
MANAGEMENT FEE SUBORDINATION AGREEMENT

Among

**STI INSTITUTIONAL & GOVERNMENT, INC.,
as Lender**

**WESTMINSTER PRESBYTERIAN HOMES, INC.,
as Corporation**

and

**PRESBYTERIAN HOMES OF GEORGIA, INC.,
as Creditor**

Dated as of December 1, 2018

**OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
REVENUE BOND
(PRESBYTERIAN VILLAGE ATHENS PROJECT)
BANK BOUGHT ENTRANCE FEE SERIES 2018A-5**

MANAGEMENT FEE SUBORDINATION AGREEMENT

THIS MANAGEMENT FEE SUBORDINATION AGREEMENT (this “Agreement”) is made as of December 1, 2018, by and among STI INSTITUTIONAL & GOVERNMENT, INC. (the “Lender”), WESTMINSTER PRESBYTERIAN HOMES, INC. (the “Corporation”), and PRESBYTERIAN HOMES OF GEORGIA, INC. (the “Creditor”).

RECITALS

Oconee County Industrial Development Authority (the “Authority”) has determined to issue its Revenue Bond (Presbyterian Village Athens Project), Bank Bought Entrance Fee Series 2018A-5, in an aggregate amount not to exceed \$35,000,000 (and bonds issued in exchange therefor, the “Bonds”), and to sell the Bonds to the Lender and to lend the proceeds thereof to the Corporation upon the terms and conditions of the Loan Agreement dated as of December 1, 2018 (as amended from time to time, the “Loan Agreement”), by and among the Authority and the Corporation, for the purpose of financing a continuing care retirement community owned by the Corporation and known as “Presbyterian Village Athens” (the “Facility”). In connection with the purchase of the Bonds, the Corporation and the Lender have entered into the Continuing Covenant Agreement, dated as of December 1, 2018 (as amended from time to time, the “Covenants Agreement”).

The Corporation and the Creditor have entered into the Management Agreement (as defined herein), and the Creditor is a creditor of the Corporation and desires that the Authority issue the Bonds, sell the Bonds to the Lender and lend the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement, which will directly benefit the Creditor. In order to induce the Lender to purchase the Bonds, the Lender, the Corporation and the Creditor have agreed to enter into this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the adequacy and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. General Definitions. As used in this Agreement, the terms defined in the Preamble and Recitals hereto shall have the respective meanings specified therein, and the following terms shall have the following meanings:

“Bond Documents” shall have the same meaning as assigned to such term under the provisions of the Covenants Agreement.

“Closing Documents” shall have the same meaning as assigned to such term under the provisions of the Covenants Agreement.

“Distribution Proceeding” means and includes any distribution of all or substantially all of the assets of the Corporation or any liquidation, dissolution, winding up or reorganization of the Corporation or its business whether by judicial or court proceedings or otherwise, including, without limitation, any sale, receivership, insolvency, arrangement, reorganization, bankruptcy, assignment for the benefit of creditors, marshalling of assets and liabilities or other proceedings by or against the Corporation under any federal or state bankruptcy, reorganization, insolvency or other law or laws relating to the relief of debtors, readjustment of indebtedness, reorganization or composition.

“Event of Default” shall have the same meaning as assigned to such term under the provisions of the Loan Agreement and the Covenants Agreement.

“Management Agreement” means the Management Agreement, dated as of December 1, 2018, by and between the Corporation and the Creditor, as the same may at any time and from time to time be further amended, restated, supplemented or otherwise modified.

“Obligations” shall have the same meaning as assigned to such term under the provisions of the Covenants Agreement.

“Person” or “person” shall mean and include a natural person, a company, a corporation, a partnership, a joint venture, a trust, an unincorporated organization or association or a government or any department or agency thereof.

“Subordinated Obligations” means collectively and includes all present and future indebtedness, liabilities and obligations of the Corporation to the Creditor of any kind and nature whatsoever both now existing and hereafter arising, including, without limitation, all such indebtedness, liabilities and obligations which are management or other fees, attorneys’ fees and expenses, matured or unmatured, absolute or contingent, joint or several or due or not due or which arise under or as a result of the Management Agreement or any other management contract, consulting contract, operating contract or any other now or hereafter existing instrument, agreement or document between the Creditor and the Corporation; provided that “Subordinated Obligations” does not include actual out-of-pocket expenses paid by the Creditor to third parties and for which the Corporation reimburses the Creditor in the ordinary course of business.

