA by notice to the Trustee.

“Security Agreement” means, collectively, the Security Agreement dated as of March 1, 1991, by and among the Corporation and SLHA, as assignors, and the Prior Assignee, as supplemented and amended by the First Supplement to Security Agreement, the Second Supplement to Security Agreement, the Third Supplement to Security Agreement and the Fourth Supplement to Security Agreement, the Fifth Supplement to Security Agreement, and the Sixth Supplement to Security Agreement dated as of January 1, 2014, by and among SLHA and the Corporation, as assignors, and the Assignee, as may be supplemented and amended from time to time.

“Series 1992A Bonds” means Memorial Hospital Service District of the Parish of Calcasieu, State of Louisiana Hospital Revenue Bonds (Lake Charles Memorial Hospital Project), Series 1992A, issued in the original principal amount of \$44,501,408, and currently outstanding in the amount of \$11,060,000.

“Series 2007 Bonds” means Louisiana Public Facilities Authority Hospital Revenue and Refunding Bonds (Lake Charles Memorial Hospital Project), Series 2007, issued in the original principal amount of \$69,775,000, and currently outstanding in the amount of \$66,245,000.

“Series 2013A Bonds” means \$6,275,000 Calcasieu Parish Public Trust Authority Hospital Revenue Refunding Bonds (Lake Charles Memorial Hospital Project) Series 2013A, dated October 10, 2013, and currently outstanding in the amount of \$6,275,000.

“Seventh Supplemental Assignment” means the Seventh Supplemental Act of Assignment of Revenues dated as of January 1, 2014, by and among SLHA, the Corporation and the Assignee.

“Sixth Supplement to Security Agreement” means the Sixth Supplement to Security Agreement dated as of January 1, 2014, by and among SLHA and the Corporation, as assignors, and the Assignee.

“SLHA” means Southwest Louisiana Hospital Association, a Louisiana nonprofit corporation.

“State” means the State of Louisiana.

“Stated Maturity” when used with respect to any Debt or any installment of interest thereon means the date specified in such Debt as the fixed date on which the principal of such Debt or such installment of interest is due and payable.

“Stock” includes all shares, interests, participations, or other equivalents (however designated) of or in corporate stock.

“Transaction Test” means the Trustee shall have received: (a) an Officer’s Certificate demonstrating that the Available Revenues of the Restricted Group for the Historic Test Period is not less than 110% of the Maximum Annual Debt Service Requirements, assuming that the transaction in question occurred at the commencement of the Historic Test Period, or (b) a Management Consultant’s report demonstrating that the projected Funded Debt Service Coverage Ratio for the first full Fiscal Year immediately after the transaction in question will not be less than 135%, or (c) a Management Consultant’s opinion or report stating that the transaction in question will cause the financial and operational position of the Restricted Group to be stronger than such position of the Restricted Group absent such transaction.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement dated January 7, 2014 among SLHA, the Corporation, the Issuer and the Trustee.

“Trust Estate” is defined in the Granting Clauses of the Indenture.

“Trustee” means Argent Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, and its successors, having a corporate office in Ruston, Louisiana, serving as trustee pursuant to the Indenture, or any of its agents.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“UCC” means Chapter 9 of the Louisiana Commercial Laws (La. R.S. 10:9-101 *et seq.*).

“Value” when used in connection with Property of SLHA or any Restricted Affiliate, means at the option of SLHA (a) the cost basis of such property, net of accumulated depreciation, as it is carried on the books of such Person and in conformity with generally accepted accounting principles consistently applied, and when used in connection with Property of the Restricted Group, means the aggregate of the cost basis so determined with respect to such Property of each Restricted Affiliate and SLHA determined in such a manner that no portion of such cost basis of Property of any member is included more than once or (b) the appraised value of such property as determined by an appraiser acceptable to the Trustee, such appraisal taking place within two (2) years of the date such value is used in any computation or calculation herein.

Section 1.2. **Rules of Construction.** Unless the context clearly indicates to the contrary, the rules set forth in Section 1.02 of the Indenture shall apply to the construction of this Loan Agreement.

ARTICLE II

ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.1. Acquisition and Construction of the Project. SLHA agrees to complete or cause to be completed acquisition and construction of the Project and to place in service and operate or cause to be placed in service and operated the Project; provided, however, SLHA shall not be obligated to complete or cause to be completed acquisition and construction of the Project or any part thereof nor to place in service or operate the Project if no Bond Obligations are outstanding and all other amounts payable under the Bond Documents have been paid or provisions for such payments have been made.

Section 2.2. Revision of the Project. The description of the Project set forth in Exhibit A hereto may be revised; provided, however, that no such revision may be made which would, in the opinion of nationally recognized bond counsel acceptable to the Issuer, cause interest on any of the Bonds to become includable in gross income for Federal income tax purposes.

Section 2.3. Completion of the Project if Bond Proceeds Insufficient. SLHA agrees to pay or cause to be paid all Project Costs which are not, or cannot be, paid or reimbursed from the proceeds of the Bonds. SLHA agrees that if, after exhaustion of the moneys in the Construction Fund, SLHA shall pay or cause to be paid any portion of the Project Costs, it shall not be entitled to any reimbursement therefor from the Issuer or from any Bondholder, nor shall it be entitled, as a consequence of such unreimbursed payment, to any abatement, postponement or diminution of the amounts payable under this Loan Agreement.

ARTICLE III

ISSUANCE OF BONDS; ADDITIONAL BONDS; LOAN; DISPOSITION OF LOAN PROCEEDS; FEES AND EXPENSES

Section 3.1. Issuance of the Bonds. The Issuer agrees that immediately following the delivery of this Loan Agreement it will execute and deliver the Indenture and issue, sell and deliver the Bonds to the initial purchasers thereof. The Bonds shall be limited obligations of the Issuer and shall be payable by the Issuer solely out of the revenues derived from or in connection with the Bond Documents. The Bonds shall never be payable out of any other funds of the Issuer except such revenues.

Section 3.2. Additional Bonds. If SLHA is not in default under this Loan Agreement or under any agreement entered into in respect of the Outstanding Parity Bonds, the Issuer shall, at the request of SLHA and subject to the provisions of the Indenture and any applicable provisions of law, cooperate with SLHA and from time to time use its best efforts to issue such amount or amounts of Additional Bonds as may be requested by SLHA for the purposes of constructing, acquiring, completing, enlarging, improving or expanding the Project or any Additions or for the purpose of refunding all or any portion of the Outstanding Bonds. Prior to or contemporaneously with issuance of any Additional Bonds provided for above, (i) the terms, conditions, manner of issuance, purchase price, delivery and disposition of proceeds of the sale of such Additional Bonds shall be approved in writing by SLHA and the Issuer and (ii) the conditions specified in the Indenture with respect to issuance of Additional Bonds shall be satisfied.

Section 3.3. Loan. The proceeds of sale of the Bonds, which are being disbursed as provided in the Indenture are hereby loaned by the Issuer to SLHA. SLHA's unconditional obligation to repay the loan in the aggregate amount of \$10,000,000 plus interest and redemption premium, if any, as provided herein shall be evidenced by this Loan Agreement.

Section 3.4. Security Interests. As security for their obligation to repay the Loan and performance of the obligations of SLHA under this Loan Agreement, SLHA and the Corporation (i) have executed the Security Agreement and the Assignment and (ii) hereby pledge, set over and assign to the Issuer all of SLHA's right, title and interest in and to all amounts at any time deposited in the Funds, including all investments and reinvestments made with such amounts and the proceeds thereof, and in all of its rights to and interests in such amounts, investments, reinvestments and proceeds. SLHA hereby authorizes and directs the Trustee to hold such amounts, investments, reinvestments and proceeds as custodian for the Issuer in accordance with the provisions of the Act and to invest and disburse such amounts and proceeds in accordance with the Indenture and this Loan Agreement.

It is the intention of SLHA and the Corporation that the Bonds shall be and are issued, and shall enjoy a lien and pledge over the Revenues on a complete parity with the Outstanding Parity Bonds. SLHA and the Corporation covenant and agree that they have complied with all the terms and conditions for issuance of additional bonds set forth in the ordinances and other financing documents authorizing issuance of the Outstanding Parity Bonds.

Section 3.5. Disbursements. Unless the maturity of the Bonds has been accelerated, the Trustee shall disburse amounts in the Construction Fund to pay Project Costs, Issuance Costs and other costs described in Section 5.03 and 5.05 of the Indenture; provided, however, that prior to payment of any Project Costs the Trustee shall receive from SLHA a requisition and certificate in substantially the form provided in Exhibit B to the Indenture, signed by an Authorized Representative of SLHA stating: (i) the requisition number, amount to be paid and the name of the Person to whom payment is to be made; (ii) that there has been expended, or is being expended concurrently with the delivery of such certificate, an amount on account of Project Costs at least equal to the amount set forth in such certificate; (iii) that no other certificate in respect of such expenditure is being or previously has been delivered to the Trustee; and (iv) that no Default has occurred and is continuing.

Section 3.6. Completion. Immediately after the Completion Date, and after requesting pursuant to Section 3.5 any amounts then permitted to be disbursed thereunder, SLHA shall deliver to the Trustee a certificate signed by an Authorized Representative certifying: (i) that as of the Completion Date specified in the certificate all amounts payable with respect to the acquisition and construction of the Project have been paid; and (ii) the amount of Bond proceeds expended for Project Costs. Any amounts remaining in the Construction Fund after the Completion Date shall be deposited in the Principal Account of the Debt Service Fund to be used for redemption of Bonds on the earliest date upon which such Bonds may be redeemed.

