

**IN THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

**SENTINEL TRUST RECEIVER'S MOTION FOR APPROVAL OF SALE OF
NICEVILLE, FLORIDA FACILITY AND TO CERTIFY ORDER APPROVING SALE
AS FINAL PURSUANT TO RULE 54.02 TENN.R.CIV.P.**

I. INTRODUCTION

Through this Motion, the Sentinel Trust Receiver seeks approval of the Court concerning the sale of the collateral that exists in relation to a defaulted bond issue -- City of Niceville, Florida Industrial Development Refunding Revenue Bonds (Okaloosa Health Care, Ltd. Facility) Series 1992 (hereafter "Niceville Bond Issue"). The collateral being sold consists of the building located in Niceville, Florida that once was a nursing home facility.

II. CONTRACT FOR PURCHASE

Attached as **Exhibit A** is a copy of the Real Estate Purchase Agreement as executed by the seller (Okaloosa Health Care, Ltd.), the lien holder (Sentinel Trust by its Receiver, Receivership Management, Inc.) and the purchaser (McDorman Holdings, LLC). The purchase price is \$2.0 million, payable to the Sentinel Trust Receiver at closing. **Exhibit A** has been fully executed and what is needed now is review and approval of the Court, said approval being an express contingency of the contract. See Exhibit A at § 15.C.

III. HISTORY OF NICEVILLE BOND ISSUE
DEFAULT / EFFORTS TO SELL COLLATERAL

The Niceville Bond Issue was issued in 1992. Through a series of mergers and assignments, Sentinel Trust became the indenture trustee to the bond issue in or around January 2004.

At the time of the institution of the Sentinel Trust Receivership, (i.e., May 18, 2004), the Niceville Bond Issue was not in default. During the months following, while the trends of revenues of the Niceville nursing home and the expectations of meeting debt obligations were becoming questionable, the facility was still open and doing business under a management contract with an entity known as Emerald Pointe, Inc., and, to that point, was meeting the obligations under the bond issue. In the mid-October 2004 timeframe, the Sentinel Trust Receiver was informed that the management company, Emerald Pointe, was in the process of immediate relocation of the nursing home residents and would be vacating the facility within a matter of days. The Sentinel Trust Receiver requested consideration of a more orderly exit by Emerald Pointe so as to maintain the facility as an ongoing concern, but Emerald Pointe felt within its rights to proceed with the immediate exit from the property and relocation of the patients. With the exit of Emerald Pointe, two matters occurred -- 1) the Niceville Bond Issue fell into default and 2) the CON that had allowed the facility to operate as a nursing home became inactive.

Upon the Niceville Bond Issue falling into default, the Sentinel Trust Receiver took actions to secure and protect the building as collateral for the bondholders' interests. Since the late 2004 timeframe to the present, the Sentinel Trust Receiver has paid tens of thousands of dollars relating to the security, upkeep and maintenance of the facility. Protective services, insurance, taxes, utilities, mold prevention measures, roof repair and hurricane damage repair

(which fell below the insurance deductible) have all added up (and continue to add up) as tremendous expense items advanced by the Sentinel Trust Receivership estate.

Since the late 2004 timeframe to recently, the Sentinel Trust Receiver has spent significant time and energy, as well as money, on efforts to sell the collateral assets of the Niceville Bond Issue. These efforts initially included marketing efforts within the nursing home industry, both locally in the Florida Panhandle area and regionally throughout the southeastern United States. The problem encountered by the Sentinel Trust Receiver was that the interest of potential purchasers waned significantly when it was disclosed that the CON for the facility was inactive. All entities who expressed some degree of initial interest did not call back or follow up when it was understood that the CON had lapsed or had otherwise become inactive. This situation was, and continues to be, confounded by a moratorium established by the State of Florida upon the issuing of new CON's. The Sentinel Trust Receiver was informed that the State of Florida would not likely reactivate the CON unless the Receiver could present to the Florida officials a reputable purchaser committed, in writing, to a contract to purchase and operate a nursing home business at the Niceville facility -- and, even then, the chances of reissuing or reactivating the CON would be problematic because of the moratorium established by the State of Florida. The Sentinel Trust Receiver, despite good faith efforts, could not locate or interest anyone to commit to such without assurances that the CON would be reactivated -- an assurance that the Sentinel Trust Receiver could not give.