SECTION 1.2. Other Definitional Provisions. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are references to sections or subsections of, or schedules or exhibits to, as the case may be, this Agreement unless otherwise specified. As used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require.

ARTICLE II

SUBORDINATION

SECTION 2.1. Subordination of Subordinated Obligations. The Creditor hereby subordinates the payment of the Subordinated Obligations (including, without limitation, all fees due or to become due to the Creditor under the Management Agreement) to the prior payment in full of the Obligations and agrees that all of the right, title and interest of the Creditor in and to the payment of the Subordinated Obligations shall at all times be subject and subordinate to the right, title and interest of the Lender in and to the payment of the Obligations under the Loan Agreement, the Covenants Agreement or the other Bond Documents or Closing Documents or otherwise.

SECTION 2.2. Payments on Subordinated Obligations, Etc. The Creditor will not take, demand or receive, and the Corporation will not make, give or permit, directly or indirectly, by set-off, redemption, purchase or otherwise, any payment or prepayment on all or any part of the Subordinated Obligations until and unless the Obligations have been paid in full and received by the Lender, as applicable, in cash, including, without limitation, any interest at the applicable contract rates accruing after the institution of any Distribution Proceeding, whether or not allowed as a claim in any such proceeding, and all obligations of the Lender to extend credit to the Corporation have terminated; provided, that the Corporation may pay, and the Creditor may receive and accept, fees due under the Management Agreement and any payment to be applied against such fees so long as (i) such fees and payments are for services actually performed prior to payment, (ii) immediately prior to and after giving effect to any such payment no Event of Default shall have occurred and be continuing, and (iii) any payment of such fees or payment is made only if all regularly scheduled payments of the principal of, and interest on, the Bonds have been paid at such time by the Corporation in accordance with the provisions of the Loan Agreement and the other Bond Documents.

In the event that any payment of the Subordinated Obligations by the Corporation of any kind or character, whether in cash, property or securities, and whether directly, by exercise of any right of set-off or otherwise, shall be received by the Creditor, which payment is not permitted by this Section, such payment will be received by the Creditor solely as agent for the Lender, and the Creditor will immediately turn the same over to the Lender for application to the Obligations in the form received except for the endorsement of the Creditor where appropriate which endorsement the Creditor agrees to make. Until so turned over, the Creditor shall hold such payment in trust for the Lender. If the Creditor fails to so endorse any such payment where necessary or appropriate, the Creditor hereby irrevocably constitutes and appoints the Lender as attorney-in-fact for the Creditor with full power to make any such endorsement, and with full power of substitution.

SECTION 2.3. Distribution Proceeding. Upon any Distribution Proceeding by or against the Corporation, any payment or distribution of any kind or character, whether in cash, property or securities which, but for the provisions of this Agreement, would be payable or deliverable to the Creditor upon or in respect of the Subordinated Obligations, shall be paid or delivered by the Creditor or person making such payment or distribution (whether a trustee in bankruptcy, debtor in possession, a receiver, custodian, liquidating trustee or otherwise) directly to the Lender for

application by the Lender as a payment or prepayment on account of the Obligations, and the Creditor shall not receive any such payment or distribution or any benefit therefrom unless and until the Obligations have been fully paid and satisfied and all obligations of the Lender to extend credit to the Corporation have terminated. In the event that, notwithstanding the foregoing, any payment by, or distribution of the assets of, the Corporation of any kind or character, whether in cash, property or securities, and whether directly, by exercise of any right of set-off or otherwise, shall be received by the Creditor before all of the Obligations have been paid in full and all obligations of the Lender to extend credit to the Corporation have terminated, such payment or distribution will be received by the Creditor solely as agent for the Lender, and the Creditor will immediately turn the same over to the Lender for application to the Obligations in the form received except for the endorsement of the Creditor where appropriate which endorsement the Creditor agrees to make. Until so turned over, the Creditor shall hold such payment or distribution in trust for the Lender. If the Creditor fails to so endorse any such payment or distribution where necessary or appropriate, the Creditor hereby irrevocably constitutes and appoints the Lender as attorney-in-fact for the Creditor with full power to make any such endorsement, and with full power of substitution.

