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**MODIFICATION AGREEMENT**

By and Among

**CITY OF GAHANNA, OHIO**

and

**CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION,**  
as Trustee

and

**TRADITIONS AT STYGLER ROAD**

and

**NATIONAL CHURCH RESIDENCES**

and

**THE HUNTINGTON NATIONAL BANK**

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Dated as of  
October 1, 2001

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## MODIFICATION AGREEMENT

**THIS MODIFICATION AGREEMENT** ("Modification Agreement") made and entered into as of the 1st day of October, 2001, by and among CITY OF GAHANNA, OHIO (the "Issuer"), an Ohio municipal corporation and political subdivision, CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION, as successor trustee to Mellon Bank, F.S.B., successor to KeyBank National Association, formerly known as Society National Bank (the "Trustee"), a national banking association, TRADITIONS AT STYGLER ROAD, formerly known as Gahanna Care Center, Inc. (the "Lessee"), an Ohio nonprofit corporation, NATIONAL CHURCH RESIDENCES (the "Corporation"), an Ohio nonprofit corporation, and THE HUNTINGTON NATIONAL BANK (the "Bank"), a national banking association.

### WITNESSETH:

**WHEREAS**, by authority of Chapter 140, Ohio Revised Code, the Issuer has previously entered into a Trust Indenture (the "Indenture"), dated as of April 1, 1995, with the Trustee, in connection with the issuance of its \$4,360,000 Adjustable Rate Health Care Facilities Revenue Bonds, Series 1995 (Gahanna Care Center, Inc. Project), dated April 26, 1995 (the "Series 1995 Bonds"), of which \$3,395,000 in principal amount will be outstanding on October 1, 2001; and

**WHEREAS**, the Lessee and the Issuer have previously entered into a Base Lease (the "Base Lease") and a Lease Agreement (the "Lease"), each dated as of April 1, 1995, which Base Lease and Lease were recorded in the Franklin County, Ohio Recorder's Office at Official Records Volume 28928, Page H04, and Volume 28928, Page H15, respectively; and

**WHEREAS**, in order to obtain interest and other cost savings, the Corporation has previously entered into a Transaction Guaranty Agreement (the "Original Guaranty") dated as of April 1, 1995, (the "1995 Guaranty") with Society National Bank, the initial purchaser of the Series 1995 Bonds, pursuant to which the Corporation has unconditionally guaranteed the payment of principal of and interest and any premium on, and any other costs associated with, the Series 1995 Bonds; and

**WHEREAS**, KeyBank National Association ("KeyBank"), a national banking association, as successor to Society National Bank, is currently the registered owner of all outstanding Series 1995 Bonds; and

**WHEREAS**, the Corporation entered into the Amended and Restated Transaction Guaranty Agreement, dated as of February 1, 2000, (the "2000 Guaranty") with KeyBank, which amended and restated the Original Guaranty, and caused the 2000 Guaranty to become an Obligation ("Obligation No. 6", and together with all other Obligations issued and secured under the Master Indenture, as hereinafter defined, the "Obligations") issued under and pursuant to the Master Indenture; and

**WHEREAS**, currently, the Corporation is the sole member of the Lessee, and the only member of the Obligated Group; and

**WHEREAS**, the Lessee will enter into a Purchase Agreement (the "Purchase Agreement") dated as of October 1, 2001, with the Bank, to provide, among other things, for the terms upon which the Bank will purchase all outstanding Series 1995 Bonds from KeyBank; and

**WHEREAS**, the Lessee has also entered into an interest rate swap agreement dated as of ~~October~~ 17, 2001, (the "Swap Agreement") with the Bank, pursuant to which the Lessee has hedged its variable interest rate exposure on the Series 1995 Bonds; and

**WHEREAS**, as security for its obligations under the Guaranty Agreement, the Corporation will execute and deliver to the Bank its promissory note ("Obligation No. 8") pursuant to the Supplemental Indenture Number Three dated as of October 1, 2001, which supplements and amends the Master Trust Indenture dated as of December 1, 1999, as supplemented and amended by Supplemental Indenture Number One dated as of December 1, 1999, and by Supplemental Indenture Number Two, dated as of July 1, 2001 (collectively, the "Master Indenture"), each between the Corporation and Fifth Third Bank, as Master Trustee (the "Master Trustee"); and

