

**Southeastern Regional Medical Center, Health Horizons, Inc., Southeastern Regional Medical Center Foundation,  
Executive Credit Collections and Southeastern Regional Physician Services**

**I. Checklist of Reporting Requirements for Series 2012 Bonds**

For Fiscal Year Ending September 30, 2016

Date Due	Document Filed	Parties to Receive	Where Required	In Compliance		Prepared By	Date Prepared
				Yes	No <sup>1</sup>		
<u>Yearly Reporting Requirements</u>							
Not later than the first day of the Fiscal Year	Copy of the operating budget and capital budget for the Fiscal Year	Commission, LGC and Bond Trustee	Section 5.04(e) of the Loan Agreement	✓		JOSEPH M. PARSLOW DIRECTOR OF FINANCE Jmb	3/20/17 (B)
Within 30 days of the beginning of the Fiscal Year	Opinion of Counsel stating whether continuation statements must be filed in the upcoming year	Master Trustee, Commission, LGC and Bond Trustee	Section 3.10(e) of the Master Indenture; Section 5.04(a) of the Loan Agreement	✓		Jmb	10/26/15
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	Audited Financial Statements accompanied by accountant's report	MSRB, Master Trustee, Commission, LGC and Bond Trustee	Section 3.10(a) of the Master Indenture; Section 5.04(a) of the Loan Agreement	✓		Jmb	3/20/17 (A)
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	Officer's Certificate, in substantially the form of Exhibit A to the Loan Agreement, concerning compliance with the Master Indenture, Loan Agreement, Trust Agreement, Tax Certificate and Post-Issuance Federal Tax Compliance Checklist	Master Trustee, Commission, LGC and Bond Trustee	3.10(b) of Master Indenture; Section 5.04(a)(ii) of the Loan Agreement	✓		Jmb	3/20/17 (A)

NOTE: SEE ATTACHED EXPLANATION FOR COMMENTS (A) & (B)

<sup>1</sup> Please attach required documentation for non-compliance pursuant to the provisions of the applicable section.

Date Due	Document Filed	Parties to Receive	Where Required	In Compliance		Prepared By	Date Prepared
				Yes	No <sup>1</sup>		
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	A comparison of audited statement of operations and changes in net assets (a) for the period covered by the forecast delivered to the Commission, to such forecast and (b) thereafter, to the budgeted amounts for such period	Commission, LGC and Bond Trustee	Section 5.04(a)(i) of the Loan Agreement	✓		Jmb	3/20/17 (A)
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	Accountant's report on agreed upon procedures in substantially the form of Exhibit B to the Loan Agreement	Commission, LGC and Bond Trustee	Section 5.04(a)(iii) of the Loan Agreement	✓		Jmb	3/20/17 (A)
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	Accountant's statement as to compliance with secondary market disclosure in prior Fiscal Year	Commission, LGC and Bond Trustee	Section 5.04(a)(iv) of Loan Agreement	✓		Jmb	3/20/17 (A)
Within 30 days of receipt, but in no event later than 120 days after the end of the Fiscal Year	Completed document compliance checklist	Commission, LGC and Bond Trustee	Section 5.04(a)(v) of Loan Agreement	✓		Jmb	3/20/17 (A)
Within 120 days after the end of the Fiscal Year	Annual Financial Information	MSRB	Section 5.11 of the Loan Agreement	✓		Jmb	1/27/17
Within 15 days of filing Internal Revenue Service Form 990 for each Fiscal Year	A copy of Schedule K – Supplemental Information on Tax Exempt Bonds – to Form 990	Commission	5.04(h) of the Loan Agreement	✓		Jmb	7/1/16
<u>Quarterly Reporting Requirements</u>							
Not later than 45 days after the last day of each quarter of the Fiscal Year	Cumulative unaudited financial statements of the Obligated Group for the Fiscal Year to date	MSRB, Bond Trustee, Commission and, upon request, LGC	Section 5.04(b) of the Loan Agreement	✓		Jmb	2/12/16
						Jmb	5/13/16
						Jmb	8/15/16
						Jmb	11/14/16