Section 3.7. Fees and Expenses. SLHA agrees to pay or cause to be paid promptly upon demand therefor all Issuance Costs (to the extent not paid from amounts on deposit in the Costs of Issuance Account of the Bond Proceeds Fund) and all of the following costs:

(a) all costs paid, incurred or charged by the Issuer, including without limitation, (i) all fees required to be paid to the Issuer with respect to the Bonds, (ii) all out-of-pocket expenses and Issuance Costs reasonably incurred by the Issuer in connection with issuance of the Bonds and (iii) all out-of-pocket expenses (including reasonable fees and expenses of attorneys employed by the Issuer) incurred by the Issuer in connection with enforcement of any of its rights or remedies or the performance of its duties under the Financing Documents; and

(b) all costs paid, incurred or charged by the Trustee, including without limitation, (i) all fees and out-of-pocket expenses required to be paid with respect to services rendered by it under the Financing Documents and (ii) all out-of-pocket expenses (including reasonable fees and expenses of attorneys employed by it) incurred by it in connection with enforcement of any of its rights or remedies or performance of its duties under the Financing Documents.

Section 3.8. Investment of Moneys. The Issuer hereby authorizes SLHA to prepare and provide instructions to the Trustee as to investment and reinvestment of moneys held as part of the Funds. Any such moneys so held as part of the Funds shall be invested or reinvested by the Trustee as specified in the Indenture and subject to the Code and the Regulations. SLHA covenants and agrees that it will not use or permit the use by any Person of any of the Funds provided by the Issuer hereunder or any other of its funds, directly or indirectly, or direct the Trustee to invest any funds held by it under the Indenture or this Loan Agreement, in such manner as would, or enter into, or allow any "related person" (as defined in Section 144(a)(3) of the Code) to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause any Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code. SLHA acknowledges having read Sections 4.07 and 5.08 of the Indenture and agrees to perform all duties imposed upon it by such Sections. Insofar as said Sections impose duties and responsibilities on SLHA, they are specifically incorporated herein by reference. Any officer of the Issuer or SLHA having responsibility with respect to issuance of the Bonds is authorized, alone or in conjunction with any other officer, employee or consultant of the Issuer or SLHA, to give an appropriate certificate on behalf of the Issuer or SLHA setting forth reasonable expectations of the Issuer or SLHA regarding the amount, investment and use of the proceeds of the Bonds and the facts and estimates (set forth in brief and summary form) on which the expectations are based, which will be sufficient to establish conclusively the Issuer's or SLHA's reasonable expectations as to the future events described in the certificate, all pursuant to the Code and the Regulations.

ARTICLE IV

LOAN PAYMENTS; PAYMENTS TO RESERVE FUND

Section 4.1. Loan Payments. (a) To repay the Loan, SLHA agrees that it is unconditionally obligated to make or cause to be made monthly Loan Payments in immediately available funds directly to the Trustee for deposit in the Debt Service Fund, on or before the 20th day of each month, beginning January 20, 2014, in an amount equal to one-sixth (1/6) of the interest falling due on the next January 1 or July 1, as the case may be, plus one-twelfth (1/12) of the principal falling due on the next January 1 (whether by reason of maturity or upon mandatory sinking fund redemption), and one-twelfth (1/12) of the fees and expenses of the Trustee, for services rendered under the Indenture or under any of the Bond Documents, together with such additional proportionate sum in an amount which, together with other money held by the Trustee under the Indenture and available therefor, will enable the Trustee to make such payment in full when due.

(b) If, subsequent to a date on which SLHA is not obligated to pay the Loan Payments, losses (net of gains) shall be incurred in respect of any investments, or any other event or circumstance has occurred causing the amounts in the Debt Service Fund, together with any other amounts then held by the Trustee and available for the purpose, to be less than the amount sufficient at the time of such occurrence or other event or circumstance to pay, in accordance with the provisions of the Indenture, all Debt Service with respect to the Bonds due and payable or to become due and payable, then the Trustee shall notify SLHA of such fact and thereafter SLHA, as and when required for purposes of such Debt Service Fund, shall pay to the Trustee for deposit in the Debt Service Fund the amount of any such deficiency.

(c) SLHA agrees and acknowledge that it is obligated and bound to repay the Loan Payments under this Article IV and to further perform all other obligations, covenants and agreements imposed upon it by this Loan Agreement. SLHA further covenants that, to the extent necessary to comply with the provisions of this Section 4.1 and to the extent permitted by law, it will cause its other Restricted Affiliates to transfer to SLHA, by loan, advance, grant or otherwise, such of their revenues, after payment of their reasonable costs of operation to enable SLHA to so comply with such provisions.

(d) SLHA further covenants that if the moneys in the Rebate Fund shall at any time be insufficient for the purposes thereof it shall immediately transfer to the Trustee, for deposit to the Rebate Fund, sufficient moneys to cure such deficiency.

Section 4.2. Prepayment of Loan; Redemption of Bonds. The Issuer agrees that, at the request at any time of SLHA, it will cooperate with SLHA to cause the Bonds or any portion thereof to be redeemed to the extent permitted by the Indenture.

Section 4.3. Excess Funds. After all Bonds have been paid or deemed paid within the meaning of Section 7.02 of the Indenture, any excess money remaining in any Fund in excess of amounts required for the payment of the Bonds shall forthwith be paid by the Trustee to SLHA as a refund of Loan Payments, or of any payments SLHA has been required to make with respect to any loan by, or lease or purchase from, the Issuer incurred by SLHA with respect to any series of Additional Bonds, as the case may be.

Section 4.4. Nature of Obligations of the Corporation and SLHA. The Corporation and SLHA agree that their obligations under the Bond Documents, particularly with respect to repayment in full of the Loan, shall be a solidary and joint and several obligation which shall be absolute and unconditional and irrespective of any rights of set-off, diminution, abatement, recoupment or counterclaim the Corporation or SLHA might otherwise have against any Person, and the Corporation and SLHA will perform and observe all of their obligations under the Bond Documents without suspension and, except in connection with a discharge of the Indenture, neither the Corporation nor SLHA will terminate the Bond Documents for any cause. The Corporation and SLHA covenant not to seek and hereby waive, to the extent permitted by

applicable law, the benefits of any rights which they may have at any time to any stay or extension or time for performance or to terminate, cancel or limit any liability under the Bond Documents except through payment of the Bond Obligations as provided in the Bond Documents. The Holders of the Bonds shall be entitled to rely upon the agreements and covenants in this Section 4.4 regardless of the validity or enforceability of the remainder of this Loan Agreement or any other Bond Document or agreement.

The preceding paragraph shall not be construed to release the Issuer from the performance of any of its agreements contained in this Loan Agreement, or except to the extent provided in this Section and Section 7.1, prevent or restrict SLHA from asserting any rights which they may have against the Issuer, the Trustee, or any other Person under this Loan Agreement or under any provision of law or prevent or restrict SLHA, at its own cost and expense, from prosecuting or defending any action or proceeding against or by third parties or taking any other action to secure or protect its rights of purchase, acquisition, possession and use of the Project and its rights under this Loan Agreement. Notwithstanding the foregoing, the assertion of such rights or the prosecution of any such action or proceeding or the taking of any other action will not in any way relieve the Corporation or SLHA of the obligations set forth in the preceding paragraph.

Section 4.5. Payments to Issuer. Out of money from the proceeds from the sale and delivery of the Bonds or out of funds provided by SLHA, there shall be paid (i) all of the Issuer's reasonable actual out-of-pocket expenses and Issuance Costs in connection with the Bonds, (ii) on the date of delivery of the Bonds, an issuance fee in the amount of 1/20 of 1% of the principal amount of the Bonds. SLHA agrees to make administrative payments directly to the Issuer on June 1 of each year in an amount equal to 1/10 of 1% of the principal amount of all Bonds outstanding on January 1 of each year unless waived by the Issuer, if billed. The administrative payments shall be used for the purpose of paying administrative and related costs of the Issuer, but shall not include Trustee fees or expenses incurred by the Issuer in enforcing provisions of this Loan Agreement. The Issuer agrees that it will notify the Corporation and SLHA in writing prior to March 15 of each year the Bonds are Outstanding whether it shall waive such administrative payments for such year. If these fees are not waived, such written notice shall advise SLHA of the amount that is to be paid (not to exceed 1/10 of 1% per annum), the date on which payment is due, and where such payment is to be remitted. In the event SLHA should fail to pay such administrative expenses then due, the payment shall continue as an obligation of SLHA until the amount shall have been fully paid, and SLHA agrees to pay the same with interest thereon (to the extent legally enforceable) at a rate per annum equal to the interest rate in effect from time to time on the Bonds, until paid.

ARTICLE V

OTHER MATTERS REGARDING THE PROJECT

Section 5.1. Issuer Relieved from Responsibility with Respect to the Project. SLHA and the Issuer hereby expressly acknowledge and agree that the Issuer is under no responsibility to insure, maintain, operate or repair the Project or to pay taxes with respect thereto and SLHA expressly relieves the Issuer from any such responsibility.

Section 5.2. Casualty and Condemnation. The occurrence of a casualty to or condemnation of the Project or any portion thereof shall not entitle SLHA to any abatement, postponement or reduction in the amount of the Loan Payments, or of any payments SLHA is required to make with respect to any loan by, or lease or purchase from, the Issuer incurred by SLHA with respect to any series of Additional Bonds, as the case may be, or other amounts payable under this Loan Agreement and SLHA hereby waives, to the extent permitted by law, the benefits and provisions of all laws and rights which, by reason of such casualty or condemnation, might relieve SLHA from any of such obligations.

ARTICLE VI

REPRESENTATIONS AND COVENANTS OF THE ISSUER

Section 6.1. Representations of the Issuer. The Issuer represents and warrants that:

(a) The Issuer is a public trust and public corporation established for the benefit of the State, duly organized and existing under the laws of the State.

(b) The Issuer has full corporate power and authority under the Constitution and laws of the State to adopt the resolution authorizing issuance of the Bonds, to issue the Bonds, to execute and deliver the Bond Documents to be executed and delivered by it and to perform its obligations under the Bond Documents.