**WHEREAS**, to provide the Bank with additional security for its obligations under the Purchase Agreement, the Lessee will also enter into the following documents, each to be dated as of October 1, 2001: (a) Open-End Mortgage, Assignment of Rents and Security Agreement (the "Mortgage"); and (b) Security Agreement (the "Security Agreement"); and

**WHEREAS**, pursuant to Sections 7.07 and 9.02 of the Indenture, the Lessee and the Corporation have requested that the Issuer, the Trustee and the Bank enter into this Modification Agreement, which amends and supplements the Series 1995 Bonds, the Indenture and the Lease, in order to implement the terms of the Purchase Agreement and, among other things, to provide for an additional variable Interest Rate Mode for the Series 1995 Bonds; and

**WHEREAS**, all terms used without definition in this Modification Agreement shall have the same meanings ascribed to those terms, respectively, in the Indenture and the Lease.

**NOW THEREFORE**, in consideration of the premises and of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt of which is hereby acknowledged by all parties hereto, the parties hereby agree as follows:

1. Each of the Lessee and the Corporation represent and warrant to the Issuer, the Trustee and the Bank that:

- (i) the representations and warranties contained in each of the Lessee Financing Documents are true and correct as of the date of execution and delivery of this Modification Agreement;
- (ii) except as disclosed to the Bank in writing, no Event of Default under any of the Lessee Financing Documents has occurred and is continuing or would result from the execution and delivery of this Modification Agreement by either the Lessee or the Corporation, or from the consummation of the transactions contemplated by this Modification Agreement and the Purchase Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, and without cure, would become an Event of Default under any of the Lessee Financing Documents; and
- (iii) the provisions of this Modification Agreement, and the execution and delivery thereof, are permitted by the Indenture.

2. Certain definitions set forth in Section 1.1 of the Lease and in Section 2.01 of the Indenture are hereby amended to read as follows:

"*Bond Legislation*" means (a) as to the Series 1995 Bonds, the legislation passed by the Legislative Authority of the Issuer authorizing the Series 1995 Bonds, and the legislation authorizing this Modification Agreement; (b) as to an issue of Additional Bonds, the legislation described in clause (a) to the extent applicable and the legislation providing for the issuance of such Additional Bonds; and (c) as to Bonds when Additional Bonds are outstanding, the legislation described in clause (a) and the legislation providing for the issuance of Additional Bonds, all as amended or supplemented.

"*Business Day*" means, as to the Series 1995 Bonds, any day of the year other than (i) a Saturday, Sunday or legal holiday in the State of Ohio or New York, or (ii) a day on which the New York Stock Exchange, the Original Purchaser, the Bank, if any, the Remarketing Agent or the Trustee is closed or banking institutions located in Ohio or New York and chartered by the State of Ohio or New York or the United States of America are authorized to close.

"*Guaranty*" means the Guaranty Agreement dated as of October 1, 2001, between the Corporation and the Original Purchaser.

"*Lessee Financing Documents*" means the Base Lease, the Lease, the Guaranty, the Reimbursement Agreement, the Mortgage, the Bond Pledge Agreement, the Remarketing Agreement and the Bond Placement Agreement.

"*LIBO Rate*" mean a rate per annum determined pursuant to the following formula:

$$\frac{\text{London Interbank Rate}}{(100\% - \text{Reserve Percentage})}$$

"*LIBO Business Days*" shall mean Business Days in which dealings in dollars are carried out in the London Interbank Market.

"*London Interbank Rate*" means the per annum rate of interest at which deposits in U.S. Dollars for the related one-month period commencing on the applicable Interest Payment Date are being offered to U.S. banks by one or more prime banks in the London interbank market, which is the average one-month rate of interest appearing on page LIBOR01, captioned "British Bankers Assoc. Interest Settlement Rates," of the Reuters America Network, a service of Reuters America Inc. (or such page that may replace that page on that service for the purpose of displaying London interbank offered rates; or if such service ceases to be available, such other reasonably comparable money rate service selected by Original Purchaser, provided such service is the service which is generally used by Original Purchaser to determine the rates charged by it which are based on rates offered in the London interbank market) at approximately 11:00 a.m. London, England, time, on the second LIBO business day prior to the applicable Interest Payment Date (except in the case of the initial Interest Rate Period following the conversion of the Interest Rate Mode of the Series 1995 Bonds to the One Month Rate, for which the applicable rate will be determined on the second LIBO business day prior to the date of such conversion), rounded up, if necessary, to the nearest whole multiple of 1/16 of 1%.