Date Due	Document Filed	Parties to Receive	Where Required	In Compliance		Prepared By	Date Prepared
				Yes	No		
Not later than 45 days after the last day of each quarter of the Fiscal Year	Statement of the operating and utilization statistics of the Obligated Group for such quarter.	MSRB and Commission	Section 5.04(b) of the Loan Agreement	✓		Jmb	2/12/16
						Jmb	5/13/16
						Jmb	8/15/16
						Jmb	11/14/16
<u>Monthly Reporting Requirements</u>							
Upon written request	Monthly unaudited financial statements of the Obligated Group	Commission and LGC	Section 5.04(c) of the Loan Agreement	✓		Jmb	NONE REQUESTED
<u>Event Specific Reporting Requirements</u>							
Any time an Event of Default under the Master Indenture shall have occurred and be continuing	Such financial statements and information as the Master Trustee may request	Master Trustee, Commission and Bond Trustee	Section 3.10(c) of the Master Indenture; Section 5.04(a) of the Loan Agreement	✓		Jmb	N/A
If the Corporation enters an interest rate swap transaction relating to the Bonds subject to the Commission Swap Policy	Notice and documents required under the Commission Swap Policy	Commission	5.04(g) of the Loan Agreement	✓		Jmb	N/A
Not less than 30 days prior to the expiration of any financing statement	Continuation statements of existing financing statements necessary to continue the security interest created under the Master Indenture and written notice of such filing to the Master Trustee	North Carolina Secretary of State with notice to Master Trustee	Section 3.01(a) of the Master Indenture	✓		Jmb	10/26/15
Not less than 30 days prior to the execution and delivery of a Replacement Master Indenture	Notice of such event	Commission and LGC	Section 5.09(a) of the Loan Agreement	✓		Jmb	N/A

Date Due	Document Filed	Parties to Receive	Where Required	In Compliance		Prepared By	Date Prepared
				Yes	No <sup>1</sup>		
Not later than 30 days prior to the effective date of the proposed withdrawal of any Obligated Group Member from the Obligated Group	Notice of such event	Commission and LGC	Section 5.09(b) of the Loan Agreement	✓		Jmb	N/A
Not less than 10 days prior to the effective date of the admission of any Person to the Obligated Group	Written notice of such admission	Commission and LGC	Section 5.09(c) of the Loan Agreement	✓		Jmb	N/A
Within ten (10) Business Days after any reduction in any rating assigned to the Bonds	Notice of such event	Commission, LGC and Bond Trustee	Section 5.04(i) of the Loan Agreement	✓		Jmb	N/A
Within 30 days of receipt of each report required by the Master Indenture to be prepared by a Consultant or an Insurance Consultant	A copy of such report	Master Trustee, Commission, LGC and Bond Trustee	Section 3.10(d) of the Master Indenture; Section 5.04(d) of the Loan Agreement	✓		Jmb	N/A BIENNIAL- PROVIDED IN 2015
Seventy-five days after Long-Term Debt Service Coverage Ratio falls below 1.20, but not more frequently than biennially <sup>2</sup>	Written report of Consultant with recommendations regarding such covenant	Master Trustee	Section 3.07(b) of the Master Indenture	✓		Jmb	N/A
If the Long-Term Debt Service Coverage Ratio for any Fiscal Year is not greater than 2.00	Cumulative unaudited quarterly financial statements and a management report regarding the Long-Term Debt Service Coverage Ratio	Commission	Section 5.04(f) of the Loan Agreement	✓		Jmb	N/A
From time to time, but not less frequently than biennially	Written report of Insurance Consultant	Master Trustee	Section 3.03 of the Master Indenture	✓		Jmb	N/A BIENNIAL- PROVIDED IN 2015

<sup>2</sup> Seventy-five days is the maximum period allowed under the Master Indenture. The Obligated Group must retain a consultant within 30 days of Financial Statements showing such covenant default. The Consultant must deliver its report within 45 days of being retained by the Obligated Group.