For much of the first half of 2005, the Sentinel Trust Receiver was continuing to try to sell the facility while, at the same time, having to pay large expenses in relation to the maintenance of the facility. Based on information available to the Sentinel Trust Receiver, the highest value use of the facility was that of a nursing home. Therefore, considerations of selling

the building separate from a sale of the inactive CON was not pursued because of the desire to maximize the amount obtained for the bondholders from the collateral. Regrettably, a point in time came in the summer of 2005 when it appeared fairly clear to the Sentinel Trust Receiver that it was unlikely that anyone would purchase the facility and operate a nursing home there.

On August 9, 2005, the Sentinel Trust Receiver filed a complaint for foreclosure in the Circuit Court of Okaloosa County, Florida seeking to foreclose and sell the Niceville facility at auction (Receivership Management, Inc., as Receiver of Sentinel Trust Company v. Okaloosa Health Care, Ltd., et al #2005-CA-3248-5-GRB) (hereinafter "Florida state court foreclosure action"). Initial efforts to serve the complaint for foreclosure were unsuccessful but were ultimately accomplished several months later through publication. After service had been effected through publication, and in preparation toward a default judgment/summary judgment proceeding to be followed by a foreclosure auction, the Sentinel Trust Receiver sought pre-foreclosure bids on the property from individuals and companies in the local Niceville, Florida area. That process resulted in interest from various potential purchasers, including McDorman Holdings, LLC, whose purchase offer is being sought approval of through this Motion. If the Real Estate Purchase Agreement attached as **Exhibit A** is approved, the Receiver intends to withdraw the pending complaint for foreclosure and proceed with the sale to McDorman Holdings, LLC.¹

IV. APPRAISAL ON COLLATERAL

The real estate and building at the Niceville location has appraised for \$2.0 million, which, therefore, supports approval of the pending real estate transaction which has a purchase

¹ At the time that the Sentinel Trust Receiver was preparing for the filing of a default/summary judgment in the Florida state court foreclosure action, the defendant in that action was located. Location of that defendant -- the nominal owner of the Niceville facility -- has now allowed a straightforward sale as opposed to a sale through foreclosure and auction.

price of \$2.0 million. Attached as **Exhibit B** is the appraisal summary of a January 18, 2006 appraisal of the property.²

V. ARGUMENT FOR APPROVAL

a) Authority to Approve Sale

This Court, pursuant to T.C.A. § 45-2-1501, et seq., exercises supervisory powers over this receivership. In addition, this Court has the inherent power to exercise control over and rule upon the matters presented to it. The Sentinel Trust Receiver asserts that the action of selling the Niceville facility falls under T.C.A. § 45-2-1504(a)(1) and/or § 45-2-1504(a)(2) and is part of the liquidation of the matters regarding Sentinel Trust. Thus, under those statutory sections and under the inherent authority of the Court, approval of the Court is sought.

Accordingly, whether under the statutory provisions cited above, or pursuant to the inherent ability of the Court to address matters presented to it in cases pending before it, this Court can approve the sale of the Niceville facility. Moreover, because this Court's approval is a contingency that must occur prior to the transactions closing, respectfully, the Court must consider and rule on the instant Motion.

b) Argument for Approval

The proposed sale of the Niceville facility -- as set forth in **Exhibit A** -- is a sale at the appraised value of the facility. Moreover, this default occurred more than one and one-half years ago, and the bondholders are due whatever payout can be made to them as soon as practicable. This sale of the real estate collateral, at full appraisal value, would accomplish that end. The Sentinel Trust Receiver has presented the Real Estate Purchase Agreement attached as **Exhibit A** to the acting Commissioner-in-Possession, and he concurs in the recommendation that the Court

² At the hearing on April 12, 2006, undersigned counsel will have the full appraisal report (which is some 128 pages in length) for the Court to review, if necessary.

approve the sale of the Niceville facility pursuant to that purchase agreement. Accordingly, the Sentinel Trust Receiver requests that the Court approve the sale of the Niceville facility according to the terms set forth in **Exhibit A** hereto.

