

CONSENT SOLICITATION STATEMENT



VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.
7113 Three Chopt Road ■ Suite 300 ■ Richmond, Virginia 23226-3643
Phone: (804) 673-1031 ■ Toll Free (888) 673-1031

Solicitation of Consents Relating to the
Economic Development Authority of James City County, Virginia
Residential Care Facility Revenue Bonds
(Virginia United Methodist Homes of Williamsburg, Inc.),
Series 2007A, Series 2007B (Adjustable Rate Bonds),
and Series 2007C (Variable Rate Bonds)
Cusip Numbers: 47029W AU1, AV9, AW7, AX5, AY3

THIS CONSENT SOLICITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON JUNE 20, 2011 (SUCH TIME AND DATE AS THE SAME MAY BE EXTENDED, THE "EXPIRATION TIME"). CONSENTS MAY ONLY BE REVOKED UNDER THE CIRCUMSTANCES DESCRIBED IN THIS CONSENT SOLICITATION STATEMENT AND THE CONSENT LETTER.

Virginia United Methodist Homes of Williamsburg, Inc., a non-stock corporation that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Company"), is soliciting a consent (the "Consent"), upon the terms and subject to the conditions set out in this Consent Solicitation Statement and in the accompanying consent letter (the "Consent Letter" and, together with the Consent Solicitation Statement, the "Solicitation Documents"), to certain waivers and document amendments, as outlined below (the "Proposed Actions"), related to the Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A, Series 2007B (Adjustable Rate Bonds), and Series 2007C (Variable Rate Bonds) (collectively, the "Series 2007 Bonds"), which were issued by the Economic Development Authority of James City County, Virginia (the "Issuer"), to finance the construction and equipping of a facility for the care and housing of the elderly known as WindsorMeade (the "Project") owned and operated by the Company. The Series 2007 Bonds were issued pursuant to a Bond Trust Indenture dated as of July 1, 2007 (as previously amended, the "Existing Bond Indenture"), between the Issuer and The Bank of New York Mellon Trust Company, N.A., in its capacity as bond trustee (the "Bond Trustee"). Capitalized terms used but not identified herein have the meanings assigned to them in the Existing Bond Trust Indenture.

For various periods through May 31, 2011, the Company failed to meet marketing and occupancy targets (the "Existing Defaults") contained in the Loan Agreement dated as of July 1, 2007 (as previously amended, the "Existing Loan Agreement") between the Company and the Issuer. After consultation with the Bank of America, N.A., the letter of credit provider for the referenced Series 2007C Bonds (the "Bank"), the Company is requesting consents to the Proposed Actions, which consist of amendments to certain financial and operating covenants pertaining to the Company and the Project and a waiver of the Existing Defaults, all as more fully described in the section herein "**PROPOSED ACTIONS**" and the amending documents attached as Exhibit A hereto.

This Consent Solicitation is being made to all persons in whose name a Series 2007 Bond was registered at 5:00 p.m., New York City time, on June 9, 2011 (the "Record Date") and their duly designated proxies. As of June 9, 2011, all of the Series 2007 Bonds were held through The Depository Trust Company ("DTC") by direct participants in DTC ("DTC Participants;" such DTC Participants as of the Record Date are referred to herein as "Holders"). Holders of the Series 2007 Bonds must complete, sign, date and deliver by mail or facsimile (and, if delivery is by facsimile, must deliver the original Consent by mail on the following Business Day) to the Consent Agent, defined below, at the address or number set forth on the back cover of this Consent Solicitation Statement, valid Consents in respect of a majority in aggregate principal amount of all outstanding Series 2007 Bonds (the "Requisite Consent") to approve the Proposed Actions. A beneficial owner of an interest in Series 2007 Bonds held through a DTC Participant must properly instruct such DTC Participant to cause a Consent to be given in respect of such Series 2007 Bonds on such beneficial owner's behalf. See the section herein "**CONSENT PROCEDURES**" for more information. After receipt of the Requisite Consent, the Company, the Issuer, the Bond Trustee and The Bank of New York Mellon Trust Company, N.A., in its capacity as master trustee (the "Master Trustee" and together with the Bond Trustee, the "Trustee") will execute the Amending Documents, substantially in the form of the drafts attached as Exhibit A hereto, with the other parties thereto to give effect to the Proposed Actions on or promptly after the Expiration Time. The Company has received indication that the Requisite Consent will be delivered on or before the Expiration Time.

None of the Trustee, the Issuer nor the Consent Agent makes any recommendation as to whether or not Holders should provide Consent to the Proposed Actions. For additional copies of this Consent Solicitation Statement, the Consent Letter or related documents relating to the Consent Solicitation, please contact the Company at Virginia United Methodist Homes of Williamsburg, 7113 Three Chopt Road, Richmond, Virginia 23226-3643, Attention: Kevin L. Salminen, Controller, ksalminen@vumh.org.

The Consent Agent for the Consent Solicitation is:

THE BANK OF NEW YORK MELLON

June 9, 2011

\30493000.6

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
BACKGROUND.....	2
THE PROPOSED ACTIONS.....	3
THE CONSENT SOLICITATION	4
EXHIBIT A - Drafts of Amending Documents:	
1) Second Amendment to Loan Agreement	
2) Second Supplemental Bond Trust Indenture	
3) Second Supplemental Master Trust Indenture	
4) First Amendment to Support Agreement	
5) Second Amendment to Letter of Credit Agreement	

Holders residing outside the United States who wish to deliver a Consent must satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection therewith. If the Company becomes aware of any state or foreign jurisdiction where the making of the Consent Solicitation is prohibited, the Company will make a good faith effort to comply with the requirements of any such state or foreign jurisdiction. If, after such effort, the Company cannot comply with the requirements of any such state or foreign jurisdiction, the Consent Solicitation will not be made to (and Consents will not be accepted from or on behalf of) Holders in such state or foreign jurisdiction.

No person has been authorized to give any information or make any representations other than those contained or incorporated by reference in this Consent Solicitation Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Consent Solicitation Statement at any time does not imply that the information herein is correct as of any time subsequent to its date.

IMPORTANT

Holders of record as of the Record Date desiring to deliver Consents should complete, sign and date the Consent Letter included herewith (or a facsimile thereof) in accordance with the instructions therein, have its signature thereon guaranteed, if required, and mail or deliver it and any other required documents to the Consent Agent at its address set forth on the back cover hereof for receipt prior to the Expiration Time.

Only Holders of record as of the Record Date may execute Consents and, once delivered, such Consents may be revoked at any time prior to the Expiration Time. Any beneficial owner of Series 2007 Bonds who desires to deliver a Consent with respect to such Series 2007 Bonds, but who is not a Holder of record of such Series 2007 Bonds as of the Record Date (including any beneficial owner holding through a broker, dealer, commercial bank, trust company or other nominee), must arrange with the person who is such a Holder of record to execute and deliver a Consent on behalf of such beneficial owner.

Any questions or requests for assistance or for additional copies of this Consent Solicitation Statement, the Consent Letter or related documents may be directed to the Company at Virginia United Methodist Homes of Williamsburg, 7113 Three Chopt Road, Richmond, Virginia 23226-3643, Attention: Kevin L. Salminen, Controller, ksalminen@vumh.org.

HOLDERS OF SECURITIES SHOULD NOT DELIVER CONSENTS TO THE COMPANY AT ANY TIME.

The Consent Solicitation is not being made to, and Consents are not being solicited from, Holders of Series 2007 Bonds in any jurisdiction in which it is unlawful to make such solicitation or grant such Consent. The delivery of this Consent Solicitation Statement shall not under any circumstances create any implication that the information set forth herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in the affairs of the Company since the date hereof.

NEITHER THIS CONSENT SOLICITATION STATEMENT, NOR THE CONSENT LETTER OR ANY RELATED DOCUMENTS HAVE BEEN FILED WITH THE SEC, NOR HAVE THEY BEEN FILED WITH OR REVIEWED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY COUNTRY. NONE OF THE ISSUER, THE TRUSTEE NOR ANY OTHER AUTHORITY HAS PASSED UPON, OR ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS CONSENT SOLICITATION OR THE LETTER OF CONSENT OR ANY RELATED DOCUMENTS, AND IT IS UNLAWFUL AND MAY BE A CRIMINAL OFFENSE TO MAKE ANY REPRESENTATION TO THE CONTRARY.

SUMMARY

This Consent Solicitation Statement contains important information that should be read carefully before any decision is made with respect to the Consent Solicitation. The following summary is not intended to be complete. Holders are urged to read the more detailed information set forth elsewhere in this Consent Solicitation Statement. Each of the capitalized terms used in this Summary and not defined herein has the meaning set forth elsewhere in this Consent Solicitation Statement.

The Company is soliciting Consents to the Proposed Actions. After receipt of the Requisite Consent, the Company, the Issuer, the Bond Trustee, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee," and together with the Bond Trustee, the "Trustee") will execute amending documents (the "Amending Documents"), substantially in the forms of the drafts attached as Exhibit A hereto, with the other parties thereto to give effect to the Proposed Actions on or promptly after the Expiration Time.

The following is a summary of certain Consent Solicitation terms:

Company	Virginia United Methodist Homes of Williamsburg, Inc.
Issuer	Economic Development Authority of James City County, Virginia
The Series 2007 Bonds	Economic Development Authority of James City County, Virginia Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A, Series 2007B (Adjustable Rate Bonds), and Series 2007C (Variable Rate Bonds)
CUSIP Numbers	47029W AU1, AV9, AW7, AX5, AY3
Purpose of Consent	For various periods through May 31, 2011, the Company failed to meet marketing and occupancy targets contained in the Existing Loan Agreement (the "Existing Defaults"). After consultation with the Bank and certain beneficial owners of the Series 2007 Bonds, the Company is soliciting the Holders for consent to the Proposed Actions, which consist of amendments to certain financial and operating covenants pertaining to the Company and the Project and a waiver of the Existing Defaults, all as more fully described in the section herein "PROPOSED ACTIONS."
Record Date	June 9, 2011
Expiration Time	The Consent Solicitation will be open until 5:00 p.m., New York City time, on June 20, 2011. Holders must deliver their Consents to the Proposed Amendment on or before the Expiration Time.

The Company reserves the right:

- to extend the Expiration Time, from time to time, until the Requisite Consent for the Proposed Amendment has been obtained;
- to waive in whole or in part any conditions to the Consent Solicitation;
- to terminate the Consent Solicitation at any time prior to the Expiration Time, whether or not the Requisite Consent has been received; and

	<ul style="list-style-type: none"> to amend the Consent Solicitation at any time prior to the Expiration Time, whether or not the Requisite Consent has been received.
Denominations	\$5,000 or integral multiples of \$1,000 in excess thereof.
Requisite Consent	Holders of the Series 2007 Bonds must grant valid Consents in respect of a majority in aggregate principal amount of all outstanding Series 2007 Bonds to approve the Proposed Action. As of the date of this Consent Solicitation Statement, the aggregate outstanding principal amount of the Series 2007 Bonds is \$69,720,000.
Consequences to Non-Consenting Holders	If the Requisite Consent is obtained, non-consenting Holders will be bound by the Proposed Actions.
Procedure for Delivery of Consents	Consents must be delivered by mail or facsimile to the Consent Agent at the address or number set forth on the back cover page of this Consent Solicitation Statement on or before the Expiration Time. DTC will issue an "omnibus proxy" authorizing the DTC Participants as of the Record Date to execute a Consent. Only DTC Participants holding Series 2007 Bonds as of the Record Date are eligible to consent to the Proposed Amendment. Therefore, a beneficial owner of an interest in Series 2007 Bonds held in an account of a DTC Participant who wishes a Consent to be delivered must properly instruct such DTC Participant to cause a Consent to be given in respect of such Series 2007 Bonds on such beneficial owner's behalf. See the section herein " THE CONSENT SOLICITATION - Consent Procedures. "
Consent Agent	The Bank of New York Mellon Trust Company, N.A. is serving as Consent Agent in connection with the Consent Solicitation.
Additional Documentation	For additional copies of this Consent Solicitation Statement, the Consent Letter, the Amending Documents or related documents, contact the Company at Virginia United Methodist Homes of Williamsburg, 7113 Three Chopt Road, Richmond, Virginia 23226-3643, Attention: Kevin L. Salminen, Controller, ksalminen@vumh.org .
Other	The Company has received indication that the Requisite Consent will be delivered on or before the Expiration Time.

BACKGROUND

This Consent Solicitation Statement contains important information which should be read before a decision is made with respect to the Consent Solicitation.

The Company and the Project

The Company is a non-stock Virginia corporation that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended. The Company was created to own and operate the Project, a facility for the care and housing of the elderly in Williamsburg, Virginia. Construction of the Project was financed with the proceeds of the Series 2007 Bonds. The Project opened in May 2007 and is now approximately 60% occupied. While the Project's occupancy is steadily growing, during the ongoing economic recession, the Project has not filled up at the rate anticipated when the Series 2007 Bonds were originally issued.

The Project has failed to meet certain marketing and occupancy targets that were established in the Existing Financing Documents, defined below. The failures have led to defaults under the Existing Financing Documents. In September 2009, with the consent of the Bank and a majority of holders of the then-outstanding Series 2007 Bonds, the Company, the Issuer and the Trustee waived then-existing defaults and made certain amendments to the documents. Since 2009, the Project's marketing and occupancy have continued to lag and the Company has had discussion with the Bank and certain beneficial owners of the Series 2007 Bonds to formulate a plan for the Proposed Actions as described in the section herein "**PROPOSED ACTIONS.**" At no time has the Company failed to make any payments related to the Series 2007 Bonds.

THE PROPOSED ACTIONS

Set forth below are explanation of the Proposed Actions, including description of the Existing Defaults and an outline of the proposed amendments to the Existing Bond Indenture, the Existing Loan Agreement, the Master Trust Indenture dated as of July 1, 2007 (as previously supplemented, the "Existing Master Indenture") between the Master Trustee and the Company, the Letter of Credit Agreement dated as of July 1, 2007 (as previously amended, the "Existing Letter of Credit Agreement") between the Bank and the Company, and the Support Agreement dated as of September 1, 2009 (the "Existing Support Agreement") between the Trustee, the Company, the Bank, Virginia United Methodist Homes Supporting Organization, Inc., and Virginia United Methodist Homes, Inc. The Existing Bond Indenture, the Existing Loan Agreement, the Existing Trust Indenture, the Existing Letter of Credit Agreement and the Existing Support Agreement are referred to herein collectively as the "Existing Financing Documents." The following discussion is qualified in its entirety by reference to the form of the Amending Documents, drafts of which are attached hereto as Exhibit A. Additional copies of the Amending Documents and copies of the Existing Financing Documents may be obtained without charge from the Company. Capitalized terms not otherwise defined in this Consent Solicitation Statement have the meanings assigned to them in the Existing Financing Documents and the Amending Documents.

None of the Trustee, the Issuer nor the Consent Agent makes any recommendation as to whether or not Holders should provide Consents to the Proposed Actions. The Company has received indication that the Requisite Consent will be delivered on or before the Expiration Time.

General

Regardless of whether the Proposed Actions become operative, the Series 2007 Bonds will continue to be outstanding in accordance with all other terms of the Series 2007 Bonds and the Existing Financing Documents. The changes included in the Proposed Actions will not alter the Company's obligations to provide for payment of the principal or interest on the Series 2007 Bonds or alter the stated interest rate, maturity date or redemption provisions of the Series 2007 Bonds.

If the Requisite Consent is obtained, non-consenting Holders of Series 2007 Bonds will be bound by the Proposed Actions. The Proposed Actions will be effected (and will become operative) by execution of the Amending Documents, substantially in the form of the drafts attached as Exhibit A hereto, by the Company, the Issuer, the Trustee, the Bank and the other parties thereto.

Waiver of Existing Defaults

During the ongoing economic recession, the Project has not filled up at the rate anticipated when the Series 2007 Bonds were originally issued. For the fiscal quarters ended November 30, 2010, February 28, 2011 and May 31, 2011 the Company failed to obtain pre-sale deposits on, and to execute residence agreements for, a sufficient number of independent living units at the Project to meet the marketing and occupancy targets for the Project set forth in Section 5.12 of the Existing Loan Agreement, which constitute defaults under the Existing Loan Agreement. The Company is requesting the holders of the Series 2007 Bonds to waive these Existing Defaults. For the purposes of the waiver of the Existing Defaults, the Bank is considered the holder of the Series 2007C Bonds. The Company has also failed to meet certain similar covenants contained in the Existing Letter of Credit Agreement, which the Company expects the Bank to waive.