Southeastern Regional Medical Center, Health Horizons, Inc., Southeastern Regional Medical Center Foundation,  
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II. Checklist of Covenants Relating to Series 2012 Bonds for Annual Consideration and Review

For Fiscal Year Ending September 30, 2016

Covenant	Where Required	In Compliance		Prepared By	Date Prepared
		Yes	No*		
Security; Restrictions on Encumbering Pledged Assets; Payment of Principal and Interest	Section 3.01 of Master Indenture	✓		<i>Jmf</i>	3/20/17
Covenants as to Corporate Existence, Maintenance of Properties, Etc.	Section 3.02 of Master Indenture	✓			
Insurance	Section 3.03 of Master Indenture	✓			
Insurance and Condemnation Proceeds	Section 3.04 of Master Indenture	✓			
Limitations on Creation of Liens	Section 3.05 of Master Indenture	✓			
Limitations on Indebtedness	Section 3.06 of Master Indenture	✓			
Long-Term Debt Service Coverage Ratio	Section 3.07 of Master Indenture	✓			
Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Sale of Accounts	Section 3.08 of Master Indenture	✓			
Consolidation, Merger, Sale or Conveyance	Section 3.09 of Master Indenture	✓			
Filing of Financial Statements, Certificate of No Default, Other Information	Section 3.10 of Master Indenture	✓			(A)
Parties Becoming Members of the Obligated Group	Section 3.11 of Master Indenture	✓			
Withdrawal from the Obligated Group	Section 3.12 of Master Indenture	✓			
Replacement Master Indenture	Section 3.13 of Master Indenture	✓			
Compliance with Covenants, Conditions and Agreements in Master Indenture	Section 5.01 of Loan Agreement	✓			
Merger, Sale and Transfer Permitted	Section 5.02 of Loan Agreement	✓			
Examination of Books and Records of the Obligated Group; Accounting	Section 5.03 of Loan Agreement	✓			
Financial Statements and Other Information	Section 5.04 of Loan Agreement		✓		(A), (B)
Further Assurances and Corrective Instruments	Section 5.05 of Loan Agreement	✓			
Inspections; Reports; Repairs	Section 5.06 of Loan Agreement	✓			
Investment of Funds	Section 5.07 of Loan Agreement	✓			
Withdrawal from Obligated Group	Section 5.08 of Loan Agreement	✓			
Notice to the LGC and the Commission	Section 5.09 of Loan Agreement	✓			

\* Please attach required documentation for non-compliance pursuant to the provisions of the applicable section.

Amendments to Master Indenture	Section 5.10 of Loan Agreement	✓		<i>Jmb</i>	3/20/17
Secondary Market Disclosure	Section 5.11 of Loan Agreement	✓			
Removal of Master Trustee	Section 5.12 of Loan Agreement	✓			

(A)

\* Please attach required documentation for non-compliance pursuant to the provisions of the applicable section.

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**Compliance Checklist Supplemental Information**  
**Southeastern Regional Medical Center – Series 2012 Bonds**

- A – Audited financial statements were not available within the 120 days after the end of the September 30, 2016 fiscal year. A notice to this effect was reported on January 27, 2017 along with unaudited financial statements and other required financial information. The audited financial statements were issued on March 09, 2017; accordingly, these statements along with required officer certifications, accountants' reports, and the comparison of budgeted operations to actual operations have been submitted with this compliance checklist on March 22, 2017.
  
- B – The operating and capital budget for fiscal year September 30, 2016 was inadvertently not submitted by the first day of the Fiscal Year. This deficiency was identified and filed with the appropriate parties on April 1, 2016.