"*Mortgage*" means the Open-End Mortgage, Assignment of Rents and Security Agreement dated as of October 1, 2001, granted by the Lessee in favor of the Original Purchaser, as it may be amended and supplemented.

"Notice Address" means:

- (a) As to Issuer: City of Gahanna, Ohio  
200 South Hamilton Road  
Gahanna, Ohio 43230  
Attention: Clerk of Council
- (b) As to Lessee: Traditions at Stygler Road  
2335 North Bank Drive  
Columbus, Ohio 43220  
Attention: President
- (c) As to Trustee: Chase Manhattan Trust Company, National Association  
Chase Financial Center  
250 West Huron Road, Suite 220  
Cleveland, Ohio 44113  
Attention: Corporate Trust Department
- (d) As to Remarketing Agent: Lancaster Pollard & Co.  
250 Civic Center Drive  
Columbus, Ohio 43215  
Attention: Brian Pollard, Managing Director
- (e) As to Original Purchaser: The Huntington National Bank  
41 South High Street  
Mail Location HC-0810  
Columbus, Ohio 43215  
Attention: Rick Zarnoch, Vice President
- (f) As to Bank: The address provided by the Bank, if any.

or such different address, notice of which is given under Section 10.05 hereof.

"One-Month Rate" means:

- (a) So long as the Original Purchaser is the Registered Owner of 100% of the Outstanding Series 1995 Bonds, the rate per annum determined by the following formula:

$$(0.65 \times \text{LIBO Rate}) + 1.78\%;$$

provided, however, that if the LIBO Rate is not published on the applicable LIBO Business Day, or otherwise cannot be determined pursuant to this clause (a), for whatever reason, the rate per annum equal to the Prime Commercial Rate multiplied by sixty-five hundredths (0.65); or

(b) If the Original Purchaser is not the Registered Owner of 100% of the Outstanding Series 1995 Bonds, the rate of interest per annum determined by the Remarketing Agent, on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the interest rate necessary, during the Interest Rate Period commencing on the applicable Interest Rate Adjustment Date to and including the day preceding the first Business Day of the next month, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) to produce as nearly as practical a par bid for the Series 1995 Bonds on the Interest Rate Determination Date; provided, however, that if (i) the Remarketing Agent has been removed or has resigned and no successor has been appointed, or (ii) the Remarketing Agent has failed to determine the One-Month Rate for whatever reason, or (iii) the One-Month Rate cannot be determined pursuant to this clause (b), for whatever reason, the interest rate then in effect with respect to the Series 1995 Bonds, without adjustment; provided that in no event shall the One-Month Rate, as determined in this subsection (b), exceed 12% per annum.

"*Original Purchaser*" means The Huntington National Bank, and any successor Registered Owner of 100% of the aggregate principal amount of all Outstanding Series 1995 Bonds.

"*Prime Commercial Rate*" means that interest rate established from time to time by the Original Purchaser as its Prime Commercial Rate, based upon its consideration of economic, money market, business and competitive factors, and it is not necessarily the most favorable rate of Original Purchaser. Each change in the Prime Commercial Rate shall, without notice, automatically and immediately change the rate of interest charged.

"*Reimbursement Agreement*" means either (a) the Purchase Agreement dated as of October 1, 2001, between the Lessee and the Original Purchaser, or (b) the Reimbursement Agreement, if any, entered into with respect to the issuance of the applicable Letter of Credit, if any, between the Bank and the Lessee, as amended or supplemented.

"*Reserve Percentage*" means a percentage equal to the rate (expressed as a percentage), if any, at which reserve requirements are imposed upon the Original Purchaser, on the second LIBO Business Day prior to the applicable Interest Payment Date, with respect to "Eurocurrency liabilities" under Regulation D of the Board of Governors of the Federal Reserve System or other regulations of any governmental authority having jurisdiction with respect thereto (including without limitation any marginal, emergency, supplemental, special or other reserves) for a one-month term.

"*Security Agreement*" means the Security Agreement dated as of October 1, 2001, between the Lessee and the Original Purchaser, as amended or supplemented.