Proposed Amendments to Existing Financing Documents

After discussion with the Bank and certain beneficial owners of the Series 2007, the Company has prepared amendments to the Existing Financing Documents, which are contained in the Amending Documents, drafts of which are attached hereto as Exhibit A. Copies of the Existing Financing Documents can be obtained without charge from the Company. Holders of the Series 2007 Bonds are requested to approve the amendments to the Existing Bond Indenture, the Existing Loan Agreement and the Existing Master Indenture and should review such documents fully. Some of the proposed amendments include, without limitation, (1) revising the schedules of the numbers of Project units on which the Company has covenanted to collect pre-sale deposits and execute residency agreements, (2) allowing the Company at its request to use up to an aggregate of \$10,237,000 of Project Entrance Fees to calculate its Days' Cash on Hand, to pay approved operating and capital expenses with the Bank's consent, to pay costs and fees associated with the Bank's letter of credit and to make debt service payments on the Series 2007 Bonds, (3) reducing the Company's Days' Cash on Hand target and incorporating the revised target through other financial covenants, and (4) replacing the operating ratio covenant with a cumulative net cash loss covenant. Holders are instructed to review the proposed Amending Documents and the Existing Documents in entirety.

The Company and the Bank have also prepared amendments to the Existing Letter of Credit Agreement and the Existing Support Agreement, which are expected to be executed by the Company, the Bank and the other parties thereto on or before the Expiration Time. These amendments do not require the consent of the Holders of the Series 2007 Bonds and are provided for informational purposes only. The proposed amendments to the Existing Letter of Credit Agreement and Existing Support Agreement correspond to the amendments contained in the Amending Documents described above and make certain other amendments. The proposed amendments to the Existing Support Agreement include, without limitation, extending the period that the Company's affiliated company, Virginia United Methodist Homes, will provide financial support to the Company. Additional amendments to the Letter of Credit Agreement include, without limitation, (1) revising the amount and timing of the fees payable by the Company to the Bank, (2) increasing the letter of credit fees while an event of default is occurring, (3) requiring additional marketing and other operating reports to be filed with the Bank, (4) permitting changes to the form of a limited number of Project residency agreements, and (5) requiring Bank consent before the Company can issue any additional debt.

THE CONSENT SOLICITATION

General

The Company is seeking consents from Holders of at least a majority in principal amount of the outstanding Series 2007 Bonds to the Proposed Actions.

Regardless of whether the Proposed Actions become operative, the Series 2007 Bonds will continue to be outstanding in accordance with all other terms of the Series 2007 Bonds and the Existing Financing Documents. The changes sought to be effected by the Proposed Actions will not alter the Company's obligations to provide for payment of the principal or interest on the Series 2007 Bonds or alter the stated interest rate, maturity date or redemption provisions of the Series 2007 Bonds.

After receipt of the Requisite Consent, the Company, the Trustee, the Issuer, the Bank and the other parties will execute the Amending Documents, substantially in the form of the drafts attached as Exhibit A hereto, to give effect to the Proposed Actions on or promptly after the Expiration Time.

The Company and the Trustee will be deemed to have accepted the Consents if, as and when they execute the Amending Documents. Thereafter, all Holders, including non-consenting Holders, and all subsequent Holders of Series 2007 Bonds will be bound by the Proposed Actions. Whether or not the Requisite Consent is received, if the Consent Solicitation is terminated for any reason before the Expiration Time, or the conditions thereto are neither satisfied nor waived, the Consents will be voided.

In addition to the use of the mail, Consents may be solicited by officers, other employees and agents of the Company, in person, or by telephone, or facsimile transmission. The Bank of New York Mellon Trust Company, N.A. has been retained as the Consent Agent.

Before, during or after the Consent Solicitation, the Company and any of its affiliates may purchase Series 2007 Bonds in the open market, in privately negotiated transactions, through tender or exchange offers or otherwise. Any future purchases will depend on various factors at that time.

Requisite Consent

Holder must deliver valid Consents in respect of a majority in aggregate principal amount of all outstanding Series 2007 Bonds to approve the Proposed Actions. As of the date hereof, the aggregate outstanding principal amount of the Series 2007 Bonds is \$69,720,000.

The failure of a Holder to deliver a Consent (including any failure resulting from broker non-votes) will have the same effect as if such Holder had voted "Against" the Proposed Actions.

The Company has received indication that the Requisite Consent will be delivered on or before the Expiration Time.

Expiration Time; Extensions

The Consent Solicitation will be open until 5:00 p.m., New York City time, on June 20, 2011, unless earlier terminated or extended by the Company in its sole discretion. Consents may not be revoked after the Expiration Time. The parties intend to execute the Amending Documents, substantially in the form of the drafts attached as Exhibit A hereto, on or promptly after the Expiration Time. The Amending Documents provide that they will become effective on the date it is executed by the Company, the Issuer, the Trustee and the Bank.

The Company reserves the right to extend the Consent Solicitation at any time and from time to time, whether or not the Requisite Consent has been received, by giving written notice to the Consent Agent no later than 9:00 a.m., New York City time, on the next business day after the previously announced Expiration Time. Any such extension will be followed as promptly as practicable by notice of the extension by press release or other public announcement (or by written notice to the Holders). Such announcement or notice may state that we are extending the Consent Solicitation for a specified period of time or on a daily basis.

The Company reserves the right:

- to extend the Expiration Time, from time to time, until the Requisite Consent has been received;
- to waive in whole or in part any conditions to the Consent Solicitation;
- to terminate the Consent Solicitation at any time prior to the Expiration Time, whether or not the Requisite Consent has been received; and
- to amend the Consent Solicitation at any time prior to the Expiration Time, whether or not the Requisite Consent has been received.

Conditions of the Consent Solicitation

The consummation of the Consent Solicitation is conditioned on (i) there being received by the Consent Agent, on or before the Expiration Time, the Requisite Consent, (ii) the execution of the Amending Documents by the Company, the Issuer, the Trustee, the Bank and the other parties thereto and (iii) the absence of any existing or proposed law or regulation that would, and the absence of any injunction or action or other proceeding (pending or threatened) that (in the case of any action or proceeding, if adversely determined) would, make unlawful or invalid or enjoin or delay the implementation of the Proposed Actions, the entering into of the Amending Documents or question the legality or validity of any thereof.

Failure to Obtain the Requisite Consent

In the event the Requisite Consent is not obtained and the Consent Solicitation is terminated, the Amending Documents will not be executed and the Proposed Actions will not become operative. However, the Company has received indication that the Requisite Consent will be delivered on or before the Expiration Time.

Record Date

The Record Date has been fixed as 5:00 p.m., New York City time, on June 9, 2011 to determine the Holders of the Series 2007 Bonds to consent to the Proposed Amendment.

Consent Procedures

The Consent Solicitation is being made to all persons in whose name a Series 2007 Bonds was registered as of the Record Date. Only Holders (i.e., persons in whose name a Series 2007 Bonds is registered or their duly designated proxies) on the Record Date may execute and deliver a Consent Letter. DTC will issue an "omnibus proxy" authorizing the DTC Participants as of the Record Date (as set forth in a securities position listing of DTC as of the Record Date) to execute Consents with respect to those Series 2007 Bonds as if those DTC Participants were the holders of record of those Series 2007 Bonds as of the Record Date; accordingly, the Company will deem those DTC Participants for purposes hereof to be holders of record of those Series 2007 Bonds as of the Record Date, and the Company will deem Consents executed by those DTC Participants to be valid Consents with respect to those Series 2007 Bonds. Accordingly, for the purposes of this Consent Solicitation, the term "Holder" shall be deemed to mean the DTC Participants who held Series 2007 Bonds through DTC as of the Record Date.

In order to cause a Consent to be given with respect to Series 2007 Bonds held by a Holder, the Holder must complete, sign and date the appropriate form of Consent Letter, and mail or deliver it to the Consent Agent at its address or facsimile set forth on the back cover page of this Consent Solicitation Statement for delivery before the Expiration Time pursuant to the procedures set forth herein and therein. A Consent Letter must be executed in the name appearing on the securities position listing of DTC as of the Record Date.

In order to cause a Consent to be given with respect to Series 2007 Bonds held through DTC, such DTC Participant must complete and sign the Consent Letter and mail or deliver it to the Consent Agent at its address or facsimile set forth on the back cover page of this Consent Solicitation Statement pursuant to the procedures set forth herein and therein.

A beneficial owner of an interest in Series 2007 Bonds ("Beneficial Owner") held through a DTC Participant must properly instruct such DTC Participant to cause a Consent to be given in respect of such Series 2007 Bonds on such Beneficial Owner's behalf.

Giving a Consent will not affect a Holder's right to sell or transfer the Series 2007 Bonds but the giving of a Consent will be binding on a transferee. All Consents received by the Consent Agent on or before the Expiration Time will be effective notwithstanding a record transfer of such Series 2007 Bonds subsequent to the Record Date.

HOLDERS WHO WISH TO CONSENT SHOULD MAIL, HAND DELIVER, SEND BY OVERNIGHT COURIER OR FACSIMILE (CONFIRMED BY PHYSICAL DELIVERY) FOR DELIVERY PRIOR TO THE EXPIRATION TIME THEIR PROPERLY COMPLETED AND DULY EXECUTED CONSENT LETTERS TO THE CONSENT AGENT AT THE ADDRESS OR FACSIMILE NUMBER SET FORTH ON THE BACK COVER PAGE HEREOF AND ON THE CONSENT LETTER IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH HEREIN AND THEREIN.

CONSENTS SHOULD BE DELIVERED TO THE CONSENT AGENT. DELIVERY TO THE COMPANY, THE ISSUER, THE TRUSTEE OR DTC DOES NOT CONSTITUTE DELIVERY TO THE CONSENT AGENT.

HOLDERS SHOULD NOT TENDER OR DELIVER THEIR SERIES 2007 BONDS AT ANY TIME IN CONNECTION WITH THIS CONSENT SOLICITATION.

If a Consent relates to less than the aggregate principal amount of Series 2007 Bonds that such Holder holds through DTC, the Holder must list the series and principal amount of Series 2007 Bonds that such Holder holds to which the Consent relates. If no aggregate principal amount of the Series 2007 Bonds as to which a Consent is delivered is specified but the Consent Letter is otherwise properly completed and signed, the Holder will be deemed to have consented to the Proposed Amendment with respect to the entire aggregate principal amount of Series 2007 Bonds that such Holder holds directly or through DTC.

The registered ownership of a Series 2007 Bonds as of the Record Date shall be proved by the Bond Trustee, as registrar of the Series 2007 Bonds. The ownership of Series 2007 Bonds held through DTC by DTC Participants shall be established by a DTC security position listing provided by DTC as of the Record Date. All questions as to the validity, form and eligibility (including time of receipt) regarding the Consent procedures will be determined by the Company in its sole discretion, which determination will be conclusive and binding subject only to such final review as may be prescribed by the Trustee concerning proof of execution and ownership. The Company reserves the right to reject any or all Consents that are not in proper form or the acceptance of which could, in its or its counsel's opinion, be unlawful. The Company also reserves the right, subject to such final review as the Trustee prescribes for the proof of execution and ownership, to waive any defects or irregularities in connection with deliveries of particular Consents. Unless waived, any defects or irregularities in connection with delivery of Consents must be cured within such time as we determine. None of the Company, or any of its affiliates, the Consent Agent, the Trustee, the Bank nor any other person shall be under any duty to give any notification of any such defects or irregularities, nor shall any of them incur any liability for failure to give such notification. Deliveries of Consents will not be deemed to have been made until any irregularities or defects therein have been cured or waived. The Company's interpretations of the terms and conditions of the Consent Solicitation shall be conclusive and binding.

Consent Agent

The Company has retained The Bank of New York Mellon Trust Company, N.A., as Consent Agent in connection with the Consent Solicitation. The Consent Agent will receive a customary fee for such services and reimbursement of its reasonable out-of-pocket expenses from us. We have agreed to indemnify the Consent Agent against certain liabilities, including liabilities under federal securities laws.

The Consent Agent does not assume any responsibility for the accuracy or completeness of the information contained in this Consent Solicitation Statement or any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of such information.

Requests for assistance in filling out and delivering Consents and requests for additional copies of this Consent Solicitation Statement or the Consent Letter may be directed to the Consent Agent at its address and telephone numbers set forth on the back cover of this Consent Solicitation Statement.

DRAFTS OF THE AMENDING DOCUMENTS

Second Amendment to Loan Agreement

Second Supplemental Bond Trust Indenture

Second Supplemental Master Trust Indenture

First Amendment to Support Agreement

Second Amendment to Letter of Credit Agreement

SECOND AMENDMENT TO LOAN AGREEMENT

between

**ECONOMIC DEVELOPMENT AUTHORITY OF
JAMES CITY COUNTY, VIRGINIA**

and

VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.

Dated as of

June 1, 2011

TABLE OF CONTENTS

Page

**ARTICLE I
GENERAL PROVISIONS**

Section 1.1 Definitions..... 2
Section 1.2 Rules of Construction 2

**ARTICLE II
AMENDMENTS OF LOAN AGREEMENT**

Section 2.1 Amendments 2

**ARTICLE III
MISCELLANEOUS**

Section 3.1 Confirmation of Loan Agreement..... 6
Section 3.2 Consent to Second Supplemental Bond Indenture..... 6
Section 3.3 Severability 6
Section 3.4 Counterparts..... 6

THIS SECOND AMENDMENT TO LOAN AGREEMENT (the "Second Amendment"), dated as of June 1, 2011, between the **ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), and **VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.**, a not-for-profit Virginia nonstock corporation ("VUMHW" or the "Corporation");

W I T N E S S E T H:

WHEREAS, the Authority has previously issued and has outstanding its Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A Bonds (the "Series 2007A Bonds), Series 2007B (Adjustable Rate Bonds) (the "Series 2007B Bonds"), and Series 2007C Bonds (Variable Rate Bonds) (the "Series 2007C Bonds" and together with the Series 2007A Bonds and Series 2007B Bonds, the "Series 2007 Bonds"), pursuant to a Bond Trust Indenture dated as of July 1, 2007, as supplemented by a First Supplemental Bond Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Bond Indenture") and to be amended and supplemented by a Second Supplemental Bond Trust Indenture dated as of June 1, 2011 (the "Second Supplemental Bond Indenture," and together with the Existing Bond Indenture and all future supplements thereto, the "Bond Indenture"), all between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), for the purpose of financing the costs of the acquisition and construction of a residential and health care facility for the aged (the "Facility") in James City County, Virginia, owned and operated by VUMHW, pursuant to a Loan Agreement dated as of July 1, 2007, as amended by a First Amendment to Loan Agreement dated as of September 1, 2009 (collectively, the "Existing Loan Agreement" and together with this Second Amendment and all future amendments thereto, the "Loan Agreement"), between the Authority and VUMHW; and

WHEREAS, VUMHW's obligations under the Loan Agreement, including Obligation No. 1 as defined therein, were issued under and secured by a Master Trust Indenture dated as July 1, 2007, as supplemented by a First Supplemental Master Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Master Indenture") and to be amended and supplemented by a Second Supplemental Master Trust Indenture dated as of June 1, 2011 (the "Second Supplemental Master Indenture" and together with the Existing Master Indenture and all future supplements thereto, the "Master Indenture"), all between The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee") and VUMHW; and

WHEREAS, the Series 2007C Bonds were secured in part by an irrevocable direct pay letter of credit issued by Bank of America, N.A., successor to LaSalle Bank National Association (the "Credit Facility Issuer"), pursuant to a Letter of Credit Agreement dated as of July 1, 2007, as amended by a Waiver and First Amendment to Letter of Credit Agreement dated September 1, 2009 and to be amended by a Second Amendment to Letter of Credit Agreement dated as of June __, 2011 (as amended, the "Reimbursement Agreement"), all between VUMHW and the Credit Facility Issuer; and

WHEREAS, in connection with the amendment of the Reimbursement Agreement, VUMHW has requested that certain provisions of the Existing Bond Indenture and the Existing Loan Agreement be amended pursuant to Sections 1102 and 1202 of the Existing Bond Indenture, respectively, and that certain provisions of the Existing Master Indenture be amended pursuant to Section 6.02 thereof; and

WHEREAS, based upon the consents of the holders of a majority of the outstanding principal amount of the Series 2007 Bonds and the consent of the Credit Facility Issuer, the Trustee and the Authority have consented to the execution and delivery of the Second Supplemental Bond Indenture and this Second Amendment pursuant to the requirements of Articles XI and XII of the Bond Indenture;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I GENERAL PROVISIONS

Section 1.1 Definitions. Except as otherwise indicated herein, all terms herein shall have the meaning set forth in Section 1.1 and the recitals of the Existing Loan Agreement, Section 101 and the recitals of the Existing Bond Indenture, and Section 1.01 and the recitals of the Existing Master Indenture, all as they have been amended and supplemented.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the rules of construction set forth in Section 1.2 of the Loan Agreement shall apply to this Second Amendment. All references here to sections of the Bond Indenture are to the Existing Bond Indenture as amended and supplemented by the Second Supplemental Bond Indenture, and all references to sections of the Second Supplemental Bond Indenture shall be stated as such. All references herein to sections of the Existing Master Indenture are to the Master Indenture as amended and supplemented by the Second Supplemental Master Indenture, and all references to sections of the Second Supplemental Master Indenture shall be stated as such.