VI. EVENTS SUBSEQUENT TO THIS COURT'S APPROVAL

If this Court approves the pending sale, renders the order final and the pending sale closes, then the Sentinel Trust Receiver will soon be moving the Court for permission to distribute the proceeds received from the sale of the defaulted bond collateral.³ Because the Niceville Bond Issue fell into default after the institution of the Sentinel Trust Receivership, no amounts from the Pooled Fiduciary Account were used to fund the efforts relating to the defaulted bond and, thus, none of the proceeds from the sales of the defaulted bond collateral would be paid to the Pooled Fiduciary Account. Rather, all of the proceeds from the sale of the collateral (and any other collateral sold at a later date) would be used, upon approval of the Court, to pay the fees and expenses incurred by the Sentinel Trust Receiver and to distribute the remainder pro rata to the Niceville Bond Issue bondholders. Based upon information available to the Sentinel Trust Receiver, it is believed, in good faith, that the sale of the Niceville facility set forth herein would result in an approximate 50¢-60¢/\$1.00 payment to the Niceville Bond Issue bondholders.

VII. NOTICE OF MOTION TO NICEVILLE BOND ISSUE BONDHOLDERS

A copy of this Motion, including the notation of when and where the Motion is set for hearing, will be mailed via First Class Mail to all current Niceville Bond Issue bondholders, as reflected in the books and records of Sentinel Trust.

³ There are some additional potential assets that the Sentinel Trust Receiver is working toward determining the feasibility of selling. The amounts expected from gaining and/or selling those collateral items are not material in comparison to the \$2.0 million amount at issue in the real estate purchase. The Sentinel Trust Receiver will make a subsequent motion or amend this motion if matters solidify concerning the sale of those other collateral items.

VIII. REQUEST FOR RULE 54.02 CERTIFICATION OF FINAL ORDER

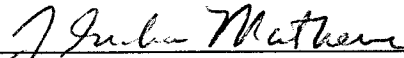
In order to lend certainty to the sale transaction set forth herein, finality is needed. In order, however, to render approval of the sale of the Niceville Bond Issue collateral as final and non-appealable, a Rule 54.02 Tenn.R.Civ.P. certification by this Court is needed. Moreover, the Sentinel Trust Receiver's request for a Rule 54.02 certification is not merely a superfluous procedural request. Rather, the Sentinel Trust Receiver has been informed that in order to gain a clean title insurance policy for the sale of the Niceville facility, which will be a requirement of closing, the needed approval order should be final -- which, of course, makes sense because no title company would likely issue such a policy if the specter of a meritorious appeal remained.

To that end, the Sentinel Trust Receiver requests that, if the Court enters an order approving the sale of the Niceville Bond Issue collateral based on the terms set forth in **Exhibit A** hereto, then the Court is also requested to make the express determination that there is no just reason to delay that order from becoming final and to further expressly direct the Clerk & Master to enter the order as a final order. Rule 54.02 Tenn.R.Civ.P.

IX. CONCLUSION

For the reasons stated herein, the Sentinel Trust Receiver requests that the Court grant this Motion and enter an order consistent with the relief requested herein.