In addition, the term "*Bank Assignment*" shall be deleted wherever it is used.

3. The third paragraph of Section 2.03 of the Indenture is hereby amended by adding the following sentence at the end of such paragraph:

The Series 1995 Bonds shall be issuable as fully registrable Bonds, in the authorized denominations of (a) \$100,000 and any integral multiple of \$5,000 in excess thereof, while the Series 1995 Bonds bear interest at the Weekly Rate, the One Month Rate or the Three Month Rate; and (b) \$5,000 and any integral multiple thereof, while the Series 1995 Bonds bear interest at the One Year Rate, the Five Year Rate or the Fixed Rate.

4. The second paragraph of Section 2.02 of the Indenture is hereby amended in its entirety to read as follows:

The Holder of \$1,000,000 or more in principal amount of Bonds of one series may be paid interest by wire transfer to an account in the continental United States if the Holder makes a written request to the trustee at least fifteen (15) days before a Regular Record Date specifying the account address. The notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice.

5. Section 2.14 of the Indenture is hereby amended in its entirety to read as follows:

Section 2.14. Series 1995 Bonds Held By the Original Purchaser. Effective on the later to occur of (i) the Business Day upon which Original Purchaser acquires all outstanding Series 1995 Bonds from KeyBank, and (ii) October 1, 2001, the Interest Rate Mode on the Series 1995 Bonds shall automatically be converted to the One Month Rate. On each Interest Rate Determination Date, the Original Purchaser shall give the Trustee, the Lessee and the Corporation telephonic notice (immediately confirmed in writing) of the interest rate to be borne by the Series 1995 Bonds for the following Interest Rate Period pursuant to clause (a) of the definition of One Month Rate. The computation of the interest rate on the Series 1995 Bonds by the Original Purchaser shall be binding and conclusive on the parties hereto, absent manifest error.

Except as expressly modified hereby, the Series 1995 Bonds continue to be subject to all provisions of the Indenture, including, without limitation, Section 2.02, which provides the Lessee on behalf of the Issuer, with the right to convert the Series 1995 Bonds to a different Interest Rate Mode, and Sections 2.12 and 2.13, which provides the Holders with certain optional and mandatory tender provisions.

Notwithstanding anything herein to the contrary, if the Original Purchaser presents to the Lessee an offer to purchase the Series 1995 Bonds at a One Year Rate or a Five Year Rate for a successive period of years after the expiration of any Interest Rate Period while the Series 1995 Bonds are held by the Original Purchaser, and the Lessee accepts such offer, the interest rate on the Series 1995 Bonds shall be converted to the interest rate provided in such offer, as accepted by the Lessee, for the term of such Interest Rate Mode, but only following the receipt by the Issuer, the Trustee, the Original Purchaser and the Remarketing Agent of each of the following items: (i) a written direction from the Lessee, given on behalf of the Issuer not less than 15 days prior to such Interest Period Reset Date, to convert the interest rate on the Series 1995 Bonds and the Interest Rate Mode to such interest rate and such Interest Rate Mode accepted by the Lessee; (ii) a written certificate of the Original Purchaser or the Remarketing Agent stating that such interest rate is a market rate which would allow for a remarketing of the Series 1995 Bonds at par in the specified Interest Rate Mode; and (iii) an opinion of Bond Counsel selected by the Lessee, and reasonably acceptable to the Trustee, stating that such conversion to the specified Interest Rate Mode will not adversely affect the exclusion of the interest on the Series 1995 Bonds from gross income for federal income tax purposes. In the event of such conversion, the provisions of

Section 2.13 hereof and of the Remarketing Agreement shall not be of any force and effect. Any such interest rate on the Series 1995 Bonds determined pursuant to this provision shall be treated as a One Year Rate or a Five Year Rate, as the case may be, for other purposes of this Indenture.

6. Section 6.01(i) of the Indenture is hereby amended in its entirety to read as follows:

(i) Receipt by the Trustee of written notice from the Original Purchaser that there has occurred and there is continuing an Event of Default under any of the Lessee Financing Documents to which the Original Purchaser is a party.