SECTION 2.4. Enforcement. The Creditor irrevocably authorizes and empowers the Lender to demand, sue for, collect and receive any payment or distribution of any kind or character to which the Creditor may be entitled with respect to any Distribution Proceeding and give acquittance therefor, and to file claims and proofs of claims in any Distribution Proceeding, vote such claims and take such other actions in the Lender's name or in the Creditor's name or otherwise, as the Lender may deem necessary or advisable for the enforcement of the provisions of this Agreement. Upon any Distribution Proceeding, the Creditor hereby agrees to properly take such action as may be reasonably requested at any time and from time to time by the Lender to collect the Subordinated Obligations for the Lender's account (including, without limitation, to declare all of the Subordinated Obligations to be due and payable), to file appropriate proofs of claims in respect thereof, to file motions for relief from any applicable bankruptcy stays, and to execute and deliver such powers of attorney, assignments or other instruments as the Lender may request in order to enable the Lender to enforce any and all claims upon or in respect of the Subordinated Obligations and to collect and receive all payments or distributions which may be payable or deliverable at any time upon or in respect of the Subordinated Obligations, or, alternatively, to permit the Lender to take such actions in the Creditor's name. Any and all moneys so collected or received by the Lender shall be retained indefeasibly by the Lender for application to the Obligations (whether matured or unmatured); provided, that upon the indefeasible payment to the Lender of moneys collected or received on account of the Subordinated Obligations and on account of the Obligations in an aggregate amount in excess of the matured and unmatured Obligations, the Lender will pay over to the Creditor such excess, if any.

SECTION 2.5. Matters Concerning Subordinated Obligations. The Creditor represents and warrants to the Lender that the Subordinated Obligations are not represented or evidenced by any instruments or documents other than the Management Agreement. Until the Obligations have been paid in full and received in cash by the Lender and all obligations of the Lender to extend credit to the Corporation have terminated, the Creditor, without the prior written consent of the Lender, will not (a) accelerate the maturity of any of the Subordinated Obligations, (b) exercise any rights or remedies or take any action or proceeding to collect or enforce any of

the Subordinated Obligations, (c) join with any other creditors of the Corporation in filing any petition commencing any Distribution Proceeding against or in respect of the Corporation, (d) sell, assign, transfer or otherwise dispose of all or any part of the Subordinated Obligations, or (e) receive or accept any collateral and security of any nature whatsoever for the Subordinated Obligations.

SECTION 2.6. Term of Management Agreement; Amendments; Assignment. The Corporation and the Creditor agree that neither the Management Agreement, nor any other instrument or agreement evidencing, creating or executed and delivered in connection with all or any part of the Subordinated Obligations, without the consent of the Lender will be (a) permitted to expire (without renewal) or be terminated, or (b) modified or amended in any way that has a material adverse effect on the Corporation's operations or financial condition.

ARTICLE III

GENERAL PROVISIONS

SECTION 3.1. Representations and Warranties of Creditor. The Creditor represents and warrants to the Lender that (a) the Creditor is duly organized, validly existing and in good standing under the laws of the State of Georgia and has all requisite power and authority to own its property and carry on its business as now conducted, (b) this Agreement has been duly authorized by all necessary action on the part of the Creditor and has been duly executed and delivered by an authorized officer of the Creditor, (c) assuming proper execution and delivery by the other parties hereto, this Agreement constitutes the valid and binding obligation of the Creditor enforceable in accordance with its terms, subject as to enforcement, to applicable bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights generally, and to the availability of the remedy of specific performance, being a matter of judicial discretion, (d) neither the execution and delivery of this Agreement by the Creditor, the consummation of the transactions herein contemplated, nor the compliance with the terms and provisions hereof by the Creditor will conflict with or result in the breach of any of the terms, conditions or provisions of the organizational documents of the Creditor or of any applicable law or regulation or of any agreement or instrument to which the Creditor is a party or by which it or its property is bound or constitute a default thereunder, and (e) the Subordinated Obligations are unsecured.