ARTICLE II AMENDMENTS OF LOAN AGREEMENT

Section 2.1 Amendments. Based upon the consent of the Holders of a majority of the outstanding principal amount of the Series 2007 Bonds and the consent of the Credit Facility Issuer delivered to the Bond Trustee on or before with the delivery of this Second Amendment, the Existing Loan Agreement shall be amended pursuant to Section 1202 of the Bond Indenture as follows.

(a) Section 5.12(a) and (b) of the Existing Loan Agreement shall be amended to read as follows:

Section 5.12. Marketing and Occupancy Covenants.

(a) *Marketing Targets.* The Corporation shall collect pre-sale deposits for the Independent Living Units for the Project so that as of the end of each "Marketing Quarter" set forth below the number of the Independent Living Units that have been Presold are at least equal to the respective "Marketing Targets" set forth below:

<u>Marketing Quarter Ending</u>	<u>Marketing Targets Number of Units</u>
05/31/2011	108
08/31/2011	111
11/30/2011	119
02/29/2012	122
05/31/2012	129
08/31/2012	137
11/30/2012	140
02/28/2013	144
05/31/2013	148
08/31/2013	153
11/30/2013	157
02/28/2014	160
05/31/2014	164
08/31/2014	165

; provided, however, that the Marketing Target set forth above for any Marketing Quarter ending November 30, 2012, through August 31, 2014, shall be deemed, without further action by the parties hereto, to be equal to the Marketing Target set forth in the Reimbursement Agreement for the same Marketing Quarter in the event such Marketing Target set forth in the Reimbursement Agreement is greater than the Marketing Target set forth above for the same Marketing Quarter.

Each Marketing Quarter shown above shall be a period of three full calendar months coinciding with the Corporation's Fiscal Quarters, with the first Marketing Quarter ending May 31, 2011 and the final Marketing Quarter ending August 31, 2014.

(i) *Marketing Reports.* The Corporation shall deliver, or cause the Marketing Agent to deliver, to the Bond Trustee, the Credit Facility Issuer, if any, and each Interested Bondholder, monthly reports on the marketing of the Project pursuant to Section 8.2 hereof. Such marketing reports shall show for the preceding month the number and percentage of the Independent Living Units that have been Presold as of the last day of the preceding month and as of the last day of the preceding Marketing Quarter, and shall disclose any refunds of Entrance Fees made during such periods with respect to the Independent Living Units.

(ii) *Failure to Meet Marketing Target.* Failure to meet any Marketing Target for any Marketing Quarter ending on or before August 31, 2012 shall constitute an immediate Event of Default hereunder. Failure to meet any

Marketing Target for any Marketing Quarter after August 31, 2012, shall constitute an Event of Default hereunder if such failure constitutes an Event of Default under the Reimbursement Agreement while any Series 2007C Bonds are outstanding or any L/C Obligations are unpaid. Unless otherwise provided herein or in the Reimbursement Agreement, if the Corporation (i) fails to meet any Marketing Target for any Marketing Quarter, management of the Corporation must prepare a report and plan within 30 days describing in detail the reasons for the failure to meet such Marketing Target, and describing actions implemented to achieve the respective target on the earliest practicable date, provided that so long as Spectrum Marketing, Inc. is a Marketing Agent for the Corporation such report may be prepared by Spectrum Marketing, Inc.; and (ii) fails to meet any Marketing Target for a second successive Marketing Quarter, or any Marketing Quarter within the three quarters following the quarter in which the Marketing Target was first missed, a Consultant's report and plan must be prepared within 60 days describing in detail the reasons for the failure to meet such Marketing Target, and recommending action implemented to achieve the respective target on the earliest practicable date, such report and plan may not be prepared by Spectrum Marketing, Inc. Such reports and plans shall be prepared and implemented as described under Section 5.13 below.

(b) *Occupancy Targets.* The Corporation shall execute a sufficient number of Residency Agreements with respect to the Independent Living Units for the Project such that as of the end of each "Occupancy Quarter" set forth below the number of Independent Living Units for which the total Entrance Fee has been paid or for which a Deferred Entrance Fee arrangement has been established (collectively, the "Occupied Units"), are at least equal to the respective "Occupancy Targets" set forth below:

<u>Occupancy Quarter Ending</u>	<u>Occupancy Targets Number of Units</u>
05/31/2011	106
08/31/2011	109
11/30/2011	117
02/29/2012	120
05/31/2012	127
08/31/2012	135
11/30/2012	138
02/28/2013	142
05/31/2013	146
08/31/2013	151
11/30/2013	154
02/28/2014	158
05/31/2014	162
08/31/2014	163

; provided, however, that the Occupancy Target set forth above for any Occupancy Quarter ending November 30, 2012, through August 31, 2014, shall be deemed, without further action by the parties hereto, to be equal to the Occupancy Target set forth in the

Reimbursement Agreement for the same Occupancy Quarter in the event such Occupancy Target set forth in the Reimbursement Agreement is greater than the Occupancy Target set forth above for the same Occupancy Quarter. Each Occupancy Quarter shown above shall be a period of three full calendar months coinciding with the Corporation's Fiscal Quarters, with the first Occupancy Quarter ending May 31, 2011.

(i) *Occupancy Reports.* The Corporation shall deliver, or cause the Marketing Agent to deliver, to the Bond Trustee, the Credit Facility Issuer, if any, and each Interested Bondholder, monthly reports on the occupancy of the Project pursuant to Section 8.2 hereof. Such occupancy reports shall show for the preceding month: (a) the number and percentage of Occupied Units as of the last day of such preceding month and as of the last day included in the previous report; (b) the number and percentage of Residency Agreements executed during such month; (c) the number of Residency Agreements terminated during such month with respect to Independent Living Units; and (d) the number of Independent Living Units vacated during such month, specifying the reason each such unit was vacated (if known).

(ii) *Failure to Meet Occupancy Target.* Failure to meet any Occupancy Target for any Occupancy Quarter ending on or before August 31, 2012 shall constitute an immediate Event of Default hereunder. Failure to meet any Occupancy Target for any Occupancy Quarter after August 31, 2012, shall constitute an Event of Default hereunder if such failure constitutes an Event of Default under the Reimbursement Agreement while any Series 2007C Bonds are outstanding or any L/C Obligations are unpaid. Unless otherwise provided herein or in the Reimbursement Agreement, the Corporation shall be required to engage the services of a Consultant if the Corporation fails to meet the required Occupancy Target for any one Occupancy Quarter. The Consultant's report and plan must be prepared within 60 days, describing in detail the reasons for the failure to meet such Occupancy Target, and recommending action implemented to achieve the respective target on the earliest practicable date, such report and plan may not be prepared by Spectrum Marketing, Inc. Such reports and plans shall be prepared and implemented as described under Section 5.13 of the Loan Agreement.

(b) Article VII of the Existing Loan Agreement shall be amended by adding Section 7.5 as follows:

Section 7.5. Pro-Rata Prepayment. Notwithstanding any other term in this Loan Agreement, the Corporation shall not prepay the Note in part under this Article VII without the prior written consent of the holders of a majority in principal amount of Series 2007 Bonds then outstanding unless the proceeds of such unscheduled prepayment are applied *pro rata* to the payment of Series 2007A Bonds, Series 2007B Bonds, Series 2007C Bonds and Bank Bonds then outstanding; provided this provision shall not be deemed to restrict any payment of the principal and interest on the Series 2007C Bonds pursuant to Section 603 of the Bond Indenture.

(c) The Existing Loan Agreement shall be amended by adding Section 9.9 to read as follows:

Section 9.9. Covenants Regarding Reimbursement Agreement and Events of Default. The Corporation shall promptly deliver to the Bond Trustee (1) copies of the Reimbursement Agreement and all amendments, supplements, waivers, and consents executed and/or delivered with respect thereto, and (2) written notice of the occurrence of any events of default or Events of Default (as defined in the Reimbursement Agreement) occurring under the Reimbursement Agreement. To the extent this Loan Agreement references the Reimbursement Agreement, the Bond Trustee may rely conclusively upon the documents representing the Reimbursement Agreement, including any of the foregoing amendments, supplements, waivers and consents, which the Corporation has provided to the Bond Trustee under this Section. To the extent this Loan Agreement references any event of default or Event of Default (as defined in the Reimbursement Agreement) occurring under the Reimbursement Agreement, the Bond Trustee shall take notice of such event or Events for which it has received written notice thereof from the Obligated Group or the Credit Facility Issuer, without independent investigation.

ARTICLE III MISCELLANEOUS

Section 3.1 Confirmation of Loan Agreement. As hereby supplemented and amended, the Loan Agreement is in all respects ratified and confirmed, and the Loan Agreement, including this Second Amendment, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Loan Agreement shall apply with full force and effect to the parties thereto.

Section 3.2 Consent to Second Supplemental Bond Indenture. Pursuant to Section 1103 of the Bond Indenture, VUMHW hereby consents to the amendments of the Existing Bond Indenture contained in the Second Supplemental Bond Indenture and the execution and delivery of the Second Supplemental Bond Indenture.

Section 3.3 Severability. If any provision of this Second Amendment shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 3.4 Counterparts. This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and VUMHW have caused this Second Amendment to be executed in their respective corporate names, all as of the date first written above.

**ECONOMIC DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA**

By: _____

Its: _____

**VIRGINIA UNITED METHODIST HOMES
OF WILLIAMSBURG, INC.**

By: _____

Its: _____

RECEIPT

Receipt of the foregoing original counterpart of the Second Amendment to Loan Agreement dated as of June 1, 2011, between the Economic Development Authority of James City County, Virginia, and Virginia United Methodist Homes of Williamsburg, Inc. is hereby acknowledged.

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

By: _____
Its: Authorized Officer

SECOND SUPPLEMENTAL BOND TRUST INDENTURE

Relating to the

**Residential Care Facility Revenue Bonds
(Virginia United Methodist Homes of Williamsburg, Inc.),
Series 2007A, Series 2007B (Adjustable Rate Bonds),
and Series 2007C (Variable Rate Bonds)**

between

**ECONOMIC DEVELOPMENT AUTHORITY OF
JAMES CITY COUNTY, VIRGINIA**

and

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

**Dated as of
June 1, 2011**

TABLE OF CONTENTS

Page

**ARTICLE I
GENERAL PROVISIONS**

Section 1.1 Definitions..... 2
Section 1.2 Rules of Construction 2

**ARTICLE II
AMENDMENTS TO BOND INDENTURE**

Section 2.1 Amendments 3

**ARTICLE III
MISCELLANEOUS**

Section 3.1 Confirmation of Bond Indenture..... 5
Section 3.2 Severability 5
Section 3.3 Counterparts 5

THIS SECOND SUPPLEMENTAL BOND TRUST INDENTURE (the "Second Supplemental Bond Indenture"), dated as of June 1, 2011, between the **ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Authority"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a banking association organized and existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, as bond trustee (the "Bond Trustee");

W I T N E S S E T H:

WHEREAS, the Authority has previously issued and has outstanding its Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A (the "Series 2007A Bonds"), Series 2007B (Adjustable Rate Bonds) (the "Series 2007B Bonds"), and Series 2007C (Variable Rate Bonds) (the "Series 2007C Bonds" and together with the Series 2007A Bonds and Series 2007B Bonds, the "Series 2007 Bonds"), pursuant to a Bond Trust Indenture dated as of July 1, 2007 as amended by a First Supplemental Bond Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Bond Indenture") and to be amended and supplemented by this Second Supplemental Bond Indenture (together with the Existing Bond Indenture and all future supplements thereto, the "Bond Indenture"), all between the Authority and the Bond Trustee, for the purpose of financing the costs of the acquisition and construction of a residential and health care facility for the aged (the "Facility") in James City County, Virginia, owned and operated by Virginia United Methodist Homes of Williamsburg, Inc. ("VUMHW"), a not-for-profit Virginia nonstock corporation, pursuant to a Loan Agreement dated as of July 1, 2007 as amended by a First Amendment to Loan Agreement dated as of September 1, 2009 (collectively, the "Existing Loan Agreement") and to be amended by a Second Amendment to Loan Agreement dated as of June 1, 2011 (the "Second Amendment," and together with the Existing Loan Agreement and all future amendments thereto, the "Loan Agreement"), all between the Authority and VUMHW; and

WHEREAS, VUMHW's obligations under the Loan Agreement, including Obligation No. 1 as defined in the Master Indenture defined below, were issued under and secured by a Master Trust Indenture dated as July 1, 2007 as supplemented by a First Supplemental Master Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Master Indenture"), and to be amended and supplemented by a Second Supplemental Master Trust Indenture dated as of June 1, 2011 (the "Second Supplemental Master Indenture" and together with the Existing Master Indenture and all future supplements thereto, the "Master Indenture"), all between The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee") and VUMHW; and

WHEREAS, the Series 2007C Bonds were secured in part by an irrevocable direct pay letter of credit issued by Bank of America, N.A., successor to LaSalle Bank National Association (the "Credit Facility Issuer"), pursuant to a Letter of Credit Agreement dated as of July 1, 2007 as amended by a Waiver and First Amendment to Letter of Credit Agreement dated September 1, 2009 and to be amended by a Second Amendment to Letter of Credit Agreement dated as of

June __, 2011 (as amended, the "Reimbursement Agreement"), all between VUMHW and the Credit Facility Issuer; and

WHEREAS, in connection with the amendment of the Reimbursement Agreement, VUMHW has requested that certain provisions of the Existing Bond Indenture and the Existing Loan Agreement be amended pursuant to Sections 1102 and 1202 of the Bond Indenture, respectively, and that certain provisions of the Existing Master Indenture be amended pursuant to Section 6.02 thereof; and

WHEREAS, based upon the consents of the holders of a majority of the outstanding principal amount of the Series 2007 Bonds and the consent of the Credit Facility Issuer, the Bond Trustee and the Authority have consented to the execution and delivery of this Second Supplemental Bond Indenture and the Second Amendment pursuant to the requirements of Articles XI and XII of the Bond Indenture;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

ARTICLE I GENERAL PROVISIONS

Section 1.1 Definitions. (a) Except as otherwise indicated herein, all terms herein shall have the meaning set forth in Section 1.1 and the recitals of the Existing Loan Agreement, Section 101 and the recitals of the Existing Bond Indenture, and Section 1.01 and the recitals of the Existing Master Indenture, all as they have been amended and supplemented.

(b) The following definitions in Section 101 of the Existing Bond Indenture shall be amended to read as follows:

"Reimbursement Agreement" shall mean initially the Letter of Credit Agreement dated as of July 1, 2007, between the Credit Facility Issuer and the Corporation, as it may be amended or supplemented from time to time, and if the Letter of Credit has been replaced by a substitute Credit Facility, any similar reimbursement agreement relating to such substitute Credit Facility, as it may be amended or supplemented from time to time, as delivered to the Bond Trustee pursuant to Section 9.9 of the Loan Agreement.