Respectfully submitted,



J. Graham Matherne, BPR #11294
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(615) 244-0020

*Counsel for Receivership Management, Inc.,
Receiver of Sentinel Trust Company*

**THIS MOTION IS SET TO BE HEARD ON THE 12TH DAY OF APRIL, 2006 AT
1:00 P.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE**

However, pursuant to Previous Order of Court (entered September 9, 2005), if no written objections are filed and served by April 5, 2006, movants are relieved from being present in Hohenwald, Lewis County, Tennessee for the hearing of this Motion, and the Motion will be granted, absent timely-filed written objections, absent concern of the Court or absent material oral objections made on April 12, 2006.

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VIII. REQUEST FOR RULE 54.02 CERTIFICATION OF FINAL ORDER

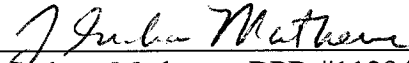
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IX. CONCLUSION

For the reasons stated herein, the Sentinel Trust Receiver requests that the Court grant this Motion and enter an order consistent with the relief requested herein.

Respectfully submitted,



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*Counsel for Receivership Management, Inc.,
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CERTIFICATE OF SERVICE

This is to certify that on March 24th, 2006 a copy of the foregoing Motion has been sent by First Class U.S. Mail, postage paid, and also by facsimile as noted, to:

Janet M. Kleinfelter
Attorney General's Office
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243

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Attorney at Law
95 White Bridge Road
Suite 509, Cavalier Building
Nashville, TN 37205-1427
also via fax (615-356-8138)

Donald Schwendimann
12 East Fourth Avenue
P.O. Box 366
Hohenwald, TN 38462
also via fax (931-796-5692)

Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

David D. Peluso
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Hohenwald, TN 38462-0250

James S. Hereford, Jr.
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P.O. Box 802
Fayetteville, TN 37334-0802

William B. Hubbard
Weed, Hubbard, Berry & Doughty
SunTrust Bank Bldg., Suite 1420
201 Fourth Avenue North
Nashville, TN 37219

Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114

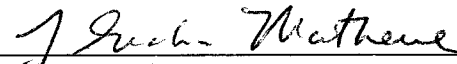
James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

James R. Fulmer
Fairview at Redstone Village
12000 Turnmeyer Drive
Huntsville, AL 35803

Lance Clouse
Chesser & Barr, P.A.
1201 Eglin Parkway (Shalimar)
Fort Walton Beach, FL 32579

Darren K. McDorman
c/o McDorman Holding LLC
4566 Highway 20 East, #204
Niceville, FL 32578

All Current Bondholders, according to the books and records of Sentinel Trust Company, of the Niceville Bond Issue, via First Class Mail, postage prepaid.



J. Graham Matherne

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT, hereinafter "Agreement" made this 9 day of ~~March~~, 2006, by and among OKALOOSA HEALTH CARE, LTD., hereinafter referred to as "Seller", SENTINEL TRUST COMPANY, by its receiver, RECEIVERSHIP MANAGEMENT, INC., hereinafter collectively referred to as "Lienholder", and MCDORMAN HOLDINGS LLC., hereinafter referred to as "Buyer". The Lienholder is in possession and control of real property owned by Seller, hereinafter referred to as "Property", consisting of a parcel of land located in Niceville, County of Okaloosa, State of Florida, and more particularly described as follows:

Lots 7, 8, 9, 10, 11 & 19, Block 3, Niceville Heights Addition to Valparaiso, as recorded in Plat Book 1, Page 102, Official Records of Okaloosa County, Florida.

Subject to restrictions and easements of record.

WHEREAS, Lienholder is the secured party possessing two mortgages on the Property owned by Seller.

WHEREAS, Seller is in default of both mortgages held by Lienholder.

WHEREAS, in lieu of foreclosure, Seller and Lienholder have reached an agreement in which Seller will convey the Property to Buyer as directed by Lienholder with proceeds from that sale being paid to Lienholder.

WHEREAS, the Seller desires to convey the Property and Buyer desires to acquire the Property, upon the terms and conditions hereinafter stated.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. PURCHASE PRICE.