(c) The Issuer has duly adopted the resolution authorizing issuance of the Bonds, and has duly authorized execution and delivery of the Bond Documents to be executed and delivered by it. All action required on the part of the Issuer for authorization and issuance of the Bonds, and execution and delivery of the Bond Documents to be executed and delivered by it, has been duly and effectively taken and has not been rescinded, modified or revoked by the Issuer.

(d) The Bond Documents to which the Issuer is a party constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their terms (except that (i) the enforceability of such Bond Documents may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to the enforcement of creditors' rights, generally, (ii) certain equitable remedies, including specific performance, may be unavailable, and (iii) indemnification provisions contained therein may be limited by applicable securities laws and public policy).

(e) All filings with, or approvals or consents of, governmental authorities (other than approvals or consents required under the Blue Sky or other securities laws of any jurisdiction other than the State) required to be made or obtained by the Issuer for (i) valid adoption of the resolution authorizing issuance of the Bonds, (ii) valid authorization, execution and delivery by the Issuer of the Financing Documents to which it is a party and (iii) valid issuance of the Bonds, have been, or prior to issuance of the Bonds, will be, duly made or obtained.

(f) There is no action, suit, proceeding or investigation at law or in equity before or by any court, either State or federal, or public board or body pending or, to the Issuer's knowledge, threatened, calling into question the creation or existence of the Issuer, the validity of the Bond Documents to be executed and delivered by it, the authority of the Issuer to execute and deliver the Bond Documents to be executed and delivered by it and to perform its obligations under the Bond Documents, the exclusion from gross income of interest on the Bonds or the title of any person to the office held by that person with the Issuer.

(g) Execution and delivery by the Issuer of the Bond Documents to be executed and delivered by it, and performance of its obligations under the Bond Documents, will not violate in any respect any provision of law or regulation, or of any judgment, decree, writ, order or injunction, and will not contravene the provisions of, or constitute a default under, or result in the creation of a lien, charge or encumbrance under, any agreement (other than the Indenture) to which the Issuer is a party or by which any of its properties constituting a part of the Trust Estate are bound.

(h) No event has occurred, and no condition currently exists, which constitutes or may, with passage of time or giving notice, or both, constitute an Event of Default on the part of the Issuer.

Each of the foregoing representations shall be deemed to have been made as of the date of this Loan Agreement and again as of the date of delivery of the Bonds to the original purchasers.

THE ISSUER MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE PROJECT, INCLUDING, BUT NOT LIMITED TO: THE MERCHANTABILITY THEREOF OR THE FITNESS THEREOF FOR ANY PARTICULAR PURPOSES; THE DESIGN OR CONDITION THEREOF; THE WORKMANSHIP, QUALITY OR CAPACITY THEREOF; COMPLIANCE THEREOF WITH REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; LATENT DEFECTS; OR THAT PROCEEDS DERIVED FROM SALE OF THE BONDS WILL BE SUFFICIENT TO PAY IN FULL FOR ALL ISSUANCE COSTS AND PROJECT COSTS WHICH MAY BE INCURRED.

Section 6.2. Covenants of the Issuer. The Issuer covenants and agrees that:

(a) The Issuer will faithfully perform all of its obligations under the Bond Documents and will not voluntarily take any action which would adversely affect its corporate existence.

(b) The Issuer will not knowingly take any action, or omit to take any action, which action or omission will adversely affect exclusion from gross income of interest on the Bonds for Federal income tax purposes, and in the event of such action or omission will promptly, upon receiving knowledge thereof, take all lawful actions, based on advice of counsel and at the expense of SLHA, as may rescind or otherwise negate such action or omission. In addition, reference is made to Section 4.07 of the Indenture wherein the Issuer has made certain covenants relating to exclusion from gross income of interest on the Bonds for Federal income tax purposes.

(c) To the extent that it is within its power to do so, the Issuer will maintain the validity and effectiveness of the Bond Documents, and of the Issuer's pledge and assignment to the Trustee thereunder, and (except as expressly permitted by such Bond Documents) will not take or omit to take any action, the taking or omission of which will release the Corporation or SLHA from their obligations under such Bond Documents or result in surrender, termination or modification of, or impair validity or enforceability of, such Bond Documents.

(d) The Issuer will observe the covenants made by it in the Indenture; it will use its best efforts to cause SLHA to have and exercise all rights, powers and benefits stated to be in SLHA in this Loan Agreement and the Indenture; and so long as no Event of Default exists, it will not join in modification of the Bond Documents in any manner without the prior written consent of SLHA and the Trustee.

ARTICLE VII

INDEMNIFICATION, REPRESENTATIONS, WARRANTIES AND COVENANTS OF SLHA

Section 7.1. Indemnification.

(a) *Agreements to Indemnify.* SLHA agrees that it will at all times indemnify and hold harmless each of the Indemnified Parties against any and all Losses; provided, however, SLHA shall not be obligated to indemnify the Trustee or any of its officers, directors and employees against Losses resulting from fraud, willful misconduct, or theft on the part of the Indemnified Party claiming indemnification. SLHA also agrees to indemnify and save harmless the Trustee and its agents against and from any liability or damages which it may incur or sustain, in good faith, and without negligence or willful misconduct, in the exercise and performance of any of its powers and duties under the Bond Documents.

(b) *Release.* None of the Indemnified Parties shall be liable to SLHA for, and SLHA hereby releases each of them from, all liability to SLHA for, all injuries, damages or destruction to all or any part or parts of any property owned or claimed by SLHA that directly or indirectly result from, arise out of or relate to the design, construction, operation, use, occupancy, maintenance or ownership of the Project or any part thereof, even if such injuries, damages or destruction directly or indirectly result from, arise out of or relate to, in whole or in part, one or more acts or omissions of the Indemnified Parties (other than fraud, willful misconduct or theft on the part of the Trustee or any of its officers, directors and employees) in connection with the issuance of the Bonds or in connection with the Project.

(c) *Reimbursement.* Each Indemnified Party, as appropriate, shall reimburse SLHA for payments made by SLHA pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any insurance with respect to any Loss. At the request and expense of SLHA, each Indemnified Party shall have the duty to claim any such insurance proceeds and such Indemnified Party shall assign its rights to such proceeds, to the extent of such required reimbursement, to SLHA.

(d) *Notice.* In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against SLHA, such Indemnified Party shall promptly notify SLHA in writing; provided, however, that any failure so to notify shall not relieve SLHA of their obligations under this Section.

(e) *Defense.* SLHA shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by SLHA, in writing, (ii) SLHA has failed after receipt of notice of such claim to assume the defense and to employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and SLHA, and the Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to SLHA (in which case, if such Indemnified Party notifies SLHA in writing that it elects to employ separate counsel at SLHA's expense, SLHA shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that SLHA shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by the Indemnified Parties).

(f) *Cooperation; Settlement.* Each Indemnified Party shall cooperate with SLHA in the defense of any action or Claim. SLHA shall not be liable for any settlement of any action or Claim without SLHA's consent but, if any such action or Claim is settled with the consent of SLHA or there be final judgment for the plaintiff in any such action or with respect to any such Claim, SLHA shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Section 7.1(a) above.

(g) *Survival; Right to Enforce.* The provisions of this Section shall survive the termination of this Loan Agreement, and the obligations of SLHA hereunder shall apply to Losses or Claims and losses or claims of the Trustee and its agents under Section 7.1(a) whether asserted prior to or after the termination of this Loan Agreement. In the event of failure by SLHA to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of SLHA under this Section. The obligations of SLHA under this Section shall not be affected by any assignment or other transfer by the Issuer of its rights, titles or interests under this Agreement to the Trustee pursuant to the Indenture and will continue to inure to the benefit of the Indemnified Parties after any such transfer. The provisions of this Section shall be cumulative with and in addition to any other agreement by SLHA to indemnify any Indemnified Party.

Section 7.2. Representations and Warranties of the Corporation and SLHA. SLHA represents and warrants as to itself and to the Restricted Group and each other Restricted Affiliate, as follows:

(a) *Corporate Existence; Good Standing; Power.* SLHA is a nonstock, nonprofit corporation having the Corporation as its sole member, duly organized, validly existing and in good standing under the laws of the State and each Restricted Affiliate is duly organized, validly existing and in good standing under the laws of the state of its incorporation; SLHA and each member of the Restricted Group is duly qualified, authorized and licensed to transact business in each jurisdiction wherein failure to qualify would have a material adverse effect on the conduct of its business or the ownership of its properties and has full corporate power and authority to qualify as, and perform the duties of, a Restricted Affiliate; and each member of the Restricted Group has full corporate power and authority to own its properties and to conduct its business as now being conducted and satisfies the requirements set forth in clauses (1) and (2) of the definition of Restricted Affiliate contained herein.

(b) *Accuracy of Information; No Misstatements.* All of the documents, instruments and written information furnished by SLHA or by or on behalf of the Restricted Group to the Issuer or the Trustee in connection with the issuance of the Bonds, are true and correct in all material respects and do not omit or fail to state any material facts necessary or required to be stated therein to make the information provided not misleading.

(c) *No Defaults; Noncontravention.* No event of default or event which, with notice or lapse of time or both, would constitute an event of default or a default under any agreement or instrument to which SLHA or any other member of the Restricted Group is a party or by which any member of the Restricted Group is or may be bound or to which any of the property or assets of any member of the Restricted Group is or may be subject, and which would have a material adverse effect on SLHA or which would impair its ability to carry out their obligations under the Financing Documents has occurred and is continuing; neither the execution nor the delivery by SLHA of the Financing Documents to which it is a party, nor the consummation of any of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof or thereof, will contravene the Organizational Documents of SLHA or any member of the Restricted Group or will conflict with, in any way which is material to SLHA, or result in a breach of, any of the terms, conditions or provisions of, or constitute a default under, any corporate or limited partnership restriction or any bond, debenture, note, mortgage, indenture, agreement or

other instrument to which SLHA or any member of the Restricted Group is a party or by which SLHA or any member of the Restricted Group is or may be bound or to which any of the property or assets of SLHA or any member of the Restricted Group is or may be subject, or any law or any order, rule or regulation applicable as of the date hereof to SLHA or any member of the Restricted Group of any court, or regulatory body, administrative agency or other governmental body having jurisdiction over SLHA or any member of the Restricted Group or its properties or operations, or will result in the creation or imposition of a prohibited lien, charge or other security interest or encumbrance of any nature upon any property or asset of SLHA or any member of the Restricted Group under the terms of any such restriction, bond, debenture, note, mortgage, indenture, agreement, instrument, law, order, rule or regulation.