"Support Agreement" shall mean the Support Agreement dated as of September 1, 2009, as amended by a First Amendment to Support Agreement dated as of June 1, 2011, between the Bond Trustee, the Credit Facility Issuer, the Corporation, Virginia United Methodist Homes, Inc. and Virginia United Methodist Homes Supporting Organization, Inc., as further amended or supplemented from time to time.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the rules of construction set forth in Section 102 of the Bond Indenture shall apply to this Second Supplemental Bond Indenture. All references here to sections of the Loan Agreement are to the Loan Agreement as amended and supplemented by the Second Amendment, and all references to sections of the Second Amendment shall be stated as such. All references herein to sections of the Master Indenture are to the Master Indenture as amended

and supplemented by the Second Supplemental Master Indenture, and all references to sections of the Second Supplemental Master Indenture shall be stated as such.

ARTICLE II AMENDMENTS TO BOND INDENTURE

Section 2.1 Amendments. Based upon the consent of the holders of a majority of the outstanding principal amount of the Series 2007 Bonds and the consent of the Credit Facility Issuer delivered to the Bond Trustee on or before with the delivery of this Second Supplemental Bond Indenture, the Existing Bond Indenture shall be amended pursuant to Section 1102 of the Bond Indenture as follows.

(a) Subsections 603(b)(iv), (v), (vi) of the Existing Bond Indenture shall be deleted and subsections 603(b)(iv), (v), (vi) and (vii) shall be added to read as follows:

(iv) Fourth, in the absence of any continuing unwaived default or Event of Default under the Reimbursement Agreement, at the times in the manner described below, up to an aggregate of \$10,237,000 of funds, at the written direction of the Corporation, shall be (1) considered in the definition of Days' Cash on Hand as provided in Section 3.16 of the Master Indenture, (2) transferred to the Corporation and used for Operating Expenses of the Project and the Facilities (including administrative costs of the Corporation) to the extent the Corporation is unable to fund such Operating Expenses from its operating revenues, (3) transferred to the Corporation and used to fund approved capital expenditures included in the Corporation's budget for the current Fiscal Year, but not including deferred payments described in Section 3.21 of the Master Indenture, (4) to pay the costs of maintaining the Credit Facility, including without limitation, all fees and costs payable to the Credit Facility Issuer under the Reimbursement Agreement, and/or (5) transferred to the Interest, Principal and Redemption Accounts of the Bond Fund to be used to pay scheduled interest and/or principal payments on the Series 2007A and Series 2007B Bonds. All such disbursements shall be subject to approval by the Credit Facility Issuer and, with respect to disbursements related to subsection (2) and (3) of the foregoing, in its sole and absolute discretion, within 5 business days after a written request from the Corporation setting forth in detail the specific uses and expenses for which the disbursement is being requested, and shall include a monthly projection and variance report with respect to the Corporation's cash flow, and the uses of the funds in the Entrance Fee Fund, and a calculation of the Days' Cash on Hand. Furthermore, such disbursements may be permitted no more frequently than once a month.

(v) Fifth, at such times and in such amounts as permitted in Section 5.33 of the Reimbursement Agreement, to pay principal and interest on the Series 2007C Bonds on each June 1, September 1, December 1 and March 1 pursuant to Section 301(d) and for payment of all amounts necessary to pay or reimburse the Credit Facility Issuer for drawings under the Letter of Credit and L/C Obligations;

(vi) Sixth, with the prior written consent of the Credit Facility Issuer, to the Corporation for other Operating Expenses of the Project and the Facilities (including administrative costs of the Corporation), debt service payments on any Indebtedness of

the Corporation or payment of all amounts necessary to pay or reimburse the Credit Facility Issuer for drawings under the Credit Facility, and other capital expenditures included in the Corporation's budget for the current Fiscal Year, but not including deferred payments described in Section 3.21 of the Master Indenture; and

(vii) After the Series 2007C Bonds and the L/C Obligations have been paid in full, to the Corporation, if no transfers are required to restore the amounts on deposit in the Debt Service Reserve Fund, the Operating Reserve Fund, or the Renewal and Replacement Reserve Fund.

(b) Subsection 607(a) of the Existing Bond Indenture shall be amended to read as follows:

(a) The Bond Trustee shall establish an Operating Reserve Fund and shall initially deposit therein \$2,000,000 from amounts deposited in the Entrance Fee Fund and commencing with the first Fiscal Year following the Base Year shall deposit therein amounts received pursuant to Section 4.1 of the Loan Agreement to equal the Operating Reserve Requirement. If any withdrawal is made under subsection (b) below, the Corporation shall pay to the Bond Trustee for deposit into the Operating Reserve Fund an amount sufficient to restore such withdrawal in twelve (12) equal consecutive monthly installments, commencing on the first day of the month following such withdrawal. If at any time the value of the Operating Reserve Fund is less than the Operating Reserve Requirement for any other reason, the Corporation shall pay to the Bond Trustee for deposit in the Operating Reserve Fund, the amount of such deficiency within thirty (30) days of notice of such deficiency by the Bond Trustee. Notwithstanding the foregoing provisions, prior to June 1, 2014, failure by the Corporation to make payments to fund or replenish the Operating Reserve Requirement hereunder will not constitute a default or Event of Default under this Bond Indenture as long as the Corporation provides a written certification to the Master Trustee and the Credit Facility Issuer that none of the Corporation, Virginia United Methodist Homes, Inc., nor Virginia United Methodist Homes Supporting Organization, Inc. are in default under Sections 3.1 and 3.2 of the Support Agreement.

(c) Section 901 of the Existing Bond Indenture shall be amended by adding subsection 901(f) as follows:

(f) (i) the Bond Trustee draws on the Letter of Credit or any substitute Credit Facility for any purpose other than to pay scheduled installments of principal or interest on the Series 2007C Bonds (including amounts payable on the Series 2007C Bonds pursuant to Section 603(b) of the Bond Indenture), amounts of principal and interest owed on the final maturity date of the Series 2007C Bonds, or the Purchase Price of Series 2007C Bonds tendered by Holders under Section 309 of this Bond Indenture, or (ii) the Bond Trustee receives notice that the Credit Facility Issuer has not been reimbursed for a drawing on the Letter of Credit or a substitute Credit Facility as and when required under the Reimbursement Agreement.

(d) The Existing Bond Indenture shall be amended by adding Section 1411 to read as follows:

Section 1411. Reimbursement Agreement and Events of Default. To the extent this Bond Indenture or the Loan Agreement references the Reimbursement Agreement, the Bond Trustee may rely conclusively upon the documents representing the Reimbursement Agreement, including any amendments, supplements, waivers and consents, which the Corporation has provided to the Bond Trustee under Section 9.9 the Loan Agreement. The Bond Trustee acknowledges that, as of the date of the delivery of this Supplemental Bond Indenture, it has received the Letter of Credit Agreement dated as of July 1, 2007, the Waiver and First Amendment to Letter of Credit Agreement dated as of September 1, 2009, and the Second Amendment to Letter of Credit Agreement dated as of June __, 2011, all between VUMHW and the Credit Facility Issuer. To the extent this Bond Indenture or the Loan Agreement references any event of default or Event of Default (as defined in the Reimbursement Agreement) occurring under the Reimbursement Agreement, the Bond Trustee shall take notice of such event or Events for which it has received written notice thereof from the Corporation or the Credit Facility Issuer, without independent investigation.

ARTICLE III MISCELLANEOUS

Section 3.1 Confirmation of Bond Indenture. As hereby supplemented and amended, the Bond Indenture is in all respects ratified and confirmed, and the Bond Indenture, including this Second Supplemental Bond Indenture, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Bond Indenture shall apply with full force and effect to the parties thereto.

Section 3.2 Severability. If any provision of this Second Supplemental Bond Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 3.3 Counterparts. This Second Supplemental Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Bond Trustee have caused this Second Supplemental Bond Indenture to be executed in their respective corporate names, all as of the date first written above.

**ECONOMIC DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA**

By: _____

Its: _____

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

By: _____

Its: Authorized Officer

SECOND SUPPLEMENTAL MASTER TRUST INDENTURE

Between

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

and

VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.

**Dated as of
June 1, 2011**

**Supplementing and Amending the
Master Trust Indenture
Dated as of July 1, 2007,
as previously amended**

TABLE OF CONTENTS

Page

**ARTICLE I
DEFINITIONS, RULES OF CONSTRUCTION
AND AMENDMENTS OF INDENTURE**

Section 101. Definitions 2
Section 102. Rules of Construction 3
Section 103. Amendments to Master Indenture 3

**ARTICLE II
MISCELLANEOUS**

Section 201. Ratification of Master Indenture 12
Section 202. Severability 12
Section 203. Counterparts 12

This **SECOND SUPPLEMENTAL MASTER TRUST INDENTURE** (the "Second Supplemental Master Indenture") dated as of June 1, 2011, between **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a banking association organized under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, as master trustee (the "Master Trustee") and **VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.** ("VUMHW" or the "Corporation"), a not-for-profit Virginia nonstock corporation;

WITNESSETH:

WHEREAS, pursuant to a Bond Trust Indenture dated as of July 1, 2007 as supplemented by a First Supplemental Bond Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Bond Indenture") and to be amended and supplemented by a Second Supplemental Bond Trust Indenture dated as of June 1, 2011 (the "Second Supplemental Bond Indenture" and together with Existing Bond Indenture and all future supplements thereto, the "Bond Indenture") all between the Economic Development Authority of James City County, Virginia (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Bond Trustee"), the Authority has previously issued and has outstanding its Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A, Series 2007B (Adjustable Rate Bonds) and Series 2007C (Variable Rate Bonds) (collectively, the "Series 2007 Bonds") to finance the costs of the acquisition and construction of a residential and health care facility for the aged (the "Facility") in James City County, Virginia, owned and operated by Virginia United Methodist Homes of Williamsburg, Inc. ("VUMHW"), pursuant to a Loan Agreement dated as of July 1, 2007 as amended by a First Amendment to Loan Agreement dated as of September 1, 2009 (collectively, the "Existing Loan Agreement") and to be amended by a Second Amendment to Loan Agreement dated as of June 1, 2011 (the "Second Amendment" and together with the Existing Loan Agreement and all future amendments thereto, the "Loan Agreement"), between the Authority and VUMHW; and

WHEREAS, VUMHW's obligations under the Loan Agreement, including Obligation No. 1 as defined in the Master Indenture defined below, were issued under and secured by a Master Trust Indenture dated as of July 1, 2007 as supplemented by a First Supplemental Master Trust Indenture dated as of September 1, 2009 (collectively, the "Existing Master Indenture") and to be amended and supplemented by this Second Supplemental Master Indenture (together with the Existing Master Indenture and all future supplements thereto, the "Master Indenture") all between the Master Trustee and VUMHW; and

WHEREAS, the Series 2007C Bonds were secured in part by an irrevocable direct pay letter of credit issued by Bank of America, N.A., successor to LaSalle Bank National Association (the "Credit Facility Issuer"), pursuant to a Letter of Credit Agreement dated as of July 1, 2007 (as amended, the "Reimbursement Agreement") as amended by a Waiver and First Amendment to Letter of Credit Agreement dated September 1, 2009 and to be amended by a Second Amendment to Letter of Credit Agreement dated as of June __, 2011 (the "Second Amendment to Reimbursement Agreement"), all between VUMHW and the Credit Facility Issuer; and

WHEREAS, in connection with the amendment of the Reimbursement Agreement, VUMHW has requested that certain provisions of the Master Indenture be amended pursuant to Section 6.02 thereof, and the holders of at least a majority of the aggregate principal amount of the Obligations outstanding under the Master Indenture have consented to the amendments herein; and

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL MASTER INDENTURE PROVIDES:

**ARTICLE I
DEFINITIONS, RULES OF CONSTRUCTION
AND AMENDMENTS OF INDENTURE**

Section 101. Definitions. (a) All items herein shall have the meaning set forth in Sections 1.01 and the recitals of the Existing Master Indenture, except as provided in subsection (b) below.

(b) The following definition shall be added in Section 1.01 of the Existing Master Indenture to read as follows:

"Cumulative Net Cash Loss" shall have the meaning described in Section 3.17.

(c) The following definitions in Section 1.01 of the Existing Master Indenture are amended or supplemented to read as follows:

"Days' Cash on Hand" shall mean (i) the aggregate unrestricted cash and unrestricted marketable securities (including without limitation board-designated funds and funds held in the Working Capital Fund, Operating Reserve Fund and the Renewal and Replacement Reserve Fund established in the Bond Indenture and similar funds which might be established in any Related Bond Indenture and funds on deposit in the Entrance Fee Fund that are permitted to be included in the calculation of Days' Cash on Hand in accordance with the Bond Indenture) of the Obligated Group as of the date of computation, excluding cash and unrestricted marketable securities attributable to Indebtedness of the Obligated Group, divided by (ii) the total annual operating expenses, of the Obligated Group as shown on either the Obligated Group's current Fiscal Year's budget or its audited Financial Statements for the immediately preceding Fiscal Year, whichever is greater, excluding depreciation and amortization and including interest and otherwise calculated as determined for Income Available for Debt Service; provided, however, that the calculation of the Obligated Group's total annual operating expenses shall not include any amounts paid or payable to Virginia United Methodist Homes, Inc. pursuant to the Administrative Services Agreement, the Ground Lease and the Subordinate Obligations for the periods that such payments are deferred by Virginia United Methodist Homes, Inc. nor any Amendment Fee payable pursuant to the Reimbursement Agreement to the extent such Amendment Fee has been deferred in whole or in part; which quotient shall then be divided by 365. All securities shall be valued at fair market value for purposes of this definition.

"2009 Subordinate Obligation" shall mean the Corporation's promissory note dated as of September 1, 2009 to Virginia United Methodist Homes, Inc. and/or Virginia United Methodist Homes Supporting Organization, Inc. related to repayment of certain funds provided on behalf of the Corporation pursuant to the Support Agreement, as amended and restated as of June 1, 2011, and as it may be amended, restated or supplemented from time to time.

"Support Agreement" shall mean the Support Agreement dated as of September 1, 2009, as amended by a First Amendment to Support Agreement dated as of June 1, 2011, between the Bond Trustee, the Credit Facility Issuer, the Corporation, Virginia United Methodist Homes, Inc. and Virginia United Methodist Homes Supporting Organization, Inc., as further amended from time to time.

Section 102. Rules of Construction. Unless the context clearly indicates to the contrary, the rules of construction set forth in Section 1.02 of the Existing Master Indenture shall apply to this Second Supplemental Master Indenture. All references herein to sections in the Loan Agreement are to the Existing Loan Agreement as amended by the Second Amendment, and all references to sections of the Second Amendment shall be stated as such. All references herein to sections of the Bond Indenture are to the Existing Bond Indenture as amended by the Second Supplemental Bond Indenture and all references to the Second Supplemental Bond Indenture shall be stated as such.

Section 103. Amendments to Master Indenture. The provisions of the Existing Master Indenture shall be amended pursuant to Section 6.02 of the Existing Master Indenture as follows.

(a) The first paragraph and subsection (a) of Section 3.07 of the Existing Master Indenture shall be revised to read as follows:

Section 3.07 Limitations on Indebtedness. Subject to compliance with any provisions of the Reimbursement Agreement, except for Indebtedness represented by the Initial Obligations, the Administrative Services Agreement, the Asset Purchase Agreement, the Ground Lease and the Subordinate Obligations existing on the date of the delivery of this Master Indenture, each Member may incur Additional Indebtedness in an aggregate principal amount not to exceed 5% of the Obligated Group's Total Operating Revenues for the preceding Fiscal Year for which audited Financial Statements are available. In addition, each Member may incur Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Additional Indebtedness could be incurred pursuant to at least one of the following subsections of this Section 3.07 and, except as provided in the preceding sentence, any Additional Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. If any Additional Indebtedness so incurred is related to Property which is not Mortgaged Premises or related to Excluded Property, except Guaranty Indebtedness and Subordinate Obligations, such Property must be subjected to a first mortgage lien under the Deed of Trust pursuant to Section 3.15.