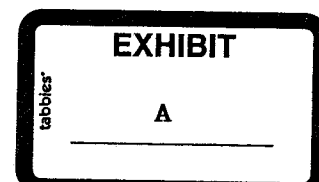
Subject to the contingencies provided in **Paragraph 15** herein, Buyer agrees to pay to Lienholder, and Lienholder agrees to accept, for the purchase of Lienholder's and Seller's interests in and to the Property, the sum of **\$2,000,000.00**, hereinafter referred to as "**Purchase Price**". On or before closing, the Seller will execute all proper instruments for the conveyance of such title and deliver said instruments to Closing Agent. Upon payment of the Purchase Price to Lienholder, Closing Agent will deliver said instruments for the conveyance of title to the Buyer. The parties acknowledge that delivery of the deed for all purposes does not occur unless and until Lienholder has authorized Closing Agent to release said deed.

2. EARNEST MONEY DEPOSIT.

Buyer will pay an Earnest Money Deposit of **\$25,000.00** to be held by the Closing Agent, which will be held in escrow by the Closing Agent until closing; thereafter the escrow funds will be released to Lienholder and credited to Buyer towards the Purchase Price, unless as otherwise provided in this Agreement.

3. TITLE AND PERMITTED EXCEPTIONS.

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE PROPERTY IS BEING SOLD ON AN AS-IS BASIS, AND BUYER ACKNOWLEDGES THAT BUYER HAS INSPECTED



THE PROPERTY AND ALL SUPPORTING DOCUMENTATION AND IS AWARE OF ANY AND ALL CONDITIONS PRESENT AT THE PROPERTY, WHETHER LATENT OR PATENT, AND SHALL HOLD LIENHOLDER HARMLESS THEREFOR. The Property is sold and is to be conveyed free and clear of all liens, subject only to existing easements, reservations, limitations, covenants, conditions and restrictions of record and as may be imposed as a part of applicable zoning. Title to the Property shall be good, marketable and insurable by a reputable title insurance agent at standard rates on the ALTA title insurance form then in use in the county where the Property lies and subject to the following Permitted Exceptions:

- a.) Real estate taxes which may be a lien, but are not yet due and payable.
- b.) Rights of way and easements of record acquired by any utility company to maintain and operate lines, wires, cables, pipes, poles, conduits, and distribution boxes, in, over, above, and upon the Property which will not be violated by the use of the Property.
- c.) Zoning and all other restrictions, regulations, requirements, laws, ordinances, resolutions, and orders of all boards, bureaus, commissions, departments, and bodies of any municipal, county, state, or federal authority provided same are not violated by existing structures or the present use thereof.
- d.) State of facts shown on an accurate survey of the Property, provided the same does not render title unmarketable.

4. CLOSING.

Closing is to occur on or before **April 30, 2006** ("Closing Date"), or within a reasonable time after the satisfaction of the contingencies in Paragraph 15 herein, whichever is later, with all prorations effective on the date of closing. If the transaction cannot close on that day for any reason, it will be closed as close to that day as possible and will be prorated to the date of closing. In any event, closing will not occur prior to April 3, 2006, without consent of Buyer and Lienholder.

The closing will occur at the offices of CHESSER & BARR, P.A., hereinafter referred to as "Closing Agent", whose address is 1201 Eglin Parkway, Shalimar, Florida 32579. Title Insurance will be issued by **D. MICHAEL CHESSER, Attorney at Law**.

5. CLOSING COSTS.

The Buyer will pay the cost of owner's title insurance, recording of the warranty deed, and will pay documentary stamp taxes on the warranty deed up to the amount of the purchase price. Lienholder will pay documentary stamp taxes on the warranty deed for any such taxes due exceeding the purchase price, if any, in accordance with Florida law. Buyer agrees to pay all other closing costs related to the closing of the Property, including any costs associated with Buyer's financing. Taxes for the year of closing will be prorated between Lienholder and Buyer at closing. Buyer will pay to or reimburse Lienholder, as applicable, for the costs of the environmental Phase I assessment and appraisal, which will be in addition to the Purchase Price and shall be collected on or before closing.