(d) *No Litigation.* There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened, wherein an adverse decision, ruling or finding (i) would result in any material adverse change in the condition (financial or otherwise), results of operations, business or prospects of SLHA or any member of the Restricted Group or which would materially and adversely affect the properties of SLHA or any member of the Restricted Group, and which has not been previously disclosed in writing to the Issuer, or (ii) would materially and adversely affect the transactions contemplated by, or the validity or enforceability of, the Financing Documents (except that (i) the enforceability of such Bond Documents may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to the enforcement of creditors' rights, generally, (ii) certain equitable remedies, including specific performance, may be unavailable and (iii) the indemnification provisions contained therein may be limited by applicable securities laws and public policy).

(e) *Authority for, Authorization of Transaction.* SLHA has full corporate power and authority to execute and deliver the Bond Documents to which it is a party and has full power and authority to perform its obligations hereunder and thereunder and engage in the transactions contemplated by the Bond Documents to which it is a party. The Bond Documents to which the Corporation or SLHA is a party have been duly authorized, executed and delivered by the Corporation or SLHA, as applicable, and each constitutes a legal, valid and binding obligation of the Corporation or SLHA, as applicable, enforceable in accordance with its terms.

(f) *All Approvals.* Except as otherwise disclosed to the Underwriter and the Issuer, no consents, approvals, authorizations or any other actions by any governmental or regulatory authority that have not been obtained or taken are or will be required for issuance and sale of the Bonds, execution and delivery of the Bond Documents, construction, ownership and operation of the Project or consummation of the other transactions contemplated by the Bond Documents (except for such licenses, certificates, approvals or permits necessary for the construction of the Project for which SLHA either has applied or shall apply with due diligence and which SLHA expects to receive).

(g) *Representations Regarding the Project.* SLHA intends to expend or cause to be expended the proceeds of the Bonds in the Construction Fund to pay Project Costs and Issuance Costs. In addition, the Project is located in its entirety within the boundaries of the Parish. The principal of the Bonds being deposited in the Construction Fund is based upon SLHA's most reasonable estimate of the Project Costs as of the date hereof, which estimates are based upon sound engineering and accounting principles.

(h) *Representations and Warranties as to Tax-Exempt Status of the Corporation and SLHA.*

(i) Each of the Corporation, SLHA and its Exempt Subsidiaries is an organization exempt from federal income taxation as provided in Section 501(a) of the Code by virtue of being described in Section 501(c)(3) of the Code;

(ii) The purposes, character, activities and methods of operation of each of the Corporation, SLHA and its Exempt Subsidiaries (the "Purposes") have not changed materially since

their organization and are not materially different from the purposes, character, activities and methods of operation at the time of their determination by the Internal Revenue Service (the "IRS") to be organizations described in Section 501(c)(3) of the Code (the "Determination");

(iii) Neither the Corporation, SLHA nor any of its Exempt Subsidiaries has diverted a substantial part of its corpus or income for a purpose or purposes other than those Purposes that have been disclosed to the IRS, including, without limitation, the Purposes disclosed in connection with the Determination;

(iv) Neither the Corporation, SLHA nor any of its Exempt Subsidiaries has operated during its 5 most recent Fiscal Years or the current Fiscal Year, as of the date hereof, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)(1)(c)(3) of the Regulations including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities or the intervention, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office;

(v) With the exception of payment of compensation (and payment or reimbursement of expenses) which is not excessive and is for personal services which are reasonable and necessary to carrying out the purposes of the Corporation, SLHA and its Exempt Subsidiaries, no individual who would be a "foundation manager" within the meaning of Section 4946(b) of the Code with respect to the Corporation, SLHA or any of its Exempt Subsidiaries, nor any Person controlled by any such individual or individuals or any of their Affiliates, nor any Person having a personal or private interest in the activities of the Corporation, SLHA or any of its Exempt Subsidiaries has acquired or received, directly or indirectly, any income or assets, regardless of form of the Corporation, SLHA or any of its Exempt Subsidiaries during the current Fiscal Year and the 5 Fiscal Years preceding the current Fiscal Year, other than as reported to the IRS, by the Corporation, SLHA or any of its Exempt Subsidiaries;

(vi) Neither the Corporation, SLHA nor any of its Exempt Subsidiaries has received any indication or notice whatsoever to the effect that its exemption under Section 501(c)(3) of the Code has been revoked or modified, or that the IRS is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(vii) Each of the Corporation, SLHA and each of its Exempt Subsidiaries has timely filed with the IRS all requests for determination, reports and returns required to be filed by it and such requests for determination, reports and returns have not omitted or misstated any material fact and have timely notified the IRS of any changes in their organization and operation since the date of the application for the Determination;

(viii) Neither the Corporation, SLHA nor any of its Exempt Subsidiaries has devoted more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code;

(ix) Neither the Corporation, SLHA nor any of its Exempt Subsidiaries has taken any action, nor knows of any action that any other Person has taken, nor knows of the existence of any condition which would cause the Corporation, SLHA or any of its Exempt Subsidiaries to lose its exemption from taxation under Section 501(a) of the Code or cause interest on the Bonds to be includable in the income of the recipients thereof for federal income tax purposes; and

(x) Each of the Corporation, SLHA and each of its Exempt Subsidiaries will (i) conduct its operations in a manner that will result in its continued qualification as an organization described in Section 501(c)(3) of the Code, (ii) timely file all material returns, reports and other documents with

the IRS as required by law and (iii) timely notify the IRS of any changes in its organizational documents or method of operations to the extent that the IRS does not already have knowledge of any such changes.

(i) *Other Representations and Warranties.* Any certificate with respect to factual or financial matters signed by an officer of the Corporation or SLHA and delivered to the Issuer shall be deemed a representation and warranty by the Corporation or SLHA as to the statements made therein.

(j) *Bring down of Representations and Warranties.* Each representation and warranty made by the Corporation or SLHA shall be deemed to have been made as of the date of this Loan Agreement and again as of the date of delivery of the Bonds to the original purchasers. The representations, warranties and covenants contained in this Loan Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Issuer.

Section 7.3. Tax Covenants. SLHA agrees that it will not knowingly take any affirmative action or omit to take any action, which action or omission will adversely affect the exclusion from gross income for Federal income tax purposes of interest paid on the Bonds, and, in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon advice of counsel and, in all cases, at the sole expense of SLHA as may rescind or otherwise negate such action or omission. With the intent not to limit the generality of the foregoing, SLHA covenants and agrees that (unless it has delivered to the Issuer and the Trustee an opinion of Bond Counsel to the effect that the taking or failure to take, as applicable, of any of the following actions will not adversely affect the excludability from gross income of the interest on the Bonds):

(a) SLHA will continue to conduct its operations and will cause each Exempt Subsidiary to conduct its operations in a manner that will result in it continuing to qualify as organizations described in Section 501(c)(3) of the Code, including but not limited to the timely filing of all returns, reports and requests for determination with the IRS and the timely notification of the IRS of all changes in their organization and purposes from the organization and purposes previously disclosed to the IRS;

(b) SLHA will not divert nor permit or suffer any Exempt Subsidiary to divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated as described in Section 7.3(a) above;

(c) All of the property provided with the net proceeds of the Bonds, and the Outstanding Parity Bonds, and any investment earnings thereon will be owned for federal income tax purposes by SLHA, by another entity exempt from federal income taxation by reason of Section 501(c)(3) of the Code or by a state or local governmental unit;

(d) The proceeds of the Bonds and any investment earnings thereon will be expended for the purposes set forth in this Loan Agreement and in the Indenture and no amount of proceeds of the Bonds in excess of the lesser of 2% of the aggregate face amount or proceeds of the Bonds will be expended to pay the Issuance Costs;

(e) Neither SLHA nor any Exempt Subsidiary will use or invest the proceeds of the Bonds or any other amounts held by the Trustee under the Indenture or any investment earnings thereon in a manner that will result in the Bonds becoming (i) other than "qualified Section 501(c)(3) bonds" within the meaning of Section 145(a) of the Code or (ii) "arbitrage bonds" within the meaning of Section 148 of the Code;

(f) Neither SLHA nor any Exempt Subsidiary will use, or permit to be used, more than (i) 5% of the Net Proceeds of the Bonds, including any proceeds of the Bonds used to pay Issuance Costs or (ii) 5% of the proceeds of the Outstanding Parity Bonds including any proceeds of the Outstanding Parity Bonds used to pay Issuance Costs, directly or indirectly in any trade or business carried on by any Person who is not an organization described in Section 501(c)(3) of the Code or a state or local governmental unit (collectively,

“Exempt Person”). For purposes of the preceding sentence, use of the proceeds by an organization described in Section 501(c)(3) of the Code with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, constitutes a use by a Person who is not an Exempt Person. Further, any contractual arrangement with a person who is not an Exempt Person which does not comply with the guidelines set forth in Revenue Procedure 97-13, including any revisions or amendments thereto, shall constitute the use of such proceeds in the trade or business of one who is not an Exempt Person unless an opinion of Bond Counsel is obtained to the effect such arrangement will not impair the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(g) Neither SLHA nor any Exempt Subsidiary will use or permit the use of any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, to make or finance loans to persons who are not Exempt Persons. For purposes of the preceding sentence, a loan to an organization described in Section 501(c)(3) of the Code for use with respect to an unrelated trade or business, determined according with Section 513(a) of the Code, constitutes a loan to a person who is not an Exempt Person;