SECTION 3.2. Default under Covenants Agreement. The breach or the failure of the Creditor or the Corporation in the due observance or performance of any of the provisions of this Agreement shall constitute an Event of Default under this Agreement and an Event of Default under the provisions of the Covenants Agreement.

SECTION 3.3. Enforceability of the Provisions of this Agreement and Waivers. All rights and interests of the Lender hereunder, and all agreements and obligations of the Creditor or the Corporation under this Agreement shall remain in full force and effect and shall in no way be affected, limited, modified or released by the Corporation, and may be enforced by the Lender until the Obligations shall have been paid and performed in full, irrespective of (i) any act or failure to act on the part of the Creditor or the Corporation or any noncompliance by the Creditor or the Corporation with the provisions of this Agreement, (ii) any lack of validity or

enforceability of any of the Bond Documents or Closing Documents, (iii) any attempt, pursuit, enforcement or exhaustion of any rights and remedies the Lender may at any time have to collect the Obligations from the Corporation or any other maker, guarantor, endorser, surety or other person directly or contingently liable therefor or from any collateral and security for the Obligations, (iv) any release or non-perfection of any collateral and security for any or all of the Obligations, or (v) any other circumstance which might otherwise constitute a defense available to, or discharge of, the Corporation in respect of the Obligations or of the Corporation or the Creditor in respect of this Agreement other than payment in full of the Obligations.

(a) Without notice to, or consent of, the Creditor, and without in any way affecting, limiting, modifying, discharging or releasing the right of the Lender to enforce this Agreement or the liabilities and obligations of the parties hereto, the Lender, as applicable, may, in their sole discretion, at any time and from time to time (i) extend, renew, accelerate, modify, amend, restate, change, increase, decrease, substitute, subordinate, exchange, sell, assign, compromise, settle, waive, terminate, release, discharge, grant indulgences with respect to, or otherwise deal with in any manner satisfactory to the Lender, as applicable, all or any part of the Obligations, any collateral and security therefor, the Corporation or any other maker, guarantor, endorser, surety or other person directly or contingently liable or obligated for all or any part of the Obligations or any of the provisions of any of the Bond Documents or Closing Documents, (ii) fail, omit, lack diligence or delay to perfect, maintain, enforce, assert or exercise any lien, encumbrance, right or remedy conferred on the Lender, as applicable, under the provisions of any of the Bond Documents or Closing Documents or applicable laws or otherwise, or (iii) take or omit to take any other action, whether similar or dissimilar to the foregoing, which may or might in any manner or to any extent constitute a defense available to, or discharge of, the Corporation in respect of the Obligations or of the Corporation or the Creditor in respect of this Agreement.

(b) The Creditor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. Course of Dealing; Amendment. No course of dealing between the the Lender, the Creditor or the Corporation shall be effective to amend, modify or change any provision of this Agreement. The Lender shall have the right at all times to enforce the provisions of this Agreement in strict accordance with the provisions hereof, notwithstanding any conduct or custom on the part of the Lender in refraining from so doing at any time or times. The failure of the Lender at any time or times to enforce their respective rights under the provisions hereof, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of this Agreement or as having in any way or manner modified or waived the same. This Agreement may not be amended, modified, or changed in any respect except by an agreement in writing signed by the Lender, the Corporation and the Creditor.

SECTION 4.2. Waiver of Default. The Lender may, at any time and from time to time, execute and deliver to the Corporation a written instrument waiving, on such terms and conditions as the Lender may specify in such written instrument, any of the requirements of this Agreement provided, that any such waiver shall be for such period and subject to such conditions as shall be specified in any such instrument. Each such waiver shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.3. Notices. All notices to the parties to this Agreement which are required to be in writing by the provisions hereof shall be deemed to have been given or made when delivered by hand, or three (3) days after deposited in the mail, postage prepaid by registered or certified mail, return receipt requested, or, in the case of notice by telex, facsimile transmission or other telegraphic communications equipment, when properly transmitted, addressed as follows or to such other address as may be hereafter designated in writing by one party to the others:

Creditor:	Presbyterian Homes of Georgia, Inc. 301 East Screven Street Quitman, Georgia 31643 Attention: Chief Financial Officer Telephone: (229) 263-6193 Telecopier: (229) 263-6199
Corporation:	Westminster Presbyterian Homes, Inc. c/o Presbyterian Homes of Georgia, Inc. 301 East Screven Street Quitman, Georgia 31643 Attention: Chief Financial Officer Telephone: (229) 263-6193 Telecopier: (229) 263-6195
Lender:	STI Institutional & Government, Inc. 1155 Peachtree St. 8th Floor Atlanta, GA 30309 Attention: Randall Loggins Telephone: (404) 813-0400 E-Mail: randall.loggins@suntrust.com

SECTION 4.4. Reliance. The Creditor acknowledges by its execution hereof that the Bonds would not have been issued if this Agreement was not executed and delivered by the Creditor.