6. DEFAULT BY BUYER.

Time is of the essence in this Contract. In the event Buyer fails to close as required in this Agreement, or promptly to perform any covenant or agreement contained herein, and all other contingencies and conditions of this Agreement have been met, Lienholder may exercise its right to sue for damages for Buyer's default. In the event of Buyer's default under the terms of this Agreement, the Earnest Money Deposit held in escrow at the execution of this Agreement will be forfeited and released to the Lienholder.

7. DEFAULT BY SELLER.

Time is of the essence in this Contract. In the event Seller fails to close as required in this Agreement, or promptly to perform any covenant or agreement contained herein, Buyer and/or Lienholder may exercise its respective right to sue for damages for Seller's default.

8. DEFAULT BY LIENHOLDER.

If, at no fault of the Buyer or Seller, the closing does not occur on or within a reasonable time after the projected closing date due to an act or omission by Lienholder, and all contingencies provided in this Agreement have been satisfied, the Lienholder will be considered in default.

9. ENVIRONMENTAL CONSIDERATIONS.

Buyer, Lienholder and Seller acknowledge that there are numerous environmental matters that must be investigated relative to the operation of any business, or the lease or ownership of any real estate. The Lienholder has provided Buyer with a current environmental Phase I assessment report, which Buyer hereby acknowledges receipt and acceptance of same, and Lienholder has disclosed to Buyer all other environmental conditions to the best of Lienholder's knowledge and belief. Buyer shall hold Lienholder harmless for any and all conditions of the Property prior to closing, including, but not limited to, conditions that were the subject of professional assessments provided to Buyer before closing.

10. DEFINITIONS.

The words "Buyer", "Lienholder", and "Seller" shall be construed to include the plural as well as the singular, and masculine shall include the neuter where the context so admits or requires.

11. NOTICE TO PARTIES.

Any notices required or permitted to be given under this Agreement shall be delivered by hand or mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed as follows:

Buyer:

**McDorman Holdings LLC
4566 Highway 20 East
#204
Niceville, FL 32578**

Seller:

**Okaloosa Health Care, Ltd.
c/o Chesser & Barr, P.A.
1201 Eglin Parkway
Shalimar, FL 32579**

Lienholder:

**Receivership Management, Inc.
c/o Chesser & Barr, P.A.
1201 Eglin Parkway
Shalimar, FL 32579**

12. ASSIGNABILITY.

Except as specifically provided herein, without first obtaining the prior written consent of the other party, no party to this Agreement shall mortgage, pledge, or encumber this Agreement, in whole or part, or assign any right to receive payments due or any claim for damages caused by any alleged breach of this Agreement. It is acknowledged and agreed that Buyer may elect to form a corporation or other business entity to take title to the Property. In such event, the new business entity shall become the Buyer under this Real Estate Purchase Agreement, and Buyer shall cause the business entity to ratify and adopt all of the terms and conditions of this Agreement. Except as specifically allowed herein, any purported mortgage, pledge, encumbrance, license, or concession by one party without prior written consent from the other parties, when required by this Agreement, shall be void and shall be an event of default under this Agreement.

13. CONTRACT NOT RECORDABLE.

Neither this Agreement nor any notice thereof shall be recorded in any public records.

14. LITIGATION EXPENSE.

In the event this Agreement is enforced through litigation by any party against any other party, the prevailing party may recover attorney fees and costs incurred, including any appeal.