(h) SLHA agrees to pay all of the fees and expenses of a nationally-recognized Bond Counsel, a certified public accountant and any other necessary consultant employed by the Corporation, the Trustee or the Issuer in connection with any requirements imposed by Section 5.08 of the Indenture or this Section 7.3. It shall be the responsibility of SLHA to see that all required information and moneys are provided to the Trustee to enable the Trustee to satisfy the obligations imposed on the Trustee by the Indenture with respect to the Rebate Fund and investment of amounts held under the Indenture;

(i) SLHA will not cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code (as may be included in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to “federally guaranteed” obligations described in Section 149(b) of the Code);

(j) The average maturity of the Bonds, taking into account the issue price of the various maturities of the Bonds, will not exceed 120 percent of the remaining reasonably expected economic life of facilities financed with the Bonds and the reasonably expected economic life of the Project, taking into account the respective cost of each item composing the Project. For purposes of the preceding sentence, the reasonably expected economic life of a facility shall be determined as of the later of (i) the date on which the Bonds used to finance the facility are issued or (ii) the date on which the facility is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining reasonably expected economic life, except that, in the event 25 percent or more of the proceeds of an issue of bonds is expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of the facilities so financed; and

(k) None of the proceeds of the Bonds will be used to provide any airplane, sky-box 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 or health club facilities (unless directly used for the purpose of qualifying the owner of the facility for tax exemption under Section 501(c)(3) of the Code).

Section 7.4. Perfection of Security Interests. SLHA will (i) upon the execution and delivery of the Bond Documents and thereafter, from time to time upon the designation of additional Restricted Affiliates and otherwise as appropriate, cause any Bond Document and each amendment and supplement thereto (or a memorandum with respect thereto or to such amendment or supplement) to be filed, registered and recorded and to be refiled, reregistered and rerecorded in such manner and in such places as may be required to in order to fully protect any liens, or to perfect or continue the perfection of any security interests, created thereby, and in particular to cause the lien on Accounts, Accounts Receivable and Revenues and the Proceeds thereof

provided in the Assignment and the Security Agreement to remain a first lien, subject only to Permitted Encumbrances, and (ii) perform or cause to be performed from time to time any other act as required by law, and execute or cause to be executed any and all instruments of further assurance that may be necessary for such publication, perfection, continuation and protection. SLHA will not change or relocate its place of business (or its chief executive office if it has more than one place of business) unless it has taken all actions, and made any filings necessary to continue the effectiveness and perfection of any security interests created by the Bond Documents.

Section 7.5. Payment of Taxes. SLHA will (and will cause each Restricted Affiliate to) pay or cause to be paid as they become due and payable all taxes, assessments, and other governmental charges lawfully levied or assessed or imposed upon the Trust Estate or any part thereof, upon any income therefrom, or upon any other real or personal properties of such Person and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments, and other governmental charges lawfully levied, assessed, or imposed upon the lien or interest of the Trustee or of the Holders of the Bonds in the Trust Estate, so that (to the extent aforesaid) the lien of the Indenture shall at all times be wholly preserved at the cost of SLHA and the other Restricted Affiliates and without expense to the Trustee or the Holders of the Bonds; provided, however, that SLHA and the other Restricted Affiliates shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, or governmental charge to the extent that the amount, applicability, or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 7.6. Maintenance of Properties. SLHA will (and will require each Restricted Affiliate to) cause all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair, and working order and supplied with all necessary equipment, ordinary wear and tear, casualty, condemnation and acts of God excepted. SLHA will (and will require each Restricted Affiliate to) cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of SLHA may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent SLHA or any Restricted Affiliate from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Person (and in the opinion of the Board of Directors of such Person if the property involved is any substantial part of the properties of such corporation taken in the aggregate), desirable in the conduct of its business and not disadvantageous in any material respect to the Holders of the Bonds.

Section 7.7. Insurance. (a) SLHA shall maintain, or cause to be maintained at its sole cost and expense, insurance with respect to the Project and any Additions, and the Property, the operation thereof and its business against such casualties, contingencies and risks (including but not limited to public liability and employee dishonesty) and in amounts not less than is customary in the case of corporations engaged in the same or similar activities and similarly situated and as is adequate to protect the Project and any Additions, and the Property, and operations. SLHA shall at least once every two Fiscal Years with respect to commercial insurance and at least once every Fiscal Year with respect to self-insurance (commencing with its Fiscal Year beginning January 1, 2014) cause a certificate of an Insurance Consultant or Insurance Consultants to be delivered to the Trustee which indicates that the insurance then being maintained by SLHA is customary in the case of corporations engaged in the same or similar activities and similarly situated and is adequate to protect the Project and any Additions, the Property and its operations. SLHA may self-insure if such self-insurance (other than customary deductibles) meets the standards set forth in the first sentence of this paragraph and is prudent under the circumstances.

(b) Unless SLHA shall have elected to prepay all amounts payable under this Loan Agreement, SLHA will cause the net proceeds of any insurance proceeds or condemnation award in respect of the Project

or any Additions to be deposited in a separate trust fund held by the trustee for the Bonds. All net proceeds so deposited shall be applied in one or more of the following ways as shall be elected by SLHA:

(i) To the prompt repair, restoration, modification or improvement of the Project or Additions by SLHA to substantially the same condition thereof prior to the condemnation or destruction. Prior to disbursement by the Trustee of any moneys from said trust fund to pay the cost of such repair, restoration, modification or improvement, SLHA shall deliver to the Trustee a requisition setting forth the purposes for which such moneys are being used, together with such other information as may be reasonably required by the Trustee. Notwithstanding the foregoing, no payments shall be made from the separate trust fund for the purpose of repairing, restoring, modifying or improving the Project or Additions, unless (a) net proceeds deposited in the separate trust fund from any insurance proceeds or condemnation award are sufficient for the purpose of repairing, restoring, modifying or improving the Project or Additions, or (b) such net proceeds, together with other moneys of SLHA deposited with the Trustee in such separate trust fund, are sufficient to pay for the cost of such repair, restoration, modification or improvement of the Project or Additions; or

(ii) To the redemption of the Bonds and to the redemption of Secured Obligations (as defined in the Assignment and in the Security Agreement, as the same may be amended or supplemented in accordance with the provisions thereof) at the extraordinary optional redemption price or prices set forth in the Indenture, together with accrued interest thereon to the date of redemption; provided, that no part of such net proceeds may be applied for such redemption unless all of the Bonds and Secured Obligations are to be redeemed or SLHA shall furnish to the Trustee a certificate of an independent architect stating (A) that the property forming a part of the Project or Additions that was destroyed or condemned is not essential to SLHA's use or occupancy of such Project or Additions, or (B) that the Project or Additions have been replaced, repaired, rebuilt or restored as stated in the foregoing Section 7.7(b)(i).

In the event the net proceeds referred to in the preceding paragraphs are not sufficient to pay in full the costs of such replacement, repair, rebuilding, restoration or acquisition, SLHA will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said net proceeds.

Section 7.8. Corporate Existence. Subject to Section 7.17, SLHA will (and will require each Restricted Affiliate to) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; provided, however, that neither SLHA nor any Restricted Affiliate shall be required to preserve any right or franchise if the Board of Trustees or Directors thereof shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of the Bonds.

Section 7.9. Rate Covenants. In each Fiscal Year, SLHA shall (and shall cause each Restricted Affiliate to) establish, charge, and use its best efforts to collect rates, fees, and charges for goods and services furnished by, and for the use of, its properties which, if collected, would be sufficient to cause the Available Revenues of the Restricted Group in such Fiscal Year to be not less than 110% of the Maximum Annual Debt Service Requirement of the Restricted Group for such Fiscal Year. If Available Revenues of the Restricted Group in any Fiscal Year shall be less than 110% of such Maximum Annual Debt Service Requirement, the Corporation, within 135 days after the close of such Fiscal Year, shall engage a Management Consultant acceptable to the Trustee to make recommended changes in rates, fees, and charges or expenses, or in such other affairs, such that Available Revenues of the Restricted Group for the current Fiscal Year will be at least 110% of Maximum Annual Debt Service Requirement of the Restricted Group for such current Fiscal Year. Subject to any contractual or legal commitments to which the Corporation and SLHA and the Restricted Affiliates may be subject, SLHA shall (and shall cause its Restricted Affiliates to) implement such changes to the fullest extent practicable.

The failure of SLHA and the Restricted Affiliates to realize Available Revenues at least equal to 110% of Maximum Annual Debt Service Requirement shall not be a default hereunder if such Management Consultant is so retained and the recommendations of such Management Consultant are so implemented and the Available Revenues of the Restricted Group are equal to at least 100% of the Maximum Annual Debt Service Requirement. Moreover, if such Management Consultant concludes that Laws or Regulation Circumstances exist which have caused the Available Revenues of the Restricted Group for the prior Fiscal Year to be less than 110% of the Maximum Annual Debt Service Requirement of the Restricted Group, it shall not constitute a default hereunder if a certificate of such Management Consultant (supported by an Opinion of Counsel, if so required by the Trustee) shall be delivered to the Trustee stating that, taking into account such Laws or Regulation Circumstances, the Available Revenues of the Restricted Group estimated for the current Fiscal Year and for each of the next two (2) Fiscal Years will be at least 100% of the Maximum Annual Debt Service Requirement of the Restricted Group for each such Fiscal Year.