7. Section 3.1(b) of the Lease is hereby amended in its entirety to read as follows:

(b) on or prior to April 1 and October 1 of each year, commencing October 1, 1996, an amount equal to the principal due and payable on the Series 1995 Bonds on such date, whether at maturity or pursuant to the mandatory sinking fund redemption provisions of Section 3.01(a) of the Indenture;

8. The last paragraph of Section 13.2 of the Lease is hereby amended in its entirety to read as follows:

Anything in this section to the contrary notwithstanding, so long as no Event of Default under Sections 6.01(a), (b), (f) or (g) of the Indenture has occurred and is continuing, no remedies under this Lease shall be exercised by the Lessor or the Trustee without the consent of the Original Purchaser or the Bank, if any; provided, however, that no such consent of the Original Purchaser or the Bank shall be required for the Lessor to exercise remedies in respect of an Event of Default under Section 13.1(b) of this Lease or for the Lessor to exercise its Unassigned Issuer's Rights (other than the rights referred to in clause (c) of the definition thereof).

9. The Trustee is hereby authorized to cause to be printed replacement Series 1995 Bonds which reflect the modifications to the Series 1995 Bond terms made by this Modification Agreement, substantially in the form attached to this Modification Agreement as *Exhibit A*, and to cause such replacement Series 1995 Bonds to be issued to the Original Purchaser in substitution for the existing Series 1995 Bonds pursuant to Section 2.07 of the Indenture.

10. The description of Permitted Liens attached to the Lease as *Exhibit C* is hereby amended in its entirety to include those liens and encumbrances listed on *Exhibit C* attached to this Modification Agreement.

11. Each of the Issuer, the Trustee, the Lessee, the Corporation and the Original Purchaser hereby consent to all transactions contemplated by this Modification Agreement, including, without implied limitation, the amendments to the Series 1995 Bonds, the Indenture and the Lease contemplated by this Modification Agreement.



12. Each of the Series 1995 Bonds, the Indenture, and the Lease shall remain in force and effect as originally written, except as supplemented and amended hereby. This Modification Agreement on its execution and delivery has become a part of the Series 1995 Bonds, the Indenture, and the Lease, and all references in the Series 1995 Bonds, the Indenture, and the Lease shall include reference to this Modification Agreement as well as the Series 1995 Bonds, the Indenture, and the Lease. This Modification Agreement, and the modifications made hereby, shall be effective for all purposes upon its execution and delivery.

13. Nothing herein contained shall in any way impair the Series 1995 Bonds, the Indenture, the Lessee Financing Documents or any other security now held for the indebtedness evidenced by the Series 1995 Bonds and secured by the Indenture or the Lessee Financing Documents or alter, waive, vary or affect any provision, condition, or covenant therein, except as herein specifically provided, or affect or impair any rights, powers or remedies under the Series 1995 Bonds, the Indenture or the Lessee Financing Documents, the parties intending that the terms and provisions of the Series 1995 Bonds, the Indenture and the Lessee Financing Documents shall continue in full force and effect except as modified hereby.

14. In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

15. This Modification Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

16. This Modification Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Ohio.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, each of the Issuer, the Trustee, the Lessee, the Corporation and the Bank have caused this instrument to be executed by its duly authorized officers, as of the date first above mentioned.

Signed and acknowledged in the presence of:

**CITY OF GAHANNA, OHIO**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
(Witness as to Both)

By: \_\_\_\_\_  
Printed Name: James F. McGregor  
Title: Mayor

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
(Witness as to Both)

By: \_\_\_\_\_  
Printed Name: Jerry Isler  
Title: Director of Finance

Signed and acknowledged in the presence of:

**TRADITIONS AT STYGLER ROAD**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: Joseph Kasberg  
Title: Treasurer

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Signed and acknowledged in the presence of:

**NATIONAL CHURCH RESIDENCES**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: Joseph Kasberg  
Title: Vice President

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Signed and acknowledged in the presence of:

**THE HUNTINGTON NATIONAL BANK**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Signed and acknowledged in the presence of:

**CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee**

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title: Vice President

\_\_\_\_\_  
Printed Name: \_\_\_\_\_

Instrument prepared by:

Randall E. Moore, Esq.  
Bricker & Eckler LLP  
100 South Third Street  
Columbus, Ohio 43215-4291

STATE OF OHIO :  
 : ss.  
COUNTY OF FRANKLIN :