(a) Long-Term Indebtedness may be incurred if prior to the incurrence thereof, one of the following conditions is met:

(1) there is delivered to the Master Trustee an Officer's Certificate certifying that (A) taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness to be incurred as if it had been incurred at the beginning of such period the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year preceding the date of delivery of the Officer's Certificate for which audited Financial Statements are available is not less than 1.35, and as of the last day of such Fiscal Year the Days' Cash on Hand were not less than the target in Section 3.16 and (B) the actual Long-Term Debt Service Coverage Ratio for such Fiscal Year was not less than 1.25, all required deposits to the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Reserve Fund have been made for such Fiscal Year and no Event of Default hereunder is occurring or is expected to occur as a result of the issuance of such Indebtedness; or

(2) there is delivered to the Master Trustee (A) an Officer's Certificate (accompanied by the report of the Consultant mentioned below) certifying that the Long-Term Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term Indebtedness then proposed to be incurred, for the most recent Fiscal Year preceding the date of delivery of the Officer's Certificate, for which audited Financial Statements are available is not less than 1.25; all required deposits to the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Reserve Fund have been made for such Fiscal Year; as of the last day of such Fiscal Year; the Days' Cash on Hand were not less than the target in Section 3.16 and no Event of Default hereunder is occurring or is expected to occur as a result of the issuance of such Indebtedness; and (B) a report of a Consultant stating that the forecasted Long-Term Debt Service Coverage Ratio for the next three Fiscal Years (or for the next two Fiscal Years if the Consultant is professionally unable to issue a forecast for a longer period), taking the proposed Long-Term Indebtedness into account, for immediately succeeding the year in which the Long-Term Indebtedness is incurred, is not less than 1.35; or

(3) there is delivered to the Master Trustee a report of a Consultant stating that the forecasted Long-Term Debt Service Coverage Ratio, taking the proposed Long-Term Indebtedness into account, for (i) in the case of Long-Term Indebtedness to finance capital improvements, the Fiscal Year immediately succeeding the year in which such capital improvements are expected to be placed in operation (except that to the extent that such capital improvements include living units or beds, such forecast shall be for the earlier to occur of (1) the Fiscal Year succeeding the date on which the average occupancy of such living units or beds is expected to reach 85%, or (2) the Fiscal Year following the Fiscal Year in which occurs the date which is 18 months from the date such capital improvements are expected to be put in service), or (ii) in the case of Long-Term Indebtedness not financing capital improvements, the Fiscal

Year immediately succeeding the year in which the Long-Term Indebtedness is incurred, is not less than 1.25; or

(4) if Long-Term Indebtedness is incurred for the purpose of completing the construction or equipping of the Project or a Capital Addition, there is delivered to the Master Trustee an Officer's Certificate certifying that the scope of the Project or such Capital Addition is not being changed, and either (A) an Officer's Certificate showing that the principal amount of the proposed Long-Term Indebtedness does not exceed 15% of the principal amount of the Long-Term Indebtedness originally incurred to finance the Project or such Capital Addition or (B) a report of a Consultant stating that for each of the two Fiscal Years immediately following the completion of the Project or such Capital Addition the forecasted Long-Term Debt Service Coverage Ratio will be not less than 1.25 and the forecasted Days' Cash on Hand will not be less than the target in Section 3.16; or

(5) in lieu of the requirements of paragraphs (1) through (4) above, Additional Long-Term Indebtedness may be incurred for the construction of additional Independent Living Units and nursing beds at the Facilities ("Phase II"), if the Master Trustee receives (A) an Officer's Certificate, with accompanying evidence satisfactory to the Master Trustee, certifying that (i) at least 70% of the proposed Independent Living Units in Phase II have been occupied or reserved with executed Residency Agreements and deposits at least equal to 10% of the expected Entrance Fees shall have been received for such units; (ii) there is a guaranteed maximum price or stipulated construction contract for Phase II; (iii) the Cumulative Net Cash Loss covenant or Long-Term Debt Service Coverage Ratio (as applicable), the Days' Cash on Hand target and the Trade Payables covenant were met on their most recent evaluation dates, (iv) all required deposits have been made in the Debt Service Reserve Fund, the Operating Reserve Fund and the Renewal and Replacement Fund and (v) no Event of Default hereunder is occurring or is expected to occur as a result of the issuance of such Indebtedness; and (B) if the Project is not yet complete, an architect's certificate stating that the construction of the Project is not more than 30 days behind schedule, and not more than 3% over budget (including a pro-rata portion of the Project contingency, based on the percentage of completion of construction), provided that more than 50% of the holders of Outstanding Obligations may waive this requirement; and (C) a report of a Consultant stating that the Long-Term Debt Service Coverage Ratio for the two Fiscal Years following the completion of Phase II will be at least 1.35 and at the end of the first Fiscal Year in which the average occupancy of the Independent Living Units in Phase II is forecasted to reach 85%, the Obligated Group can meet the Days' Cash on Hand target in Section 3.16; and (D) if any Series 2007C Bonds remain outstanding, the Corporation has received the consent of any Credit Facility Issuer.

(b) Section 3.09(b) of the Existing Master Indenture shall be revised to read as follows:

(b) No Member may transfer or dispose of cash, securities or other intangible investments or make loans to any Person unless all (1) required deposits have been made to the Debt Service Reserve Fund, the Operating Reserve Fund, the Renewal and Replacement Fund and Working Capital Fund for such Fiscal Year, (2) the Series 2007C Bonds and all L/C Obligations are paid in full, and (3) the Group Representative has received the report of a certified public accountant certifying that had such transfer been made at the beginning of the most recent Fiscal Year for which audited Financial Statements are available, the Long-Term Debt Service Coverage Ratio would have been at least 1.50 and as of the last day of such Fiscal Year, the Days' Cash on Hand target in Section 3.16 would have been met.

(c) Subsection 3.11 of the Existing Master Indenture shall be revised by adding subsection (e) to read as follows:

(e) The Obligated Group shall also provide to the Electronic Municipal Market Access System (EMMA), or such successor system established by the Securities Exchange System or the Municipal Securities Rulemaking Board, any and all reports and other information provided to the Credit Facility Issuer under Section 5.2 of the Reimbursement Agreement, at substantially the same times and in substantially the same form and manner as submitted to the Credit Facility Issuer.

(d) Section 3.12(c) of the Existing Master Indenture shall be revised to read as follows:

(c) the Master Trustee shall have received (1) an Officer's Certificate certifying that (A) immediately upon any Affiliate or corporation becoming a Member, the Obligated Group would not, as part of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed hereunder and the Obligated Group could meet any condition described in Section 3.07(a) for the incurrence of an additional dollar of Additional Indebtedness and (B) for the most recent Fiscal Year for which Financial Statements have been reported upon by independent certified public accountants preceding the proposed date of such action, assuming such action actually occurred at the beginning of such period, the Long-Term Debt Service Coverage Ratio would not have been reduced to less than 1.25 and, as of the last day of such Fiscal Year, the Days' Cash on Hand target in Section 3.16 would have been met, and (2) if all amounts due or to become due on any Related Bonds have not been paid to the Holder thereof, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such transaction, will not adversely affect the status, for purposes of Federal income taxation, of interest payable on any such Related Bonds;

(e) The first paragraph of Section 3.13 of the Existing Master Indenture shall be revised to read as follows:

Section 3.13 Withdrawal from Obligated Group. Each Member covenants that it will not take any action that would cause it to cease to be a Member unless prior to taking any such action there is delivered to the Master Trustee (a) an Officer's Certificate certifying that immediately after such action (1) the Obligated Group would not, as part of such action, be in default in the performance or observance of any covenant or condition to be performed or observed hereunder, and (2) (i) for the preceding Fiscal Year, assuming such action had been taken at the beginning of that year, the Long-Term Debt Service Coverage Ratio would not have been reduced to less than 1.50 and, as of the last day of such Fiscal Year, the Days' Cash on Hand target in Section 3.16 would have been met or (ii) if such Long-Term Debt Service Coverage Ratio calculated under (2)(i) would be less than 1.50, but would be equal to or greater than 1.25, certification that such action will not lower either the Long-Term Debt Service Coverage Ratio calculated for the preceding Fiscal Year or the number of Days' Cash on Hand as of the last day of the preceding Fiscal Year, and (b) if all amounts due or to become due on any Related Bonds have not been paid to the Holder thereof, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such transaction, will not adversely affect the status, for purposes of Federal income taxation, of interest payable on any such Related Bonds. In addition, prior to the taking of any such action to cease to be a Member, the Member proposing to take such action shall file with the Master Trustee a written consent from each other Member to such cessation; provided that if such Member is not directly obligated on any Outstanding Obligations such consent need not be provided.

(f) Section 3.16 of the Existing Master Indenture is deleted and replaced with the following:

(a) Commencing the earlier of the first Fiscal Year following the redemption or payment of all the Series 2007C Bonds and L/C Obligations or following the Base Year, each Member shall conduct its business so that, on each November 30 (based upon the Obligated Group's unaudited internally-prepared financial statements) and May 31 (based upon the Obligated Group's audited Financial Statements) (each a "Liquidity Testing Date"), the Obligated Group has not less than 150 Days' Cash on Hand. If the Obligated Group does not have at least 150 Days' Cash on Hand, the Group Representative shall promptly notify the Master Trustee. If the number of Days' Cash on Hand for any Liquidity Testing Date is less than 150, the Group Representative shall, not later than 60 days after receipt of the financial statements disclosing such deficiency, obtain a Consultant's report setting forth in detail the reasons for such deficiency and a specific plan setting forth the steps designed to achieve 150 Days' Cash on Hand by the next Liquidity Testing Date. Such report and plan shall be prepared and implemented as described under 3.19, provided that no such report and plan will be required if a report and plan have been delivered pursuant to this subsection within the last five months.

(b) Notwithstanding any other provision herein, failure to achieve the Days Cash on Hand requirement on any Liquidity Testing Date will not constitute an Event of Default unless (i) the Obligated Group has failed to maintain at least 120 Days' Cash on Hand as of any Liquidity Testing Date while Series 2007C Bonds are outstanding or L/C Obligations are unpaid, or (ii) the Obligated Group has failed to take all action within its

control to comply with the procedures set forth as described under Section 3.16(a) and Section 3.19 hereof for preparing and implementing a report and plan for correcting such deficiency.

(g) Section 3.17 of the Existing Master Indenture is deleted and replaced with the following:

Section 3.17 Cumulative Net Cash Loss.

(a) The Cumulative Net Cash Loss of the Operating Group for each Fiscal Quarter shall not exceed the Maximum Cumulative Net Cash Loss shown below, shall commence with the Fiscal Quarter ending May 31, 2011 and shall end on the earlier of the Fiscal Quarter ending May 31, 2014 or the Fiscal Quarter in which the Obligated Group begins calculating its Long-Term Debt Service Coverage Ratio in accordance with Section 3.08(a) (each an "Operating Quarter"). "Cumulative Net Cash Loss" for any Operating Quarter shall mean that cumulative sum measured quarterly equal to (a) the ordinary course of business revenues of the Obligated Group for the period of measurement including (i) resident service revenues (excluding amortization of Entrance Fees), (ii) other operating revenues (including ancillary service revenues), and (iii) investment earnings, but excluding (iv) Entrance Fees; minus (b) the aggregate Operating Expenses (as defined in the Bond Indenture) of the Obligated Group for such period of measurement (excluding (x) non-cash items such as depreciation, amortization and other non-cash expenses such as accrued fees, (y) payments not currently payable such as deferred payments pursuant to the Ground Lease and the Administrative Services Agreement and (z) deferred interest expense on Subordinate Obligations). The Cumulative Net Cash Loss of the Obligated Group shall not exceed the following amounts for the following quarterly periods:

<u>Quarter Ending</u>	<u>Maximum Cumulative Net Cash Loss</u>
5/31/2011	(\$1,666,000)
8/31/2011	(\$3,082,000)
11/30/2011	(\$4,165,000)
2/29/2012	(\$5,000,000)
5/31/2012	(\$5,637,000)
8/31/2012	(\$6,127,000)
11/30/2012	(\$6,751,000)
2/28/2013	(\$7,304,000)
5/31/2013	(\$7,783,000)
8/31/2013	(\$7,888,000)
11/30/2013	(\$8,005,000)
2/28/2014	(\$8,114,000)
5/31/2014	(\$8,216,000)

; provided, however, that so long as Series 2007C Bonds are outstanding or L/C Obligations are unpaid, the Maximum Cumulative Net Cash Loss set forth above for any quarterly period ending November 30, 2012, through May 31, 2014, shall be deemed, without further action by the parties hereto, to be equal to the Maximum Cumulative Net

Cash Loss set forth in the Reimbursement Agreement for the same quarterly period in the event such Maximum Cumulative Net Cash Loss set forth in the Reimbursement Agreement is less than the Maximum Cumulative Net Cash Loss set forth above for the same quarterly period.

(b) Compliance with the Cumulative Net Cash Loss covenant shall be tested by the Obligated Group (1) quarterly based upon the Obligated Group's unaudited internally-prepared financial statements and (2) annually based upon the Obligated Group's audited Financial Statements.

(c) If the Obligated Group exceeds the Cumulative Net Cash Loss covenant for any Operating Quarter, the Obligated Group shall deliver to the Master Trustee within 60 days of receipt of the unaudited financial statements disclosing such excess (unless such excess has been cured) a management report setting forth in detail the reasons for such excess, and shall adopt a specific plan setting forth the steps designed to reduce the Obligated Group's Cumulative Net Cash Loss to the permitted level by the end of the second Operating Quarter following the date such report and plan are delivered. Such report and plan shall be prepared and implemented as described in Section 3.19 hereof; provided that no such report and plan will be required if a report and plan have been delivered pursuant to this subsection (a)(ii) within the last five months.

(d) The Obligated Group shall be required to retain a new Manager (as defined in the Loan Agreement) for the Facilities, if the Obligated Group exceeds the required Cumulative Net Cash Loss covenant by the end of the second Operating Quarter following the date the management report and plan are required pursuant to subsection (c) above.

Whenever the Obligated Group is required to retain a new Manager, the Obligated Group shall, within 60 days of the event requiring appointment of a new Manager, submit to the Credit Facility Issuer, the Underwriter and the Master Trustee a list of two or more persons experienced in the management of continuing care facilities of a type and size similar to the Facilities. The Obligated Group shall retain as a new Manager any person, nominated by the Obligated Group (other than the Consultant), which is not disapproved by the Credit Facility Issuer or the Underwriter. The Obligated Group shall also deliver an opinion of Bond Counsel prior to entering any contract with such new Manager to the effect that entering into such contract will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Related Bonds. In the event that a new Manager is appointed by the Obligated Group at any time when the Cumulative Net Cash Loss covenant is greater than the level required, the provisions of this Master Indenture shall not be applied to require the further appointment of new Manager until the new Manager has been employed for at least twelve months. Notwithstanding the preceding provisions, but subject to any right of the Credit Facility Issuer to require a new Manager pursuant to the Reimbursement Agreement, the Obligated Group shall not be required to retain a new Manager if either (i) such requirement is waived by a majority of the Obligation holders, or (ii) the Master Trustee and Credit Facility Issuer receive, within 60 days of the event requiring appointment of a new Manager, the following documents:

(i) a written report (prepared by a Consultant, but not by the Manager) containing detail to support the conclusions made therein and concluding (A) that the failure of the Obligated Group to comply with the requirements of the Cumulative Net Cash Loss covenant is primarily due to factors outside the control of the present Manager, or (B) that the retaining of a new Manager is not likely to materially improve the Obligated Group's ability to comply with these requirements; and

(ii) resolutions adopted by the boards of directors of each Member of the Obligated Group stating that the performance by the Manager of its duties is satisfactory and setting forth the reasons supporting retention of the present Manager.

After the Obligated Group retains a new Manager pursuant to subsection (d) above, any future instance of the Obligated Group exceeding the Cumulative Net Cash Loss covenant, shall require the Obligated Group to obtain the management report and plan required by subsection (c) above and, if necessary, to obtain a new Manager required by subsection (d) above.

(e) A Cumulative Net Cash Loss in excess of the Maximum Cumulative Net Cash Loss in any Fiscal Quarter ending on or before August 31, 2012, shall constitute an immediate Event of Default. Any instance of the Obligated Group exceeding the Cumulative Net Cash Loss covenant required by this section for any Fiscal Quarter ending after August 31, 2012, shall not be deemed to constitute an Event of Default unless (i) such failure constitutes an Event of Default under the Reimbursement Agreement while any Series 2007C Bonds are outstanding or any L/C Obligations are unpaid, (ii) the Obligated Group has failed to take all action within its control to comply with the procedures set forth as described herein and under Section 3.19 for preparing and implementing a report and plan for correcting such deficiency, or (iii) the Obligated Group exceeds the Cumulative Net Cash Loss covenant for two consecutive Operating Quarters after the requirement of a new Manager in subsection (d) is triggered and the Master Trustee has given notice that such event constitutes an Event of Default.