Section 7.10. Limitations on Debt. SLHA shall not (nor shall SLHA permit any Restricted Affiliate to) incur, assume, guarantee or otherwise become liable in respect of any Debt other than:

- (a) Debt owing to another member or members of the Restricted Group;
- (b) Debt the principal of which is fully secured by a security interest in pledges, confirmed in writing, to make a donation, gift, or other charitable contribution on or before the Stated Maturity of such Debt;
- (c) Debt secured by a lien or encumbrance on property, the liability for which is limited to the property subject to such lien or encumbrance with no recourse, directly or indirectly, against any member of the Restricted Group except to the extent of revenues derived from such property or to any other property of any member of the Restricted Group;
- (d) Debt for the purpose of financing the completion of constructing, renovating, or equipping facilities for which Funded Debt has theretofore been incurred in accordance with the provisions hereof, if SLHA shall deliver to the Trustee an Officer's Certificate stating that the amount of such Debt does not exceed the amount necessary to provide a completed and equipped facility of the type and scope contemplated at the time that such other Debt was originally incurred and was estimated when incurred to be sufficient to provide such a completed and equipped facility;
- (e) Debt the holder of which is subordinated in right of any payment to the payment of the Bond Obligations upon liquidation or reorganization and upon the occurrence and continuance of an Event of Default, without limitation;
- (f) Funded Debt incurred for the purpose of (and substantially concurrent with) the refunding or defeasance of any Outstanding Funded Debt of a member of the Restricted Group;
- (g) Installment purchase contracts, capitalized leases, Debt existing at the time of acquisition of property assumed as a full or partial consideration for such acquisition, Debt incurred to finance the construction of property and any other Debt incurred for whatever purpose if the aggregate amount of such Debt and all other Outstanding Debt incurred by a member of the Restricted Group pursuant to this Section 7.10(g) and Section 7.10(i) does not exceed 15% of the Adjusted Revenues of the Restricted Group for the Fiscal Year preceding, or any consecutive 12-month period ending within 180 days preceding, the date of incurrence and in the case of Debt secured by a lien described in Section 7.11(c) hereof, such Debt does not exceed 5% of the total Debt then Outstanding;
- (h) Funded Debt, if prior to the incurrence of the Funded Debt there is delivered to the Trustee:

(i) an Officer's Certificate certifying the historical Available Revenues of the Restricted Group to the Maximum Annual Debt Service Requirement in all existing and proposed Debt is not less than (A) 150% for the last completed Fiscal Year or (B) 135% for the last two completed Fiscal Years combined; or

(ii) an Officer's Certificate certifying that the historical Funded Debt Service Coverage Ratio is not less than 110% for the last two completed years on existing Debt and a Management Consultant's report forecasting Funded Debt Service Coverage Ratio for the next two years on the Maximum Annual Debt Service Requirement on existing and proposed Debt to be not less than 120%;

The requirements of this Section 7.10(h) shall be deemed satisfied if Law or Regulation Circumstances exist, and if there is delivered to the Trustee a signed Management Consultant's report or opinion to the effect that the projected Funded Debt Service Coverage Ratio for each of the next two full Fiscal Years following the borrowing in question, or, in the case of a borrowing for capital improvements, following the completion of the facilities being financed, will not be less than 1.00;

(i) Debt payable on demand which matures not more than one year from the date of incurrence, extension or renewal; provided that such Debt shall at no time exceed 10% of the Available Revenues as of the most recent audited financial statements;

(j) Debt consisting of an obligation to reimburse payments made under a letter of credit, surety bond, policy of insurance, or similar credit or liquidity support obtained to secure payment of other Debt incurred pursuant to this Section 7.10 and to pay interest thereon until paid; or

(k) Debt not mentioned in any other subsection of this Section 7.10 incurred in the ordinary course of business, including any Debt not for borrowed money, such as social security and unemployment insurance liabilities, provided that such Debt shall not exceed 5% of the total outstanding Debt of the Corporation and the Restricted Affiliate.

For all purposes of this Section 7.10,

(i) Debt shall generally be deemed to be "incurred" by a Person whenever such Person shall create, assume, guarantee, or otherwise become liable in respect thereof;

(ii) the sale or other transfer of Debt of SLHA or any Restricted Affiliate by the SLHA or any other Restricted Affiliate to any Person not a member of the Restricted Group shall be deemed to be the incurrence of such Debt as of the date of sale or transfer;

(iii) Outstanding Debt of any Person which becomes a Restricted Affiliate shall be deemed to be incurred on the date such Person becomes a Restricted Affiliate; and

(iv) any Person which shall become a successor to SLHA in accordance with Section 7.17 shall be deemed to incur all Outstanding Debt of such Person at the date of such succession.

Section 7.11. Limitation on Liens. Except for the Security Agreement, the Assignment, the Mortgage, and the Guaranty Agreement, the Corporation and SLHA will not (and will not permit any Restricted Affiliate to) grant, create, assume, or incur or suffer to be granted, created, assumed, or incurred or to exist any mortgage, lien, charge, or encumbrance of any kind upon, or pledge of or security interest in, any Property of such Person whether owned at the date hereof or hereafter acquired excluding, however, from the operation of the foregoing any of the following:

(a) mortgages, liens, charges, pledges, or other security interests or encumbrances created by any Restricted Affiliate as security for Debt owed to SLHA or to another Restricted Affiliate; or

(b) Permitted Encumbrances; or

(c) any mortgage, lien, charge, pledge, or other encumbrance of any kind upon any property of any character of SLHA or any Restricted Affiliate, if such Person shall make effective provisions, and SLHA covenants that in any such case it will make or cause to be made effective provision, whereby the Outstanding Bonds shall be directly secured by such mortgage, lien, charge, pledge, encumbrance, or agreement equally and ratably upon the same property or assets, or upon other property or assets with a fair market value at least equal to the book value of property or assets to be mortgaged, with any and all other obligations and indebtedness thereby secured so long as such obligations are so secured; or

(d) security interests in pledges of donations, gifts, or other charitable contributions to SLHA or any Restricted Affiliate to secure Debt described in, and under the circumstances permitted by, Section 7.10(b) and liens and encumbrances to secure Debt permitted to be incurred by Section 7.10(c); or

(e) any mortgage, lien, charge, encumbrance, pledge or other security interest on any property of SLHA or a Restricted Affiliate listed in Schedule I hereto which is existing on the date hereof and any lien existing on the property of a Restricted Affiliate on the date such Affiliate becomes a Restricted Affiliate, provided that no lien so described or the Debt secured thereby may be extended or renewed or may be modified to spread to any property of SLHA or any Restricted Affiliate not subject to such lien on such effective date, except to the extent that such lien, as so extended, renewed, or modified could have been granted or created under any provision of this Agreement;

(f) any lien on Property (other than a lien on Property which is part of the Property, Plant and Equipment) acquired by SLHA or a Restricted Affiliate if the assumption of the Debt secured by the lien by SLHA or a Restricted Affiliate is Debt permitted under the provisions of Section 7.10 hereof, and if an Officer's Certificate is delivered to the Trustee certifying that (i) the lien and the Debt secured thereby were created and incurred by a person other than the Corporation or a Restricted Affiliate acquiring such Property prior to acquisition of such Property by SLHA or a Restricted Affiliate, and (ii) the lien was created prior to the decision of SLHA or a Restricted Affiliate to acquire the Property and was not created for the purpose of enabling SLHA or a Restricted Affiliate to avoid the limitations hereof on creation of liens on Property of the Restricted Group; or

(g) any lien on Property (other than a lien on Property which is real property) if, prior to the creation of such lien or the acquisition of Property subject to such lien, an Officer's Certificate is delivered to the Trustee stating that (i) after giving effect to the lien the Value of the Property which is encumbered will not exceed thirty percent (30%) of the Value of the Property, Plant and Equipment of the Restricted Group as of the end of the Historic Test Period; and (ii) the creation of the proposed lien will not adversely affect the repayment of the Bonds or other obligations secured by the Security Agreement and provided that a lien on real property may be created if an Officer's Certificate is delivered to the Trustee stating that after giving effect to such lien, the conditions for the issuance of additional Debt pursuant to the provisions of Section 7.10 will be met and a lien on real property may be created if the real property which is subject to such lien could be disposed of pursuant to the provisions of Section 7.12(a) through (h) (disregarding the five percent (5%) or \$5,000,000 test set forth therein).

Section 7.12. Limitation on Sale, Lease or Other Disposition of Assets. SLHA will not (and will not permit any Restricted Affiliate to), in the aggregate, in any Fiscal Year sell, lease or otherwise dispose of Property the Value of which would cause the aggregate Value of Property so transferred by members of the Restricted Group in such Fiscal Year to exceed the greater of \$5,000,000 or five percent (5%) of the Value of all Property of the Restricted Group at the end of the most recent Fiscal Year, except for transfers, sales or leases of Property:

(a) to any person if prior to the sale, lease or other disposition there is delivered to the Trustee an Officer's Certificate stating that in the judgment of the signer such Property has, or within the next succeeding twenty-four (24) calendar months is reasonably expected to, become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property; or

(b) to another Restricted Affiliate; or

(c) in the ordinary course of business; or

(d) that do not constitute part of the health care facilities that are generating revenues pledged pursuant to the Security Agreement or the Agreement; or

(e) if such Property is replaced promptly by other Property of comparable utility; or

(f) if SLHA or Restricted Affiliate receives fair market value therefor and the proceeds of such disposition are applied to the purchase of additional capital assets, applied to the defeasance, discharge, redemption or retirement of Debt or deposited into a depreciation reserve fund; or

(g) to a person which is not a member of the Restricted Group provided that prior to the sale, lease or other disposition the Transaction Test shall have been satisfied. The requirements of this Section 7.12(g) shall be deemed satisfied if Law or Regulation Circumstances exist, and if there is delivered to the Trustee a signed Management Consultant's opinion to the effect that the projected Funded Debt Service Coverage Ratio for each of the next two full Fiscal Years following the transaction in question will not be less than 1.00; or

(h) constituting all or substantially all of its property in accordance with Section 7.17 hereof.