On this \_\_\_\_ day of October 2001, before me, a Notary Public in and for said County and State, personally appeared James F. McGregor and Jerry Isler, the Mayor and the Director of Finance, respectively, of the City of Gahanna, Ohio, a municipal corporation and political subdivision of the State of Ohio, who acknowledged that they did sign said instrument as such officials, respectively, for and on behalf of said City, and that the same is their free act and deed as such officers, respectively, and the free act and corporate act and deed of said City.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

\_\_\_\_\_  
Notary Public

[SEAL]

STATE OF OHIO :  
 : ss.  
COUNTY OF FRANKLIN :

On this \_\_\_\_ day of October 2001, before me, a Notary Public in and for said County and State, personally appeared Joseph Kasberg, the Treasurer of Traditions at Stygler Road, who acknowledged that he did sign said instrument as such officer, for and on behalf of said corporation and by authority granted in its Code of Regulations and by its Board of Trustees, that the same is his free act and deed as such officer, and the free act and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

\_\_\_\_\_  
Notary Public

[SEAL]

STATE OF OHIO :  
 : ss.  
COUNTY OF FRANKLIN :

On this \_\_\_\_ day of October 2001, before me, a Notary Public in and for said County and State, personally appeared Joseph Kasberg, the Vice President of National Church Residences, who acknowledged that he did sign said instrument as such officer, for and on behalf of said corporation and by authority granted in its Code of Regulations and by its Board of Trustees, that the same is his free act and deed as such officer, and the free act and corporate act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

\_\_\_\_\_  
Notary Public

[SEAL]

STATE OF OHIO :  
 : ss.  
COUNTY OF FRANKLIN :

On this \_\_\_\_ day of October 2001, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, the Authorized Signer for The Huntington National Bank , who acknowledged that he/she did sign said instrument as such officer, for and on behalf of said national banking association and by authority granted in its bylaws and by its Board of Directors, that the same is his/her free act and deed as such officer, and the free act and corporate act and deed of said national banking association.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

\_\_\_\_\_  
Notary Public

[SEAL]

STATE OF OHIO :  
 : ss.  
COUNTY OF CUYAHOGA :

On this \_\_\_\_ day of October 2001, before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, the Vice President, of Chase Manhattan Trust Company, National Association, who acknowledged that he/she did sign said instrument as such officer for and on behalf of said national banking association and by authority granted in its bylaws and by its Board of Directors, that the same is his/her free act and deed as such officer, and the free act and corporate act and deed of said national banking association.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

\_\_\_\_\_  
Notary Public

[SEAL]

## FISCAL OFFICER'S CERTIFICATE

The undersigned, fiscal officer of the Issuer under the aforesaid Modification Agreement, hereby certifies that the moneys required to meet the obligations of the Issuer during the year 2001 under the aforesaid Modification Agreement have been lawfully appropriated by the legislative authority of the Issuer for such purposes pursuant to the Bond Legislation, and are in the custody of the Trustee (as defined in the Lease) or in the process of collection to the credit of an appropriate fund in the custody of the Trustee, free from any previous encumbrances. This certificate is given in compliance with Sections 5705.41 and 5705.44, Ohio Revised Code.

Dated: October \_\_, 2001

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Director of Finance

**EXHIBIT C**

**PERMITTED LIENS**

1. Open-End Mortgage, Assignment of Rents and Security Agreement, dated as of October 1, 2001, executed by the Lessee in favor of the Original Purchaser.
2. Security Agreement dated as of October 1, 2001, executed by the Lessee in favor of the Original Purchaser.
3. The Base Lease.
4. Zoning and building ordinances and regulations.
5. Purchase money security interests granted by the Lessee in the ordinary course of business.
6. Taxes and assessments, if any for the tax year 2001 are a lien are undetermined and not yet due and payable.
7. Easement granted to The Columbus Railway, Power and Light Company, of record in Deed Book 981, page 638, Recorder's Office, Franklin County, Ohio.
8. Easement granted to The Ohio Telephone and Telegraph Company, of record in Deed Book 922, page 313, Recorder's Office, Franklin County, Ohio.
9. Easement granted to Columbus Southern Power Company, of record in Official Record 17557F19, Recorder's Office, Franklin County, Ohio.
10. Terms and conditions of easement granted by National Church Residences of Northern Columbus, of record in Official Record 28928G20, Recorder's Office, Franklin County, Ohio.
11. Easement granted to Columbus Southern Power Company, of record in Official Record 30342A01, Recorder's Office, Franklin County, Ohio.
12. Any liens which secure the Original Purchaser or the Bank, if any.



## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is entered into effective this 1st day of October, 2001, by THE HUNTINGTON NATIONAL BANK, a national banking association ("Bank"), THE CITY OF GAHANNA, a municipal corporation and political subdivision of the State of Ohio (the "City"); CHASE MANHATTAN TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association ("Trustee") and TRADITIONS AT STYGLER ROAD, formerly known as Gahanna Care Center, Inc., an Ohio nonprofit corporation ("Mortgagor").

### RECITALS

WHEREAS, in connection with the issuance of those certain \$4,360,000 City of Gahanna, Ohio Adjustable Rate Health Care Facilities Revenue Bonds, Series 1995 (Gahanna Care Center, Inc. Project) (the "Bonds"), issued by the City pursuant to that certain Trust Indenture dated April 1, 1995 by and between the City and Trustee, as successor to Society National Bank (the "Indenture"), Mortgagor leased to the City pursuant to that certain Base Lease dated April 1, 1995 and recorded on April 26, 1995, in Official Record Volume 28928, Page H04, Franklin County, Ohio Recorder's Office ("Base Lease") the real property described in Exhibit "A" attached hereto and made a part hereof ("Real Property");

WHEREAS, in connection with the issuance of the Bonds, the City leased to Mortgagor pursuant to a certain Lease Agreement dated April 1, 1995, and recorded on April 26, 1995, in Official Record Volume 28928, Page H15, Franklin County, Ohio Recorder's Office ("Lease") the Real Property;

WHEREAS, all rights of the City under the Base Lease, except for certain Unassigned Rights referenced therein, and all rights of the City under the Lease, except for the Unassigned Rights described therein, have been pledged and assigned to the Trustee pursuant to the Indenture as evidenced by that certain Assignment of Rights Under a Base Lease and Lease Agreement dated April 1, 1995, by and between the City and Trustee ("Assignment") and recorded on April 26, 1995, in Official Record Volume 28929, Page B07, Franklin County, Ohio Recorder's Office (all references hereinafter to the Base Lease and Lease shall mean the same as pledged and assigned pursuant to the Indenture and Assignment);

WHEREAS, the Bank has agreed to purchase the Bonds pursuant to a certain Bond Purchase Agreement of even date herewith between Mortgagor and Bank;

WHEREAS, as a condition to purchasing the Bonds, the Bank has required Mortgagor to execute and deliver to the Bank a certain Open-End Mortgage, Assignment of Rents and Security Agreement of even date herewith and recorded on October \_\_, 2001, as Instrument Number \_\_\_\_\_, Franklin County, Ohio Recorder's Office ("Mortgage"), which encumbers all Mortgagor's interest now owned or hereafter acquired in the Real Property and all improvements now or hereafter located thereon, to secure Mortgagor's obligations to Bank under the Bonds and Purchase Agreement; and

**EXHIBIT B**

WHEREAS, as a further condition to purchasing the Bonds, the Bank has required Mortgagor to execute and deliver a certain Security Agreement of even date herewith ("Security Agreement") which grants the Bank a security interest in the Property, as defined therein;

WHEREAS, as a further condition to purchasing the Bonds, the Bank has required that the City and Trustee subordinate the Base Lease and the Lease to the Mortgage and Security Agreement pursuant to the provisions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth herein and other consideration the receipt and sufficiency thereof being hereby acknowledged, Bank, City, Trustee and Mortgagor hereby agree as follows:

1. Subordination by City and Trustee. In order to induce the Bank to purchase the Bonds, the City and Trustee covenant and agree with the Bank that the Base Lease and Lease, and any and all modifications thereof and amendments thereto, all of the City's and Trustee's rights thereunder and all of the City's and Trustee's interest and estate in the Real Property and all improvements located thereon shall be and are hereby made junior, inferior, subordinate and subject in all respects to the Mortgage and Security Agreement and to all further renewals, modifications, consolidations, replacements and extensions of the Mortgage and Security Agreement, to the full extent of the principal sum secured thereby, all interest thereon and all other sums due or hereafter becoming due thereunder.