(h) Sections 3.21(a) and (b) of the Existing Master Indenture shall be revised as follows:

(a) VUMHW agrees that the fees or other sums payable pursuant to the Administrative Services Agreement, the Ground Lease and any other agreement between VUMH and VUMHW pursuant to which VUMHW is obligated to make payments or remissions to VUMH shall be deferred for Fiscal Years 2009 and 2010 and thereafter until the Series 2007C Bonds have been paid in full, the Letter of Credit has been returned to the Bank for cancellation, and all L/C Obligations have been paid and satisfied in full. Thereafter, such fees shall be paid in accordance with paragraphs (b) through (e) of this Section 3.21 at the end of Fiscal Year (unless otherwise subordinated), only if:

(i) VUMHW has made and the Credit Facility Issuer has received all payments required under the Reimbursement Agreement;

(ii) No Event of Default hereunder or Major Event of Default under the Reimbursement Agreement has occurred;

(iii) VUMHW was in compliance at the end of such Fiscal year, and at the time of any such payment will be in compliance, with all covenants in this Master Indenture, the Bond Indenture and the Loan Agreement; and

(iv) The value of the Operating Reserve Fund shall be equal to the Operating Reserve Requirement, or if the value of the Operating Reserve Fund is less than the Operating Reserve Requirement. VUMHW shall pay to the Bond Trustee the amount of such deficiency for deposit into the Operating Reserve Fund prior to making any payments to the Credit Facility Issuer pursuant to Section 5.42 of the Reimbursement Agreement.

(b) All amounts payable by VUMHW under the Support Agreement and the 2009 Subordinate Obligation, the payment of the management, administrative, service or development fees under the Administrative Services Agreement and the payment of any Base Rent as defined in the Ground Lease or any Basic Services Fees as defined in the Administrative Services Agreement, which was deferred under Section 5.42 of the Reimbursement Agreement (respectively, the "Deferred Base Rent" and the "Deferred Basic Services Fees") will be deferred in any Fiscal Quarter to the following Fiscal Quarter unless (i) all current payments on the Obligations and the L/C Obligations have been made, (ii) all required deposits to the Debt Service Reserve Fund and the Operating Reserve Fund for such Fiscal Quarter have been made, and (iii) the Long-Term Debt Service Coverage Ratio or the Cumulative Net Cash Loss covenant, as applicable, were met for the preceding Fiscal Quarter and the Days' Cash on Hand requirement was met as of the last day of the preceding Fiscal Quarter; provided that (x) failure to meet the Cumulative Net Cash Loss covenant shall not require deferral of such fees if the Occupancy Target set forth in the Loan Agreement was met for the preceding Occupancy Quarter, and (y) the foregoing shall not prevent the payment of the Base Rent and Basic Services Fees not deferred under Section 5.42 of the Reimbursement Agreement, and the reimbursement of direct out-of-pocket costs of Virginia United Methodist Homes, Inc. payable to independent third parties for services other than general management and Project oversight such as building and grounds maintenance, insurance, security and advertising. No substantial change in management of the Project shall be made and no amendments shall be made to the Support Agreement, the Administrative Services Agreement or the Asset Purchase Agreement without the consent of the Credit Facility Issuer, if any, and the Master Trustee except as may be required herein or in the Reimbursement Agreement.

(i) The Existing Master Indenture shall be revised by adding Section 9.09 to read as follows:

Section 9.09. Covenants Regarding Reimbursement Agreement and Events of Default. The Obligated Group shall promptly deliver to the Master Trustee (1) copies of the Reimbursement Agreement and all amendments, supplements, waivers, and consents executed and/or delivered with respect thereto, and (2) written notice of the occurrence of any events of default or Events of Default (as defined in the Reimbursement Agreement) occurring under the Reimbursement Agreement. The Master Trustee acknowledges that, as of the date of delivery of this Supplemental Master Indenture, it has received the Letter of Credit Agreement dated as of July 1, 2007, the Waiver and First Amendment to Letter of Credit Agreement dated as of September 1, 2009 and the Second Amendment to Letter of Credit Agreement dated as of June __, 2011, all between VUMHW and the Credit Facility Issuer. To the extent this Master Indenture references the Reimbursement Agreement, the Master Trustee may rely conclusively upon the documents representing the Reimbursement Agreement, including any of the foregoing amendments, supplements, waivers and consents, which the Obligated Group has provided to the Master Trustee under this Section. To the extent this Master Indenture references any event of default or Event of Default (as defined in the Reimbursement Agreement) occurring under the Reimbursement Agreement, the Master Trustee shall take notice of such event or Events for which it has received written notice thereof from the Obligated Group or the Credit Facility Issuer, without independent investigation.

(j) All references to "Operating Ratio" shall be read, taken and construed to be references to Cumulative Net Cash Loss covenant, including without limitation such references in Sections 3.05, 3.07, 3.09, 3.18, and 3.21.

ARTICLE II

MISCELLANEOUS

Section 201. Ratification of Master Indenture. As hereby supplemented and amended, the Existing Master Indenture is in all respects ratified and confirmed, and the Master Indenture, including this Second Supplemental Master Indenture, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Master Indenture shall apply with full force and effect to the parties hereto.

Section 202. Severability. If any provision of this Second Supplemental Master Indenture shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 203. Counterparts. This Second Supplemental Master Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, VUMHW and the Master Trustee have caused this Second Supplemental Master Indenture to be executed in their respective corporate names as of the date first above written.

**VIRGINIA UNITED METHODIST HOMES
OF WILLIAMSBURG, INC.**

By: _____

Its: _____

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

By: _____

Its: Authorized Officer

FIRST AMENDMENT TO SUPPORT AGREEMENT

By and among

VIRGINIA UNITED METHODIST HOMES, INC.,

VIRGINIA UNITED METHODIST HOMES SUPPORTING ORGANIZATION, INC.,

VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.,

BANK OF AMERICA, N.A.

and

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

Dated as of

June 1, 2011

TABLE OF CONTENTS

Page

**ARTICLE I
GENERAL PROVISIONS**

Section 1.1 Definitions..... 1

**ARTICLE II
AMENDMENTS**

Section 2.1 Amendments to Support Agreement..... 2
Section 2.2 Consent to Amended and Restated Support Agreement Subordinate
Obligation 3

**ARTICLE III
MISCELLANEOUS**

Section 3.1 Confirmation of Support Agreement..... 3
Section 3.2 Severability 3
Section 3.3 Counterparts..... 3

EXHIBIT A - Amended and Restated Promissory Note

THIS FIRST AMENDMENT TO SUPPORT AGREEMENT (the "First Amendment"), dated as of June 1, 2011, among **VIRGINIA UNITED METHODIST HOMES, INC.** ("VUMH"), a not-for-profit Virginia nonstock corporation, **VIRGINIA UNITED METHODIST HOMES SUPPORTING ORGANIZATION, INC.**, a not-for-profit Virginia nonstock corporation (the "Affiliate"), **VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.** (the "Account Party"), a not-for-profit Virginia nonstock corporation, **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (together with its successors as trustee, the "Trustee") and **BANK OF AMERICA, N.A.**, a national banking association duly organized and existing under the laws of the United States of America (successor in interest to LaSalle Bank National Association, the "Bank").

RECITALS

The Economic Development Authority of James City County, Virginia (together with its permitted successors and assigns, the "Authority") has previously issued its Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007A, 2007B and 2007C (the "Bonds") for the purposes set forth in that certain Bond Trust Indenture dated as of July 1, 2007 (together with all exhibits, schedules, attachments and appendices thereto, and as amended from time to time, the "Bond Indenture"), between the Authority and the Trustee.

The Authority loaned the proceeds of the Bonds to the Account Party pursuant to a Loan Agreement dated as of July 1, 2007 (as amended from time to time, the "Loan Agreement"). The Series 2007C Bonds are secured by a direct pay letter of credit (the "Letter of Credit") issued by the Bank pursuant to a Letter of Credit Agreement dated as of July 1, 2007 (as amended from time to time, the "Letter of Credit Agreement"), including as amended by a Second Amendment to Letter of Credit Agreement, dated as of June __, 2011 (the "Second Amendment to Letter of Credit Agreement"), all between the Account Party and the Bank.

VUMH and the Affiliate are each an affiliate of the Account Party and have entered into a Support Agreement dated as of September 1, 2009 (the "Existing Support Agreement"), and now, as a condition precedent to the agreement of the Authority, the Bank and the holders of the Bonds to amend certain terms of the Bond Indenture, the Master Indenture and the Loan Agreement and the agreement of the Bank to amend the terms of the Letter of Credit Agreement, have agreed to amend the Existing Support Agreement.

As affiliates of the Account Party, and in consideration of the premises set forth herein, VUMH and the Affiliate do hereby covenant and agree with the Trustee as follows:

ARTICLE I GENERAL PROVISIONS

Section 1.1 Definitions. (a) Except as otherwise indicated herein, all terms herein shall have the meaning set forth in Article 1 and the recitals of the Existing Support Agreement, and Section 101 and the recitals, all as it has been amended and supplemented.

ARTICLE II AMENDMENTS

Section 2.1 Amendments to Support Agreement. The Existing Support Agreement shall be amended as follows.

(a) Section 3.1 of the Existing Support Agreement shall be amended to read as follows:

3.1. Agreement by VUMH to Make Transfer to the Affiliates. VUMH hereby unconditionally agrees to transfer funds to the Affiliate annually in Fiscal Years 2009, 2010, 2011 and through August 31, 2012, in an amount equal to the maximum annual amount that may be transferred pursuant to the VUMH Master Indenture (the "Affiliate Funds") for each such Fiscal Year, taking into account without limitation payments from the Account Party to VUMH pursuant to the Ground Lease and the Administrative Services Agreement that are deferred in such Fiscal Year. The total liability of VUMH to perform its covenants and agreements contained in this Support Agreement is expressly limited to an aggregate amount equal to the Affiliate Funds. Promptly upon the occurrence of any Event of Default after August 31, 2012, that results from non-payment of amounts owing on Series 2007 Bonds or any Obligation, or from non-compliance with the Long-Term Debt Service Coverage Ratio covenant under Section 3.08 of the Master Indenture, the Days' Cash on Hand covenant under Section 3.16 of the Master Indenture or the Cumulative Net Cash Loss covenant under Section 3.17 of the Master Indenture, the Manager (as defined in the Loan Agreement) shall deliver to the Board of Directors of VUMH a written request for VUMH to transfer Affiliate Funds to the Affiliate during the ensuing four Fiscal Quarters. Within 30 days following delivery of the Manager's written request, the Board of Directors of VUMH shall consider the request in good faith and notify the Manager, the Master Trustee and the Bond Trustee of its decision in writing. If the Board of Directors of VUMH elects not to provide the requested Affiliate Funds, then it shall describe the specific reasons for such decision in its written notice to the Manager, the Master Trustee and the Bond Trustee.

(b) Section 3.3 of the Existing Support Agreement shall be amended to read as follows:

3.3 Account Party Repayment Obligation; Other Deferrals. The obligation of the Account Party to repay any Affiliate Funds transferred to the Account Party pursuant to this Support Agreement is a Subordinate Obligation (as defined in the Master Indenture), incurred pursuant to and in accordance with the provisions of Section 3.07(e) of the Master Indenture. The obligations of the Account Party to the Affiliate pursuant to this Support Agreement are evidenced by a Promissory Note of the Account Party (the "Support Agreement Subordinate Obligation"). The Support Agreement Subordinate Obligation shall be payable in accordance with the provisions of Sections 3.21 of the Master Indenture, and as set forth in the Support Agreement Subordinate Obligation, a copy of which is attached hereto as Exhibit A. The Account Party further agrees that all fees and other sums payable pursuant to the Administrative Services

Agreement and the Ground Lease shall be deferred (a) until the date the Letter of Credit has been returned to the Bank for cancellation and all L/C Obligations and other obligations of the Account Party to the Bank (including the Amendment Fee in the Letter of Credit Agreement) have been paid and satisfied in full, and thereafter (b) as required by Section 3.21 of the Master Indenture.

Section 2.2 Consent to Amended and Restated Support Agreement Subordinate Obligation. The undersigned hereby consent to the execution and delivery of the amended and restated promissory note dated as of June 1, 2011, of the Account Party to the order of the Affiliate, substantially in the form attached hereto as Exhibit A, as the Support Agreement Subordinate Obligation. All references in the Support Agreement to the Support Agreement Subordinate Obligation shall mean such amended and restated promissory note.

ARTICLE III MISCELLANEOUS

Section 3.1 Confirmation of Support Agreement. As hereby supplemented and amended, the Support Agreement is in all respects ratified and confirmed, and the Support Agreement, including this First Amendment, shall be read, taken and construed as one and the same instrument. All covenants, agreements and provisions of, and all security provided under the Support Agreement shall apply with full force and effect to the parties thereto.

Section 3.2 Severability. If any provision of this First Amendment shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

Section 3.3 Counterparts. This First Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Support Agreement to be executed in their respective corporate names by their respective officers thereunto duly authorized as of the date first above written.

**VIRGINIA UNITED METHODIST HOMES,
INC.**

By: _____
Title:

**VIRGINIA UNITED METHODIST HOMES
SUPPORTING ORGANIZATION, INC.**

By: _____
Title:

**VIRGINIA UNITED METHODIST HOMES
OF WILLIAMSBURG, INC.**

By: _____
Title:

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

By: _____
Title:

BANK OF AMERICA, N.A.

By: _____
Title:

RECEIPT

Receipt of the foregoing original counterpart of the First Amendment to Support Agreement dated as of June 1, 2011, between the Economic Development Authority of James City County, Virginia, and Virginia United Methodist Homes of Williamsburg, Inc. is hereby acknowledged.

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

By: _____
Its: Authorized Officer

EXHIBIT A

AMENDED AND RESTATED PROMISSORY NOTE

(Subordinate Note)

Originally dated as of September 1, 2009, and amended and restated as of June 1, 2011

FOR VALUE RECEIVED, Virginia United Methodist Homes of Williamsburg, Inc., a Virginia non-stock, nonprofit corporation having an address at 7113 Three Chopt Road, Suite 300, Richmond, Virginia, 23226 (the "Obligor") promises to pay to the order of Virginia United Methodist Homes Supporting Organization, Inc., a Virginia non-stock, non-profit corporation having an address at 7113 Three Chopt Road, Suite 300, Richmond, Virginia 23226 (the "Obligee"), all amounts transferred by the Obligee to the Obligor pursuant to the provisions of that certain Support Agreement dated as of September 1, 2009 (as amended or supplemented from time to time, the "Support Agreement"), by and among the obligor, the Obligee and certain other parties thereto, in lawful money of the United States. All undefined capitalized terms used herein shall have the meaning assigned in the Support Agreement. On the first day of the quarter immediately following the quarter in which the Series 2007C Bonds and all L/C Obligations are paid in full, all other obligations to the Bank under the Letter of Credit Agreement (including without limitation the Amendment Fee payable pursuant to the Letter of Credit Agreement) have been paid and satisfied in full, and provided that no Event of Default has occurred and is outstanding under the Master Trust Indenture, the Bond Trust Indenture or the Loan Agreement, Obligor shall make quarterly payments to the Obligee in an amount equal to the maximum amount that can be paid pursuant to the provisions of the Master Indenture (as defined below) on such quarterly payment date, and such quarterly payments shall continue until all principal is paid in full. No interest shall accrue or otherwise be payable on this Note. Payments of principal shall be deferred in accordance with the terms of the Support Agreement, the Master Trust Indenture dated as of July 1, 2007 between Obligor and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (as amended or supplemented from time to time, the "Master Indenture"), the Letter of Credit Agreement dated as of July 1, 2007 related to the Series 2007C Bonds (as supplemented and amended from time to time, the "Letter of Credit Agreement") between the Obligor and Bank of America, N.A. and other documents with respect to Obligor's Series 2007 Bonds. Any payments of principal which are deferred shall be made as soon as the restrictions under Section 3.21 of the Master Indenture are satisfied.