In addition, SLHA is permitted to sell or otherwise dispose of accrued accounts receivable on a discounted or face basis in the normal course of business, provided that such accounts receivable transactions do not exceed 25% of Available Revenues during any Fiscal Year. It is recognized that in selling or otherwise disposing of accrued accounts receivable, such factoring agreements may require SLHA to repurchase any accounts receivable not paid by the obligor thereof and in the event the obligor of an account receivable becomes bankrupt or insolvent. SLHA is hereby authorized to repurchase such accounts receivable and incur obligations with respect to the sale of their accounts receivable.

Section 7.13. Books; Financial Reports and Inspection by Trustee. SLHA will (and will cause each Restricted Affiliate to) at all times keep books of record and account, in accordance with generally accepted accounting principles, and will furnish to the Trustee, each Beneficial Owner and to the Underwriter:

(a) as soon as available, and in any event no later than the first day of the sixth month after the end of each Fiscal Year, copies, in comparative form with the preceding Fiscal Year, of the combined financial statements of SLHA and the Restricted Affiliates, as at the end of such Fiscal Year, prepared in accordance with generally accepted accounting principles, and accompanied by a report and opinion of an Independent Accountant of recognized standing, which reports and opinions shall be based upon an examination made in accordance with generally accepted auditing standards; and

(b) a statement by each Independent Accountant whose report and opinion accompanied the financial statements furnished under Section 7.13(a) that, in making the examination necessary for such report and opinion, such Accountant has obtained no knowledge of any default of SLHA of any of the terms, covenants, or provisions of this Loan Agreement insofar as they relate to financial and accounting matters, or if, in the opinion of such Accountant, any such event of default or other event shall exist, a statement as to the nature and status thereof.

If SLHA has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change mandated by the Financial Accounting Standards Board or otherwise, then an event of default relating to financial ratios or amounts shall not be considered an event of default if the required ratio or amount would have been complied with had SLHA continued to use those generally accepted accounting principles employed at the date of the most recent audited financial statements prior to this Loan Agreement.

The Accountants who make the report and opinion required by the foregoing Section 7.13(b) shall not be liable, directly or indirectly, to anyone for failure to obtain knowledge of any default or event referred to in said Section 7.13(b).

At any and all times, upon the written request of the Trustee (who shall be under no duty to make such request unless directed to do so by the Holders of at least a majority in principal amount of Bonds then Outstanding), SLHA will permit the Trustee, by its agents and attorneys, to inspect the property of SLHA or any Restricted Affiliates, or any of their consolidated subsidiaries and to examine all the books of account, records, reports, and other financial papers of such Persons and to take copies and extracts therefrom, and SLHA will (and will cause each Restricted Affiliate to) furnish the Trustee any and all such other information as the Trustee may reasonably request with respect to the performance or observance by such Persons of their covenants in this Agreement.

Section 7.14. Statement as to Compliance. SLHA will deliver to the Trustee, within 120 days after the end of each Fiscal Year, a written statement signed by the President or a Vice President and by the Treasurer, an Assistant Treasurer, the Controller, or an Assistant Controller of such Person, stating, as to each signer thereof, that

(a) a review of the activities of such Person during such year and of performance under this Loan Agreement has been made under his supervision; and

(b) to the best of his knowledge, based on such review, such Person has fulfilled all its obligations under this Loan Agreement throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to him and the nature and status thereof.

Section 7.15. Waiver of Certain Covenants. SLHA may omit in any particular instance to comply with any covenant or condition set forth in this Loan Agreement except Sections 4.1, 7.3 and 7.9 if before or after the time for such compliance the Holders of the same percentage in principal amount of all Bonds then Outstanding the consent of which would be required to amend this Loan Agreement to permit such noncompliance shall, by act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of SLHA and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

Section 7.16. Certain Certificates and Reports. Whenever the amount or date of any of the following is a condition to the taking of any action permitted by this Loan Agreement,

(a) unless otherwise provided herein with respect to a Management Consultant's report or opinion which is required to be an examination report rather than a compilation report (as such terms are used pursuant to the American Institute of Certified Public Accountant's Standards), estimated Available Revenues of any Persons for any future Fiscal Year shall be established by either

(i) a certificate or report of a Management Consultant stating that the amount of such estimated Available Revenues is presented in conformity with guidelines for presentation of

prospective financial information established by the American Institute of Certified Accountants, and that the underlying assumptions provide a reasonable basis for SLHA management's estimation of such Available Revenues, or

(ii) unless otherwise provided herein, a report of SLHA stating the amount of such estimated Available Revenues accompanied by an Officer's Certificate adopting such report; and

(b) any of:

(i) Available Revenues of any Persons for any prior Fiscal Year or period,

(ii) Adjusted Revenues of any Persons for any prior Fiscal Year or period,

(iii) Maximum Annual Debt Service Requirements of any Person, and

(iv) principal of and premium, if any, and interest and other debt service charges on any Debt, shall be established by an Officer's Certificate stating the amount of such item and that such amount has been derived from the financial statements SLHA and the Restricted Affiliates; and

(c) the anticipated date of completion of any construction project of any Person shall be established by an Officer's Certificate of such Person.

Section 7.17. Consolidation, Merger, Conveyance, or Transfer Only on Certain Terms. (a) SLHA may (and may permit any Restricted Affiliate to) merge or consolidate with a member of the Restricted Group and sell or convey all or substantially all of its assets to a member of the Restricted Group. SLHA covenants that it will not (and will not permit any Restricted Affiliate to) merge or consolidate with any other corporation other than a member of the Restricted Group or sell or convey all or substantially all of its assets to any person unless:

(i) either it will be the continuing corporation, or the successor corporation (if other than any Restricted Affiliate) shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such corporation shall become a Restricted Affiliate; and

(ii) neither SLHA nor any Restricted Affiliate immediately after such merger or consolidation, or such sale or conveyance, would be in default in performance or observance of any covenant or condition contained in this Loan Agreement and the conditions described in Section 7.11(f) would be met for the creation of a lien on Property, Plant and Equipment and the condition described in Section 7.10(h) would be met for the incurrence of one dollar of additional Funded Debt; and

(iii) the Transaction Test shall have been satisfied; and

(iv) there shall have been delivered to the Trustee an Opinion of Counsel in form and substance satisfactory to the Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of the Bonds would not adversely affect the validity of the Bonds or the exemption from federal income taxation of interest payable on the Bonds.

(b) The Trustee shall receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section.

(c) The requirements of Section 7.17(a)(iii) above shall be deemed satisfied if Law or Regulation Circumstances exist, and if there is delivered to the Trustee a Management Consultant's opinion to the effect

that the projected Funded Debt Service Coverage Ratio for each of the next two full Fiscal Years following the transaction in question will not be less than 1.00.

Section 7.18. Successor Corporation Substituted. Upon any consolidation or merger of, or any conveyance or transfer substantially as an entirety of, the properties of SLHA or any Restricted Affiliate in accordance with Section 7.17, the successor Person formed by such consolidation or into which SLHA or such Restricted Affiliate is merged or to which such conveyance or transfer is made shall succeed to and be substituted for, and may exercise every right and power of, SLHA or such Restricted Affiliate, respectively, under this Loan Agreement with the same effect as if such successor Person had been named as SLHA or such Restricted Affiliate, respectively, herein.

Section 7.19. Maintain Liquid Reserves. SLHA shall be required to maintain liquid reserves (cash, marketable securities, unrestricted board designated funds and other reserve funds, including the Reserve Fund) in an amount equal to 125% of Maximum Annual Debt Service on all Outstanding Funded Debt.

ARTICLE VIII

DESIGNATION OF RESTRICTED AFFILIATES

Section 8.1. Designation of Restricted Affiliate. In addition to the Restricted Affiliates listed in Schedule I hereto, any Affiliate of SLHA which satisfies the conditions set forth in the definition of "Restricted Affiliate" in Section 1.1, except that if such Affiliate is an Exempt Subsidiary its governing documents may (i) provide for the naming of a substitute beneficiary if the then-current beneficiary ceases to be an organization described in Section 501(c)(3) of the Code and (ii) prohibit transfers to organizations that are not organizations described in Section 501(c)(3) of the Code, shall become a Restricted Affiliate upon SLHA Request that such Affiliate be a Restricted Affiliate accompanied by:

(a) an instrument executed by the Chairman of the Board of Directors, the President, or any Vice President of such Affiliate evidencing the agreement of such Affiliate (i) to observe and perform the obligations which SLHA has covenanted to cause Restricted Affiliates to observe and perform hereunder, (ii) to covenant that upon the liquidation or dissolution of such Affiliate all remaining assets thereof shall be transferred to SLHA or another Restricted Affiliate, (iii) to be obligated jointly, severally and in solido with SLHA and each Restricted Affiliate in addition to itself to make all Loan Payments hereunder, and (iv) to grant to the Trustee a lien on and security interest in the Accounts, Accounts Receivable and Revenues and the Proceeds thereof of such Person in accordance with Section 7.4 hereof;

(b) a Board Resolution of such Affiliate authorizing such instrument;

(c) an Officer's Certificate dated within 10 days of the date of such SLHA Request, stating that all conditions provided for under this Loan Agreement relating to the addition of such Affiliate as a Restricted Affiliate have been complied with and that, were such Affiliate a Restricted Affiliate on the date of such Officer's Certificate, no Event of Default would exist; and

(d) the certificates and reports required by Section 7.16 to evidence compliance with the provisions of Section 7.10, and evidence that the fund balances when computed as though the proposed Restricted Affiliate had been a member of the Restricted Group during the previous Fiscal Year, would not have been reduced by more than 10%.