SECTION 4.5. Waiver of Trial by Jury. The Corporation, the Creditor, the Lender and the Lender hereby voluntarily and intentionally waive any rights they may have to trial by jury in any action or proceeding to which the Corporation, the Creditor or the Lender may be parties, arising out of, under or in any way pertaining to this Agreement or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Creditor, the Corporation or

the Lender. This waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Agreement.

SECTION 4.6. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable laws, but if any provision contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein shall remain effective and binding on the parties hereto and shall not be affected or impaired thereby.

SECTION 4.7. Assignment. The Lender may, without notice to, or consent of, the Corporation or the Creditor, sell, assign or transfer to any Person or Persons all or any part of the Obligations, and each such Person or Persons shall have the right to enforce the provisions of this Agreement as fully as the Lender, provided that the Lender shall continue to have the unimpaired right to enforce the provisions of this Agreement as to so much of the Obligations that it has not sold, assigned or transferred. In connection with any such assignment, the Lender may divulge to any assignee or potential assignee the provisions of this Agreement and all information, reports, financial statements and documents executed or obtained in connection with this Agreement. The Creditor and the Corporation will fully cooperate with the Lender in connection with any such assignment and will execute and deliver such consents and acceptances to any such assignment and amendments to this Agreement in order to effect any such assignment; provided, however, the Corporation will be required to deliver any information required by the Bond Documents or Closing Documents only to the Lender.

SECTION 4.8. Continuing Agreement. This Agreement shall be a continuing one and shall be binding upon the parties hereto regardless of how long before or after the date hereof any of the Obligations were or are incurred. This Agreement shall continually exist in full force and effect until all of the Obligations have been indefeasibly paid in full and no commitments therefor are outstanding. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon, under or as a result of any Distribution Proceeding by or against the Corporation or otherwise, all as though such payment had not been made.

SECTION 4.9. Binding Effect. This Agreement shall be binding upon the Corporation and the Creditor and their respective successors, assigns, heirs, personal representatives, executors, administrators and estate and shall inure to the benefit of the Lender and their respective successors and assigns.

SECTION 4.10. Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Georgia, both in interpretation and performance.

SECTION 4.11. Duplicate Originals and Counterparts. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or

counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument.


SECTION 4.12. Exhibits and Schedules. Any exhibits and schedules attached to this Agreement are an integral part hereof and are hereby incorporated herein and included in the term “this Agreement”.

SECTION 4.13. Headings. Article and Section headings in this Agreement are included herein for convenience of reference only, shall not constitute a part of this Agreement for any other purpose and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement under such party's seal as of the day and year first written above.

STI INSTITUTIONAL & GOVERNMENT, INC.

By: 
Randall Loggins
Senior Vice President

**WESTMINSTER PRESBYTERIAN HOMES,
INC.**

By: _____

PRESBYTERIAN HOMES OF GEORGIA, INC.

By: _____

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement under such party's seal as of the day and year first written above.

STI INSTITUTIONAL & GOVERNMENT, INC.

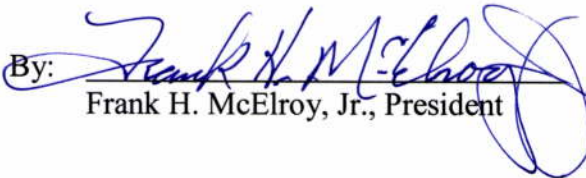
By: _____

WESTMINSTER PRESBYTERIAN HOMES,
INC.

By: 

Alex Patterson, Vice President

PRESBYTERIAN HOMES OF GEORGIA, INC.

By: 

Frank H. McElroy, Jr., President