The Obligor shall have the option of paying the unpaid principal balance of this Note in advance in whole or in part. No such prepayment may be made by the Obligor until the first day of the quarter immediately following the quarter in which the Series 2007C Bonds and all L/C Obligations are paid in full, the restrictions under Section 3.21 of the Master Indenture are satisfied, and provided that no Event of Default has occurred and is outstanding under the Master Trust Indenture, the Bond Trust Indenture or the Loan Agreement. All partial prepayments shall be applied on the installment of the principal amounts of this Note in the inverse order of their maturity.

All payments of principal and interest under this Note are to be made to the Obligee at the address set forth in this Note, or at such other address as the Obligee may from time to time designate in writing.

This Note was originally issued as, and remains, a Subordinate Obligation pursuant to Section 3.07(e) of the Master Indenture, and is subordinate to all outstanding Obligations (as defined in the Master Indenture), issued pursuant to the Master Indenture. Payments on this Note shall be made prior to certain payments due under the Administrative Services Agreement, the Ground Lease and the other Subordinate Obligations of the Obligor as provided in Section 3.21 of the Master Indenture.

Subject to the rights of the Master Trustee under the Master Indenture, the entire unpaid portion of this Note and all sums payable hereunder may, at Obligee's election and with the consent of the Master Trustee (unless the Master Trustee has accelerated Obligations pursuant to the Master Indenture, in which case the Master Trustee's consent shall not be required) and the Bond Trustee (acting at the written direction of the beneficial holders of a majority in principal amount of Series 2007A Bonds then outstanding), be declared immediately due and payable at the option of the Obligee without notice and demand upon the occurrence of any of the following events of "default."

(a) The failure of the Obligor to make any payment of principal when due and such failure is not cured within fifteen (15) days after written notice from the Obligee of such failure.

(b) The Obligor becomes unable to pay its debts and obligations as they become due in the ordinary course, a trustee or receiver of the Obligor's property is appointed, the Obligor makes an assignment for the benefit of creditors, a petition in bankruptcy is filed by or against the Obligor, the Obligor terminates or liquidates its business, or any like or similar action occurs.

The Obligor promises to pay all costs and expenses incurred by the Obligee in collecting this Note and enforcing the Obligee's rights hereunder, including all reasonable attorneys' fees, costs and disbursements of counsel on behalf of the Obligee.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived by the Obligor and all other persons who are or may become liable for the payment hereof.

Failure or delay by the Obligee in exercising, or a single or partial exercise of, any power or right hereunder shall not operate as a waiver thereof or of any other power or right or preclude any other future exercise of that or any other power or right. A waiver of any power or right hereunder shall be in writing, shall be limited to the specific instance and shall not be deemed a waiver of the subject power or right in the future or a waiver of any other power or right.

This Note may not be modified or terminated orally or by any course of conduct but only by an agreement in writing duly executed by all of the parties to the Support Agreement.

The rights and remedies of the Obligee herein specified are nonexclusive of any other rights or remedies that the Obligee may otherwise have, and such rights or remedies may be exercised singularly or cumulatively.

This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. The parties agree that the appropriate venue for any matter related to this Note shall be either the Circuit Court of the City of Richmond, Virginia, or the United States District Court for the Eastern District of Virginia, Richmond Division.

This Note shall be binding upon and inure to the benefit of the Obligor and the Obligee and their respective heirs, successors, legal representatives and assigns.

There are no oral representations, understandings or warranties with respect to the matters dealt with herein. The rights and remedies hereunder of the Obligee shall not be modified, altered, limited, abridged, or waived by any representation, promise or agreement heretofore or hereafter made, or by any course of conduct hereafter pursued, by the Obligee unless evidenced by an agreement in writing duly executed by the Obligee.

The undersigned expressly represents, warrants and covenants that the execution and delivery of this Note is pursuant to duly enacted authority and constitutes the valid, binding and enforceable acts of and on behalf of the Obligor.

VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC.

By: _____
Christopher P. Henderson, President/CEO

COMMONWEALTH OF VIRGINIA:

To-Wit:

CITY OF RICHMOND:

The foregoing has been acknowledged before me, the undersigned Notary Public, for and in the jurisdiction aforesaid, by Christopher P. Henderson, as President/CEO of Virginia United Methodist Homes of Williamsburg, Inc. on this ____ day of _____, 20__.

My commission expires: _____ My commission number: _____

Notary Public

**SECOND AMENDMENT
TO
LETTER OF CREDIT AGREEMENT**

THIS SECOND AMENDMENT TO LETTER OF CREDIT AGREEMENT (this "Second Amendment") is made to be effective as of June __, 2011 (the "Effective Date") by and between BANK OF AMERICA, N.A., a national banking association (successor in interest to LaSalle Bank National Association) (the "Bank") and VIRGINIA UNITED METHODIST HOMES OF WILLIAMSBURG, INC., a not-for-profit Virginia nonstock corporation (the "Account Party").

RECITALS

The Bank and the Account Party are parties to a Letter of Credit Agreement, dated as of July 1, 2007, as amended and modified by a Waiver And First Amendment to Letter of Credit Agreement dated September 1, 2009 (the "Existing Agreement"). Hereafter, all terms defined in the Existing Agreement shall have the same meanings in this Second Amendment, except as such terms are expressly modified by the terms of this Second Amendment.

In accordance with the terms of the Existing Agreement, the Bank issued an irrevocable, transferable letter of credit (the "Letter of Credit") as security for the Economic Development Authority of James City County, Virginia Residential Care Facility Revenue Bonds (Virginia United Methodist Homes of Williamsburg, Inc.), Series 2007C (Variable Rate Bonds) (the "Bonds").

The Account Party is in violation of certain of its obligations under the Existing Agreement, and as a result thereof, certain Events of Default have occurred and are continuing. The Account Party has requested that the Bank agree to waive such Events of Default. The Bank is willing to waive such Events of Default in accordance with the terms of this Second Amendment and in consideration of the Account Party's covenants herein.

The Account Party and the Bank have also agreed to amend certain terms and covenants of the Existing Agreement in accordance with the terms set forth in this Second Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is acknowledged, the Bank and the Account Party agree as follows:

Section 1. Account Party's Acknowledgement of Existing Events of Default. The Account Party hereby acknowledges and agrees that the following Events of Default (collectively, the "Existing Events of Default") have occurred and are continuing as of the Effective Date: (a) the Account Party is in violation of the provisions of Section 5.29(a) (Marketing Targets) for the "Marketing Quarters" ending November 30, 2010 and February 28, 2011; and (b) the Account Party is in violation of the provisions of Section 5.29(b) (Occupancy Targets) for the "Occupancy Quarter(s)" ending November 30, 2010 and February 28, 2011. The Account Party further acknowledges that in the absence of the agreements of the Bank set forth in this Second Amendment, the Bank would have the immediate and unconditional right to

exercise all of the Bank's rights and remedies arising from the occurrence and continuance of the Existing Events of Default to the extent that such rights and remedies are available in accordance with the terms of the Existing Agreement, the Reimbursement Documents and the Intercreditor Agreement.

Section 2. Bank's Waiver of Existing Events of Default. Subject to the full and complete satisfaction of each of the "Conditions Precedent" (as defined below) and in reliance upon the covenants, agreements and representations and warranties of the Account Party set forth in this Second Amendment, the Bank hereby agrees to waive the Existing Events of Default.

Section 3. Amendments to the Existing Agreement. The Account Party and the Bank hereby agree to amend and modify the Existing Agreement as follows:

(a) The definitions of the following terms as set forth in Section 1.1 of the Existing Agreement are deleted and replaced in their entireties with the following:

"Support Agreement" shall mean that certain Support Agreement dated as of September 1, 2009, as amended by a First Amendment to Support Agreement dated to be effective as of June 1, 2011, by and among the Trustee, the Bank, VUMH, the Account Party and the Supporting Organization.

'Support Agreement Subordinate Obligation' shall mean that certain Amended And Restated Promissory Note dated to be effective as of June __, 2011 from the Account Party to the Supporting Organization, evidencing amounts payable from the Account Party to the Supporting Organization pursuant to the Support Agreement, as it may be further amended from time to time."

(b) Section 1.1 of the Existing Agreement is amended by adding the following defined terms in the appropriate alphabetical order:

"Additional Indebtedness" shall have the same meaning herein as set forth in the Master Indenture.

'Cumulative Net Cash Losses' shall mean commencing for the quarter ending May 31, 2011 that cumulative sum measured quarterly equal to (a) the ordinary course of business revenues of the Account Party for the period of measurement including (i) resident service revenues (excluding amortization of Entrance Fees), (ii) other operating revenues (including ancillary service revenues), and (iii) investment earnings, but excluding (iv) Entrance Fees; minus (b) the aggregate Operating Expenses of the Account Party for such period of measurement (excluding (x) non-cash items such as depreciation, amortization and other non-cash expenses such as accrued fees, (y) payments not currently payable such as deferred payments pursuant to the Ground Lease and the Administrative Services Agreement and (z) deferred interest expense on subordinate obligations).

'Operating Expenses' shall have the same meaning herein as set forth in the Bond Indenture."

(c) Section 2.5(a)(iii) of the Existing Agreement is amended and restated in its entirety as follows:

"(iii) a non-refundable amendment fee (the "Amendment Fee") in the aggregate amount of Four Hundred Ninety-Three Thousand Four Hundred Seventeen Dollars and Five Cents (\$493,417.05). The Amendment Fee shall be payable in two (2) installments with the first installment in the amount of One Hundred Sixty-Four Thousand Four Hundred Seventy-Two Dollars and Thirty-Five Cents (\$164,472.35) to be paid on June __, 2011 and the second installment in the amount of Three Hundred Twenty-Eight Thousand Nine Hundred Forty-Four Dollars and Seventy Cents (\$328,944.70) (the "Second Installment") to be due and payable in full on or before the Expiration Date of the Letter of Credit; provided, however, the Bank agrees to waive and forgive the obligation of the Account Party to pay a portion of the Second Installment in the amount of One Hundred Sixty-Four Thousand Four Hundred Seventy-Two Dollars and Thirty-Five Cents (\$164,472.35) if on or before July 1, 2012 the Letter of Credit has been surrendered to the Bank for cancellation and all L/C Obligations and all other obligations (including the remaining unpaid portion of the Amendment Fee) owed by the Borrower to the Bank have been fully and irrevocably paid, satisfied and discharged."

(d) The following Section 2.5(d) is added to the Existing Agreement:

"(d) During any continuing Event of Default (except the Existing Events of Default) that does not result in a drawing under the Letter of Credit, the Bank shall have the option of increasing the Letter of Credit Fee from 2.20% to 4.00% (computed on the basis of a year of 365 days and actual days elapsed) computed on the Stated Amount of the Letter of Credit on each quarterly payment date ("Fee Payment Date") upon which quarterly installments of the Letter of Credit Fee are payable in accordance with Section 2.5(a)(i) (after giving effect to any reduction in the Stated Amount which is to be effective on such date). Such increased Letter of Credit Fee shall become effective upon written notification to the Borrower and shall apply as of the next Fee Payment Date."

(e) Section 5.2 of the Existing Agreement is amended by adding the following after the last sentence of Section 5.2:

"Without limitation to the foregoing, the Account Party shall provide to the Bank the following or such other information as may be required by the Bank from time to time: (a) reports concerning the Account Party's marketing of the Independent Living Units on the fifteenth and last days of each consecutive calendar month commencing on May 15, 2011, in form and substance acceptable to the Bank, which marketing reports shall include inter alia: (i) the weekly gross sales, cancellations, net sales for the Account Party, (ii) a table breaking out the

specific reason for each cancellation, (iii) a description of weekly referral inquiries, non referral inquiries, phone outs, appointments, reservations, and events compared to goals, (iv) an identification of active leads with a breakdown of potential sales within thirty (30) days, sixty (60) days, and ninety (90) days, (v) a schedule of weekly move-ins, move-outs and net move-ins, (vi) a listing of scheduled of move-ins within the next thirty (30) days, sixty (60) days, and ninety (90) days, (vii) a detailed deferred Entrance Fee plan receivable report in form and substance acceptable to the Bank (showing for each unit, the unit number, the Entrance Fee amount, the move in date, the amount paid at closing of unit, the remaining balance, the payment terms for balance, and the due date for deferred payment), (viii) an update for each depositor (listing the contract type, potential amount of Entrance Fee, last date of contact, date home was listed for sale, and incentive type of Residency Agreement offered), (ix) a staffing update, as applicable, and (x) such additional information as may be requested by the Bank from time to time; and (b) commencing on May 31, 2011 and continuing on the last day of each consecutive calendar month thereafter, a detailed Entrance Fee analysis (Entrance Fees collected from move-ins (collectively and for each specific unit), less refunds paid, less discounts or modified contracts, less monies used to fund working capital, less monies used to redeem debt, the amount available for the next quarterly redemption date, a summary of pending receipts from move-ins over next thirty (30) days, and a calculation of total Entrance Fees collected to track pricing of all inventory (settled, sold, and unsold)."

(f) Section 5.29(a) of the Existing Agreement is amended and restated in its entirety as follows:

"(a) *Marketing Targets.* The Account Party shall collect pre-sale deposits for the Independent Living Units for the Project so that as of the end of each "Marketing Quarter" set forth below the number of the Independent Living Units that have been presold are not less than the respective "Marketing Targets" set for each Marketing Quarter below:

<u>Marketing Quarter Ending</u>	<u>Marketing Targets</u> <u>(expressed in number of units)</u>
05/31/2011	108
08/31/2011	111
11/30/2011	119
02/29/2012	122
05/31/2012	129
08/31/2012	137

Each Marketing Quarter shall be a period of three full calendar months coinciding with the Account Party's fiscal quarters. The failure of the Account Party to have pre-sold Independent Living Units for any Marketing Quarter in an amount less than the Marketing Target for such Marketing Quarter shall be an immediate Event of Default."

(g) Section 5.29(b) of the Existing Agreement is amended and restated in its entirety as follows:

"(b) *Occupancy Targets.* The Account Party shall execute a sufficient number of Residency Agreements with respect to the Independent Living Units for the Project such that as of the end of each "Occupancy Quarter" set forth below, the number of Independent Living Units for which the total Entrance Fee has been paid, or for which a deferred Entrance Fee or permitted alternative arrangement has been established in accordance with the terms of this Agreement (collectively, the "Occupied Units"), are not less than the respective "Occupancy Target" for each Marketing Quarter set forth below:

<u>Occupancy Quarter Ending</u>	<u>Occupancy Targets (expressed in number of units)</u>
05/31/2011	106
08/31/2011	109
11/30/2011	117
02/29/2012	120
05/31/2012	127
08/31/2012	135

Each Occupancy Quarter shall be a period of three full calendar months coinciding with the Account Party's fiscal quarters. The failure of the Account Party to achieve any Occupancy Target for an Occupancy Quarter shall be an immediate Event of Default.

(h) Section 5.29(c) of the Existing Agreement is amended and restated in its entirety as follows:

"(c) The Account Party shall solicit and obtain proposals from the three marketing providers that have been selected by the Account Party (Spectrum Consultants, Inc. ("Spectrum"), Retirement Dynamics ("RD"), and Hamlyn Senior Marketing ("Hamlyn")) to provide marketing services to the Account Party. If the Account Party selects Spectrum to continue to be the Account Party's provider of marketing services, the Account Party shall provide the Bank with any new or amended engagement agreements between the Account Party and Spectrum prior to May 1, 2011. If either RD or Hamlyn are selected, the Account Party shall provide to the Bank: (i) a copy of the engagement agreement between the selected marketing provider and the Account Party on or before April 17, 2011, and (ii) on or before April 22, 2011, quarterly marketing forecasts from such marketing provider of projected sales, move-ins, and such additional items as may be requested by the Bank."

(i) Section 5.29(d) of the Existing Agreement is deleted in its entirety.

(j) Section 5.30 of the Existing Agreement is amended and restated in its entirety as follows:

"Section 5.30. Liquidity Covenant. The Account Party shall conduct its business so that on each November 30 and May 31, the Account Party shall have not less than 120 Days' Cash on Hand. The failure of the Account Party to comply with this covenant shall be an immediate Event of Default."