Section 8.2. Release of a Restricted Affiliate. Any Person shall be released from its obligations and status as a Restricted Affiliate upon Corporation Request that such Person no longer be a Restricted Affiliate accompanied by:

(a) a certificate or report demonstrating that the Transaction Test shall have been satisfied; provided, however, that the requirements of this subsection shall be deemed satisfied if Law or Regulation Circumstances exist, and if there is delivered to the Trustee a Management Consultant's opinion to the effect that the projected Funded Debt Service Coverage Ratio for each of the next two full Fiscal Years following the transaction in question will not be less than 1.00; and

(b) an Officer's Certificate dated within 10 days of the date of such SLHA Request, stating that all conditions precedent provided for under this Loan Agreement relating to the release of such Person as a Restricted Affiliate have been complied with and that, were such Person released as a Restricted Affiliate on the date of such Officer's Certificate, no Event of Default would exist.

Section 8.3. Release of the Corporation or SLHA. In no circumstances shall the Corporation or SLHA ever be released as a Restricted Affiliate.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default and Remedies. Whenever any Event of Default shall have occurred and be continuing, the Trustee may exercise any remedy provided in the Indenture and may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of SLHA under this Loan Agreement, and such payment and performance may be enforced by mandamus or by the appointment of a receiver in equity with power to charge and collect Loan Payments, or any payments SLHA is required to make with respect to any loan by or lease or purchase from, the Issuer incurred by SLHA with respect to any series of Additional Bonds, as the case may be, and to apply such Loan Payments, or any payments SLHA is required to make with respect to any loan by, or lease or purchase from, the Issuer incurred by SLHA with respect to any series of Additional Bonds, as the case may be, in accordance with this Agreement and the Indenture. Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture.

The Issuer, the Trustee and any Indemnified Party, as applicable, may, with or without the consent of the Trustee, take such actions as it deems appropriate to enforce the observance and performance of SLHA's covenants, conditions and agreements contained in Sections 3.7 and 7.1 of this Loan Agreement.

A waiver by the Trustee of any Event of Default, as permitted under the Indenture, shall also constitute a waiver of its consequences hereunder.

Section 9.2. No Remedy Exclusive; Waiver of Rights. No remedy conferred upon or reserved to the Issuer, the other Indemnified Parties or the Trustee by this Agreement is intended to be exclusive of any other available remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but every such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the other Indemnified Parties or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notices as may be herein expressly required.

ARTICLE X

GENERAL

Section 10.1. Force Majeure. If by reason of *Force Majeure* either the Issuer or SLHA shall be rendered unable wholly or in part to carry out its obligations under this Loan Agreement, and if such party gives notice and full particulars of such *Force Majeure* in writing to the other party within a reasonable time after failure to carry out its obligations under this Loan Agreement, such obligations (other than the obligations of SLHA specified in the last sentence of this Section) of the party giving such notice, so far as they are affected by such *Force Majeure*, shall be suspended during the continuance of the inability then claimed, including a reasonable time for removal of the effect thereof. The requirement that any *Force Majeure* shall be reasonably beyond the control of the party shall be deemed to be fulfilled even though any existing or impending strike, lockout or other industrial disturbance may not be settled but could have been settled by acceding to the demand of the opposing person or persons. The occurrence of any *Force Majeure* shall not suspend or otherwise abate, and SLHA shall not be relieved from, the obligation to pay the Bond Obligations and to pay any other payments required to be made by it under this Loan Agreement at the times required or to perform SLHA's covenants set forth in Article VII of this Loan Agreement.

Section 10.2. The Trustee. SLHA shall pay to the Trustee when due, reasonable compensation for its services, together with actual out-of-pocket expenses necessarily incurred in connection with acting as Trustee, including (a) an amount equal to the annual fee of the Trustee for ordinary services rendered and ordinary expenses (including reasonable attorneys' fees and fees, charges and expenses incurred by the Trustee in connection with the authentication and delivery of the Bonds and for the execution of any Bond Document) incurred as Trustee, and (b) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses (including reasonable attorneys' fees) incurred by it under the Indenture; provided, however, that SLHA may, without creating a default hereunder or under the Indenture, after paying such fees, charges and expenses, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses. SLHA shall also reimburse the Trustee on demand for all amounts paid by it as permitted by the Indenture, together with interest from the date of payment by the Trustee at the rate specified therein. The provisions of this Section 10.2 shall also apply to any agent of the Trustee, which agent may bill SLHA directly.

Section 10.3. Third Party Beneficiaries. This Loan Agreement is entered into in part to induce the purchase of the Bonds, and accordingly, so long as any Bonds are Outstanding, all respective covenants and agreements of the parties herein contained are hereby declared to be for the benefit of any and all Bondholders and may be enforced by or on behalf of the Bondholders only by the Trustee in accordance with the provisions of the Indenture. This Loan Agreement shall not be deemed to create any right of subrogation or otherwise in any person who is not a party hereto (other than the permitted successors and assigns of a party) and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other than the permitted successors or assigns of a party hereto), except in each case the Bondholders, the Trustee and the Indemnified Parties.

Section 10.4. Communications. All notices, demands, certificates, requests, consents, submissions or other communications hereunder shall be given as provided in the Indenture.

Section 10.5. Counterparts, Amendments, Governing Law, Etc. This Loan Agreement (a) may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute

one and the same instrument; (b) may be modified or amended only as provided in the Indenture; and (c) shall be governed in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and the State. The parties agree that, in accordance with the Act, they will amend this Loan Agreement to increase the payments to be made by SLHA hereunder if for any reason such payments, if made, are not sufficient to pay the Debt Service as the same becomes due.

In the event that any clause or provision of this Loan Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions of this Loan Agreement.

Section 10.6. Term of Loan Agreement. This Loan Agreement shall remain in full force and effect from the date of execution and delivery hereof until the Indenture has been discharged in accordance with the provisions thereof; provided, however, that (a) the provisions of this Section and of Sections 3.7, 4.1, 4.4, 7.1, 7.3, 7.5, 10.2, 10.3 and 10.8 of this Loan Agreement shall survive any expiration or termination of this Agreement and (b) in addition, if the Indenture is discharged prior to the date on which all Bonds shall have matured in accordance with their terms, by redemption or otherwise, the provisions of Sections 2.1, 3.3 and Article V of this Loan Agreement shall continue until such date.

Section 10.7. SLHA's Approval of Financing Documents. The Financing Documents have been submitted to SLHA for examination, and SLHA acknowledge that, by execution of this Loan Agreement, they have approved the Financing Documents and will perform the obligations imposed upon them thereunder.

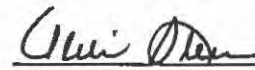
Section 10.8. Assignment by SLHA. Except as permitted herein, SLHA may not transfer or assign this Loan Agreement or transfer or assign any or all of its rights or delegate any or all of its duties hereunder.

Section 10.9. Issuer's Rights of Assignment. The Issuer may, only in accordance with the Indenture, assign this Loan Agreement and the Loan Payments and pledge the moneys receivable hereunder to the Trustee as security for payment of Debt Service. SLHA hereby assents to such assignment and agrees that the Trustee may exercise and enforce in accordance with the Indenture any of such rights of the Issuer under this Loan Agreement. Any such assignment, however, shall be subject to all of the rights and privileges of SLHA as provided in this Loan Agreement.

IN WITNESS WHEREOF, the Issuer and SLHA have caused this Loan Agreement to be duly executed, sealed and delivered as of the day and year first written above.

**CALCASIEU PARISH PUBLIC
TRUST AUTHORITY**

Attest:



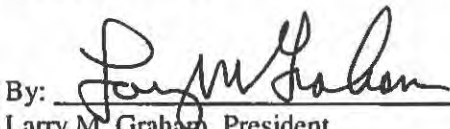
Alvin Stevens, Secretary

By: 

Timothy W. Castle, Chairman

[S E A L]

**SOUTHWEST LOUISIANA HOSPITAL
ASSOCIATION**

By: 

Larry M. Graham, President

[S E A L]

EXHIBIT A

PROJECT DESCRIPTION

Renovation of existing patient rehabilitation space, and the acquisition and replacement of medical equipment, all of which is expected to be located at Lake Charles Memorial Hospital's Main Campus, 1701 Oak Park Blvd., Lake Charles, LA 70601.

EXHIBIT B

PERMITTED LIENS

1. Medical Office Building Ground Lease between LCMH (Lessor) and WHG Properties Limited Partnership (Lessee)
2. Access Servitude in favor of WHG Properties Limited Partnership
3. Parking Servitude in favor of WHG Properties Limited Partnership
4. Collateral Mortgage (as amended) in favor of Calcasieu Marine National Bank - Atrium and Medical Office Building
5. Atrium Ground Lease between LCMH (Lessor) and WHG Properties Limited Partnership (Lessee)
6. Condominium Declaration creating a condominium property regime known as the Lake Charles Medical Plaza Condominium dated April 26, 1995 filed May 17, 1995 bearing File Number 2253220 recorded in Conveyance Book 2476, Page 427 et seq. Of the records of Calcasieu Parish, Louisiana, covering property encompassed with No. 1 above.
7. Access Servitude dated April 26, 1995 from Southwest Louisiana Hospital Association d/b/a Lake Charles Memorial Hospital to Lake Charles Medical Plaza Condominium Association filed May 17, 1995 under File Number 2253222 recorded in Conveyance Book 2476, Page 514 covering the property encompassed with No. 2 above.
8. Parking Servitude established by the Southwest Louisiana Hospital Association d/b/a Lake Charles Memorial Hospital in favor of Lake Charles Medical Plaza Condominium Association dated April 26, 1995 and filed of record on May 17, 1995 under Clerk's File Number 2253221 and recorded in Conveyance Book 2474, Page 504 et seq. of the records of Calcasieu Parish, Louisiana, covering the property encompassed within No. 3 above.

**SCHEDULE I
TO THE LOAN AGREEMENT**

RESTRICTED AFFILIATES

Southwest Louisiana Health Care System, Inc.