2. Subordination by Mortgagor. In order to induce the Bank to purchase the Bonds, Mortgagor covenants and agrees with the Bank that the Lease, and any and all modifications thereof and amendments thereto, all of Mortgagor's interest and estate created by the Lease in the Real Property and all improvements located thereon shall be and are hereby made junior, inferior, subordinate and subject in all respects to the Mortgage and Security Agreement and to all further renewals, modifications, consolidations, replacements and extensions of the Mortgage and Security Agreement, to the full extent of the principal sum secured thereby, all interest thereon and all other sums due or hereafter becoming due thereunder.

3. Consent to Mortgage and Security Agreement. The City and Trustee hereby acknowledge and consent to the Mortgage and Security Agreement.

4. No Waiver. No waiver shall be deemed to be made by the Bank of any of its rights hereunder unless the same shall be in a writing duly executed by the Bank, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall in no way impair the rights of the Bank or the obligations of the City, Trustee and/or Mortgagor to the Bank hereunder in any other respect at any other time.

5. Successor and Assigns. This Subordination Agreement shall be binding upon, and inure to the benefit of the Bank, the City, Trustee and Mortgagor and their respective successors and assigns.

6. Governing Law. This Subordination Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

7. Captions. Captions used herein are for convenience of reference only and shall not be used in any way in the construction or interpretation of the terms and provisions of this Subordination Agreement.

8. Counterparts. This Subordination Agreement may be executed in a number of identical counterparts, each of which for all purposes is deemed an original.

IN WITNESS WHEREOF, the undersigned have executed this agreement as of the day and year first above-written.

BANK:

THE HUNTINGTON NATIONAL BANK, a national banking association

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

Its: \_\_\_\_\_

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

CITY:

THE CITY OF GAHANNA,  
a municipal corporation and political subdivision of the State of Ohio

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

Printed Name: \_\_\_\_\_

Its: Mayor

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Its: Director of Finance

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness  
Print Name: \_\_\_\_\_

TRUSTEE:

CHASE MANHATTAN TRUST COMPANY,  
NATIONAL ASSOCIATION, a national  
banking association and successor to Society  
National Bank, as trustee

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

Its: \_\_\_\_\_

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

MORTGAGOR:

TRADITIONS AT STYGLER ROAD,  
an Ohio nonprofit corporation, formerly known  
as Gahanna Care Center, Inc.,

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

Its: \_\_\_\_\_

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

STATE OF OHIO :

: SS

COUNTY OF FRANKLIN :

The foregoing instrument was acknowledged before me this \_\_\_ day of October, 2001,  
by \_\_\_\_\_, the \_\_\_\_\_ of The Huntington National Bank, a  
national banking association, on behalf of the association.

\_\_\_\_\_  
Notary Public

Commission Expiration: \_\_\_\_\_

STATE OF OHIO :  
 : SS  
COUNTY OF FRANKLIN :

The foregoing instrument was acknowledged before me this \_\_\_ day of October, 2001, by \_\_\_\_\_, the Mayor and \_\_\_\_\_, the Director of Finance of the City of Gahanna, a municipal corporation and political subdivision of the State of Ohio, on behalf of said City.

\_\_\_\_\_  
Notary Public

Commission Expiration: \_\_\_\_\_

STATE OF OHIO :  
 : SS  
COUNTY OF FRANKLIN :

The foregoing instrument was acknowledged before me this \_\_\_ day of October, 2001, by \_\_\_\_\_, the \_\_\_\_\_ of Chase Manhattan Trust Company, National Association, a national banking association and successor to Society National Bank, as trustee, on behalf of said national association.

\_\_\_\_\_  
Notary Public

Commission Expiration: \_\_\_\_\_

STATE OF OHIO,  
COUNTY OF FRANKLIN, SS:

The foregoing instrument was acknowledged before me this \_\_\_ day of October, 2001, by \_\_\_\_\_, the \_\_\_\_\_ of Traditions at Stygler Road, an Ohio nonprofit corporation, formerly known as Gahanna Care Center, Inc., on behalf of the corporation.

\_\_\_\_\_  
Notary Public

Commission Expiration: \_\_\_\_\_

This instrument prepared by: Stephen Intihar, Bricker & Eckler LLP, 100 South Third Street  
Columbus, Ohio 43215, (614) 227-2376