(k) Section 5.33 of the Existing Agreement is amended and restated in its entirety as follows:

"Section 5.33. Use of Entrance Fees. Any Entrance Fees deposited with the Bond Trustee in the Entrance Fee Fund pursuant to Section 603 of the Bond Indenture shall be used for the optional redemption of the Bonds pursuant to Sections 301(d) and 603(iv) of the Bond Indenture on each successive September 1, December 1, March 1 and June 1 (each an "Optional Redemption Date"), provided, however, that in the absence of any continuing Events of Default and subject to the Bank's prior written approval as required below, the Account Party, prior to the optional redemption of the Bonds may use up to Ten Million Two Hundred Thirty Seven Thousand Dollars (\$10,237,000) in aggregate amount of Entrance Fees on deposit in the Entrance Fee Fund solely for the following purposes: (i) to achieve 150 Days' Cash on Hand, (ii) to fund Operating Expenses to the limited extent that the Account Party is unable to fund such Operating Expenses from its operating revenues, (iii) to fund approved capital expenditures included in the Account Party's budget for the current Fiscal Year (but not including deferred payments described in Section 3.21 of the Master Indenture), (iv) to fund transfers to the appropriate accounts of the appropriate funds to pay scheduled interest and/or principal payments on the Series 2007A and the Series 2007B Bonds, and (v) to pay the costs of maintaining the Letter of Credit including without limitation all fees and costs payable to the Bank (including without limitation, the Amendment Fee) in accordance with this Agreement, as modified. All of such disbursements and uses shall be subject to the approval of the Bank in its sole and absolute discretion within five (5) Business Days after the receipt by the Bank of a written request for approval from the Account Party. Each request shall set forth in detail the specific uses and expenses for which the disbursement is being requested, which written requests and any corresponding disbursements shall occur not more frequently than once each calendar month. Each of such written requests shall include a monthly projection and variance report with respect to the Account Party's cash flow and the uses of the funds in the Entrance Fee Fund, and a calculation of the Days' Cash on Hand and shall be consistent with the budget for the Facilities as provided by the Account Party to the Bank. If on an Optional Redemption Date there are funds in the Entrance Fee Fund after the making of any approved disbursements that are then currently payable, such excess funds shall be disbursed and used for the optional redemption of the Bonds."

(l) Section 5.39 of the Existing Agreement is amended and restated in its entirety as follows:

"Section 5.39. Residency Agreements.

(a) Except as set forth below in Sections 5.39(b) and 5.39(c), the Account Party shall not without the prior written approval of the Bank: (1) make any material changes to the form previously approved by the Bank of the Residency Agreements used by the Account Party (unless required by law in which case prior notice shall be given to the Bank), (2) decrease the pricing schedule as previously approved by the Bank, or (3) pay any refunds to Residents or waive or release any obligations of Residents other than in accordance with the provisions of the approved form of Residency Agreement or as otherwise required by applicable laws.

(b) The Account Party may maintain at any time not more than ten (10) Residency Agreements with its Residents which by their terms permit the payment of first generation Entrance Fees (after the receipt by the Account Party of a ten percent (10%) deposit for each of such Residency Agreements pursuant to a Deposit Agreement) to be delayed for periods of up to but not in excess of twelve (12) months. The Account Party shall review the creditworthiness of each Resident for each of such Residency Agreements in accordance with the Account Party's customary credit criteria, and shall require that such Residents demonstrate that their respective residences have been listed with a real estate broker for sale.

(c) Commencing on February 22, 2011 and continuing thereafter, the Account Party may permit a limited number of its unsold Independent Living Units to be occupied in accordance with Residency Agreements which in form and substance are acceptable to the Bank in its sole and absolute discretion that provide for any of the following: (1) a non-refundable Entrance Fee, (2) an Entrance Fee that is 50% refundable or (3) reductions in pricing from the pricing schedule previously approved by the Bank, which reduced pricing shall be in conformance with the pricing set forth on Exhibit 5.39(c) attached hereto; provided, however, after giving effect to all of the Residency Agreements containing the provisions described above in items (1), (2) and (3): (i) the aggregate amount of net Entrance Fees deposited into the Entrance Fee Fund after February 22, 2011 shall not be reduced in aggregate amount by more than Nine Million Four Hundred Sixty Thousand Dollars (\$9,460,000) from the amount of net Entrance Fees that would have been deposited after February 22, 2011 if the Residency Agreements had not been changed with respect to items (1), (2) and (3); and (ii) the aggregate amount of the Entrance Fees attributable to the unsold inventory of Independent Living Units available to pay down the Series 2007C Bonds shall be not less than one hundred percent (100%) of the amount required to repay and retire in full the Series 2007C Bonds and to satisfy the L/C Obligations and other obligations owed to the Bank in full.

(m) Section 5.42(b) of the Existing Agreement is amended and restated in its entirety as follows:

"(b) The Account Party agrees that any fees or other sums payable pursuant to the Administrative Services Agreement, the Ground Lease and any other agreement between VUMH and the Account Party pursuant to which the Account Party is obligated to make any payments or remissions to VUMH shall be deferred until after the Series 2007C Bonds have been repaid and satisfied in full, the Letter of Credit has been returned to the Bank for cancellation, and all L/C Obligations and all other obligations owed by the Account Party to the Bank (including without limitation, the Amendment Fee) have been repaid and satisfied in full."

(n) Section 5.44 of the Existing Agreement is amended and restated in its entirety as follows:

"Section 5.44. Cumulative Net Cash Losses. The Cumulative Net Cash Losses of the Account Party shall not exceed for any quarterly period the following amounts for the following quarterly periods:

<u>Quarter Ending</u>	<u>Maximum Cumulative Net Cash Loss</u>
05/31/2011	(\$1,666,000)
08/31/2011	(\$3,082,000)
11/30/2011	(\$4,165,000)
02/28/2012	(\$5,000,000)
05/31/2012	(\$5,637,000)
08/31/2012	(\$6,127,000)

A breach of this covenant shall be an immediate Event of Default."

(o) Section 6.1 of the Existing Agreement is amended as follows:

(i) Section 6.1(a) (iv) is amended by adding Section 5.33 to the enumerated Sections set forth therein.

(ii) Section 6.1(b)(iv) is hereby added to Section 6.1:

"(iv) direct the Account Party to select and retain a Crisis Manager (a "CM") to perform such services as mutually agreed by the Bank and the Trustee (acting at the written direction of the beneficial holders of a majority in principal amount of Series 2007A Bonds then outstanding (the "Directing Fixed Rate Bondholders")). Within sixty (60) days of receipt of such direction, the Account Party shall select and retain a CM experienced in the management of continuing care facilities of a type and size similar to the Facilities; provided, however, that the Account Party shall not retain a CM that is disapproved by the Bank or the Trustee (acting at the written direction of the Directing

Fixed Rate Bondholders). The CM shall report directly to the Board of Directors of the Account Party. The Bank, the Trustee and each "Interested Bondholder" (as defined in the Loan Agreement) shall be permitted to meet with representatives of the CM upon reasonable written request, and the CM shall deliver copies of all reports, statements and other materials to the Bank, the Trustee and each Interested Bondholder concurrently with the delivery of same to the Board of Directors of the Account Party."

(p) The following Section 5.47 is added to the Existing Agreement:

"Section 5.47. Limitation On Additional Indebtedness. The Account Party shall not incur any Additional Indebtedness until the Letter of Credit has been returned to the Bank for cancellation and all L/C Obligations and all other obligations owed by the Account Party to the Bank (including without limitation, the Amendment Fee) have been repaid and satisfied in full, unless the proceeds of any such Additional Indebtedness are used to pay and satisfy in full all L/C Obligations and other obligations owed by the Account Party to the Bank."

Section 2. Representations and Warranties. The Account Party represents and warrants to the Bank the truth and correctness of each of the following matters:

(a) Each representation and warranty of the Account Party made in the Existing Agreement remains true and correct in all material respects as of the Effective Date, except to the extent that any such representations and warranties expressly relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date.

(b) All information submitted by or on behalf of the Account Party in connection with this Second Amendment and the matters contemplated herein is true, accurate and complete in all material respects as of the date made and contains no knowingly false, incomplete or misleading statements.

(c) No event or condition has occurred and is continuing that constitutes a Potential Default, an Event of Default or which causes or constitutes a Material Adverse Effect other than the Existing Events of Default.

(d) The making and performance of this Second Amendment by the Account Party will not: (i) violate the Account Party's organizational documents; (ii) violate any laws or result in a default under any contract, agreement or instrument to which the Account Party is a party or by which the Account Party or any of its assets are bound; or (iii) result in the creation or imposition of any security interest in, or lien or encumbrance upon, the assets of the Account Party.

(e) There are no actions, suits or proceedings pending against the Account Party, the adverse resolution of which would be likely to result in a Material Adverse Effect.

(f) The Account Party is current in its tax payment obligations to all applicable taxing authorities.

(g) The unaudited financial statements for the Account Party prepared and dated as of February 28, 2011, as previously provided to the Bank, are true, accurate and complete in all material respects as of the date indicated, and the Account Party has no knowledge of any occurrence or event that would cause or necessitate a material change to or restatement of these financial statements.

(h) The Account Party has not made any payments to VUMH for or on account of any of the Subordinate Obligations.

Section 3. Conditions Precedent. The effectiveness of the agreement of the Bank to the terms of this Second Agreement is contingent upon the satisfaction of each of the following conditions precedent (collectively, the "Conditions Precedent"):

(a) Approval by Bond Holders; Receipt of Amendments to Bond Documents. The Holders of an aggregate principal amount of the Bonds and Related Bonds then outstanding sufficient in amount under the Bond Documents to provide any required consents shall have consented to all necessary amendments to the Bond Documents. The Bank shall be in receipt of copies of all necessary fully executed amendments to the Bond Indenture, Loan Agreement and Master Indenture, in form and substance acceptable to the Bank.

(b) Payment of Fees and Expenses. The Account Party shall have reimbursed the Bank for all costs, fees and expenses (including any fees or costs associated with the preparation of an appraisal) in the preparation, negotiation and implementation of this Second Amendment and all related documentation.

(c) Receipt And Approval of Other Documents. The Bank shall have received and approved all other documents to be executed by the Account Party or by VUMH in connection with this Second Amendment, including, but not limited to, the executed Support Agreement and all of the executed amendments that are contemplated to be made to the Bond Indenture, the Master Indenture and the Loan Agreement.

(d) No Other Existing Defaults. Other than the Existing Defaults, there shall be no other continuing Events of Default or Potential Defaults and there shall be no continuing condition or event that could have a Material Adverse Effect.

(e) Bank Payments. The Account Party shall have paid, and the Bank shall have received all, payments due to the Bank in accordance with the Existing Agreement and the other Reimbursement Documents.

(f) Opinions. The Bank shall be in receipt of acceptable opinions from Bond Counsel, legal counsel for the Account Party, the Authority and the Trustee.

(g) Officer's Certificate. The Bank shall be in receipt of a certificate signed by an authorized officer of the Account Party stating that as of the Effective Date: (i) all of the representations and warranties of the Account Party set forth in Section 5 of this Second Amendment are true and correct, and (ii) no Events of Default (other than the Existing Events of Default) or Potential Defaults or conditions or events that could have a Material Adverse Effect have occurred and are continuing.

(h) Certified Copies of Resolutions. The Bank shall be in receipt of certified copies of the resolutions of the Board of Directors and other required governance bodies of the Account Party authorizing inter alia the execution, delivery and performance by the Account Party of this Second Amendment, and of the contemplated amendments to the Bond Documents.

Section 4. **RELEASE. IN ORDER TO INDUCE THE BANK TO ENTER INTO THIS SECOND AMENDMENT, THE ACCOUNT PARTY FOREVER RELEASES AND DISCHARGES THE BANK AND ITS PARTICIPANTS AND THE BANK'S AND PARTICIPANTS' OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS (COLLECTIVELY, THE "RELEASED PARTIES") FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, SUITS AND DAMAGES (INCLUDING CLAIMS FOR ATTORNEYS' FEES AND COSTS) WHICH THE ACCOUNT PARTY, EVER HAD OR MAY NOW HAVE AGAINST ANY OF THE RELEASED PARTIES FOR ANY MATTER, INCLUDING WITHOUT LIMITATION ANY CLAIMS ARISING OUT OF OR RELATED IN ANY WAY TO THE LETTER OF CREDIT, THE BONDS, THE EXISTING AGREEMENT, THE REIMBURSEMENT DOCUMENTS, THE COLLATERAL SECURING THE ACCOUNT PARTY'S OBLIGATIONS TO THE BANK, THIS SECOND AMENDMENT OR THE ADMINISTRATION OF ANY OF THE FOREGOING, WHETHER KNOWN OR UNKNOWN, INCLUDING BUT NOT LIMITED TO ANY AND ALL CLAIMS BASED UPON OR RELYING ON ANY ALLEGATIONS OR ASSERTIONS OF DURESS, ILLEGALITY, UNCONSCIONABILITY, BAD FAITH, BREACH OF CONTRACT, REGULATORY VIOLATIONS, NEGLIGENCE, MISCONDUCT, OR ANY OTHER TORT, CONTRACT OR REGULATORY CLAIM OF ANY KIND OR NATURE. THIS RELEASE IS INTENDED TO BE FINAL AND IRREVOCABLE AND IS NOT SUBJECT TO THE SATISFACTION OF ANY CONDITIONS OF ANY KIND.**

Section 5. Counterparts. This Second Amendment may be executed by the parties hereto individually, or in any combination of the parties hereto in several counterparts, all of which taken together shall constitute one and the same Second Amendment.

Section 6. Ratification and Acknowledgment; No Novation. All of the representations, warranties, provisions, covenants, terms and conditions of the Existing Agreement not amended herein shall remain unaltered and in full force and effect. The Existing Agreement, as amended hereby, is in all respects agreed to, ratified and confirmed by the Account Party. This Second Agreement is not intended to cause a novation of the Existing Agreement or of any of the other Reimbursement Documents.

Section 7. Reference to and Effect on the Existing Agreement. Upon the effectiveness of this Second Amendment, each reference in the Existing Agreement and in other documents describing or referencing the Existing Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import referring to the Existing Agreement, shall mean and be a reference to the Existing Agreement, as amended by this Second Amendment.

Section 8. Waiver Of Jury Trial. The Account Party and the Bank each agree that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by it or by any of its successors or assigns, on or with respect to this Second Amendment, the Letter of

Credit, the Bonds, or the Reimbursement Documents, or which in anyway relates, directly or indirectly, to its obligations to the other party to this Second Amendment, shall be tried by a court and not by a jury. **EACH OF THE PARTIES TO THIS SECOND AMENDMENT EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION, OR PROCEEDING.**

(Signatures Begin on Next Page)

Signature Page to Second Amendment to Letter of Credit Agreement:

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their duly authorized officers to be effective as of the Effective Date.

VIRGINIA UNITED METHODIST HOMES OF
WILLIAMSBURG, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(Signatures Continue on Next Page)

Signature Page to Second Amendment to Letter of Credit Agreement (continued):

BANK OF AMERICA, N.A.

By: _____

Name: _____

Title: _____

The Consent Agent for the Consent Solicitation is:

The Bank of New York Mellon

<i>By Registered or Certified Mail:</i>	<i>Facsimile Transmissions:</i>	<i>By Hand or Overnight Delivery:</i>
Bank of New York Mellon Corporation Corporate Trust Operations Reorganization Unit 480 Washington Blvd., 27 Floor Jersey City, New Jersey 07310 Attention: David Mauer	(212) 298-1915 <i>To Confirm by Telephone or for Information Call:</i> (212) 815-3687	Bank of New York Mellon Corporation Corporation Trust Operations Reorganization Unit 480 Washington Blvd., 27 Floor Jersey City, New Jersey 07310 Attention: David Mauer

Requests for assistance in filling out and delivering Consents and requests for additional copies of this Consent Solicitation Statement or the Consent Letter may be directed to the Company at Virginia United Methodist Homes of Williamsburg, 7113 Three Chopt Road, Richmond, Virginia 23226-3643, Attention: Kevin L. Salminen, Controller, ksalminen@vumh.org. You may also contact your broker, dealer, commercial bank or trust company or nominee for assistance concerning the Consent Solicitation.