15. CONTINGENCIES.

In the event that, after due diligence and good faith, any of the following contingencies are not met by the Closing Date or within 30 days thereafter, Lienholder may, in Lienholder's sole discretion, choose to terminate this Agreement and return to Buyer a full refund of Buyer's earnest money deposit, proceed with a foreclosure action against Seller subject to the terms and conditions of the Pre-Bidding Procedure agreement between Buyer and Lienholder, or release the earnest money deposit to Buyer:

A. Lienholder obtains from Seller a duly executed warranty deed in favor of Buyer and all other documentation necessary to evidence Seller's authority to make said conveyance.

B. Lienholder regains the right to re-enter the Property from the Okaloosa County Tax Collector's office within a reasonable time after the conclusion of the personal property sale, which is scheduled to occur on March 10, 2006.

C. Lienholder obtains approval by the Sentinel Trust Company receivership court in Tennessee to dispose of the Property in the manner and for the consideration provided for in this Agreement.

D. No lien or combination of liens, the satisfaction of which would require payment of over \$2,000.00 in the aggregate, are recorded or are otherwise placed upon the Property between the date of this Agreement and the closing of the sale.

Seller and Lienholder give Buyer, its agents, contractors and assigns, the right to enter the Property at any time before Closing, but after regaining the right to re-enter by the Okaloosa County Tax Collector's office, for the purpose of conducting inspections, provided, however, that Buyer, its agents, contractors and assigns enter the Property and conduct inspections at their own risk. Buyer will indemnify and hold Seller and Lienholder harmless from losses, damages, costs, claims and expenses of any nature, including attorney's fees, and from liability to any person, arising from the conduct of any and all inspections or any work authorized by Buyer. Buyer will not engage in any activity that could result in a construction lien being filed against the Property without Lienholder's prior written consent. If this transaction does not close, Buyer will, at Buyer's expense, (1) repair all damages to the Property resulting

from the inspections and return the Property to the condition it was in prior to conduct of the inspections, and (2) release to Lienholder all reports and other work generated as a result of the inspections.

16. SURVIVABILITY.

The terms of this Agreement shall survive the closing. This Agreement shall be binding upon the parties hereto and their respective heirs, administrators, executors and assigns.

17. BENEFIT.

This Agreement shall inure to the benefit of and shall bind the respective heirs, executors, administrators, successors, and assigns of the parties to it.

18. MODIFICATION.

No modification of this Agreement shall be effective unless made in writing, duly executed by or on behalf of the party or parties affected by it; provided, however, typewritten or handwritten provisions inserted in this form and acknowledged by both parties as evidenced by their initials shall control all printed provisions in conflict therewith. No forbearance by any party to enforce any provision of or any right existing under this Agreement shall constitute a waiver of any such provision or right, or be deemed to effect a modification of this Agreement.

19. HEADINGS.

The headings in this Agreement are for convenience of reference only and shall not control or alter the meaning of it.

20. LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

21. COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be deemed an original and all so executed shall constitute one agreement. A facsimile copy of this document and any signatures thereon shall be considered for all purposes as originals.

22. WAIVER.

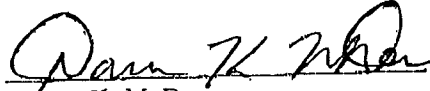
Compliance by any party with any of the provisions of this Agreement may be waived by the other party. No waiver of any provision shall be construed as a waiver of any other provision. Any such waiver must be in writing.

23. EFFECTIVE DATE.

The effective date of this Agreement ("Effective Date") is the later date on which the last party to sign and date the Agreement does so in the spaces provided below.

THIS AGREEMENT is entered into by the parties as evidenced by the signatures below.

BUYER: **MCDORMAN HOLDINGS LLC,**
A Florida limited liability company



Darren K. McDorman Date
As Managing Member

SELLER: **OKALOOSA HEALTH CARE, LTD.,**
A Florida limited partnership

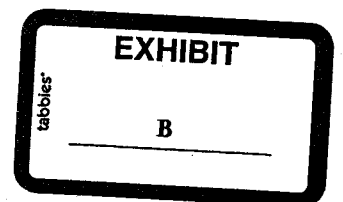
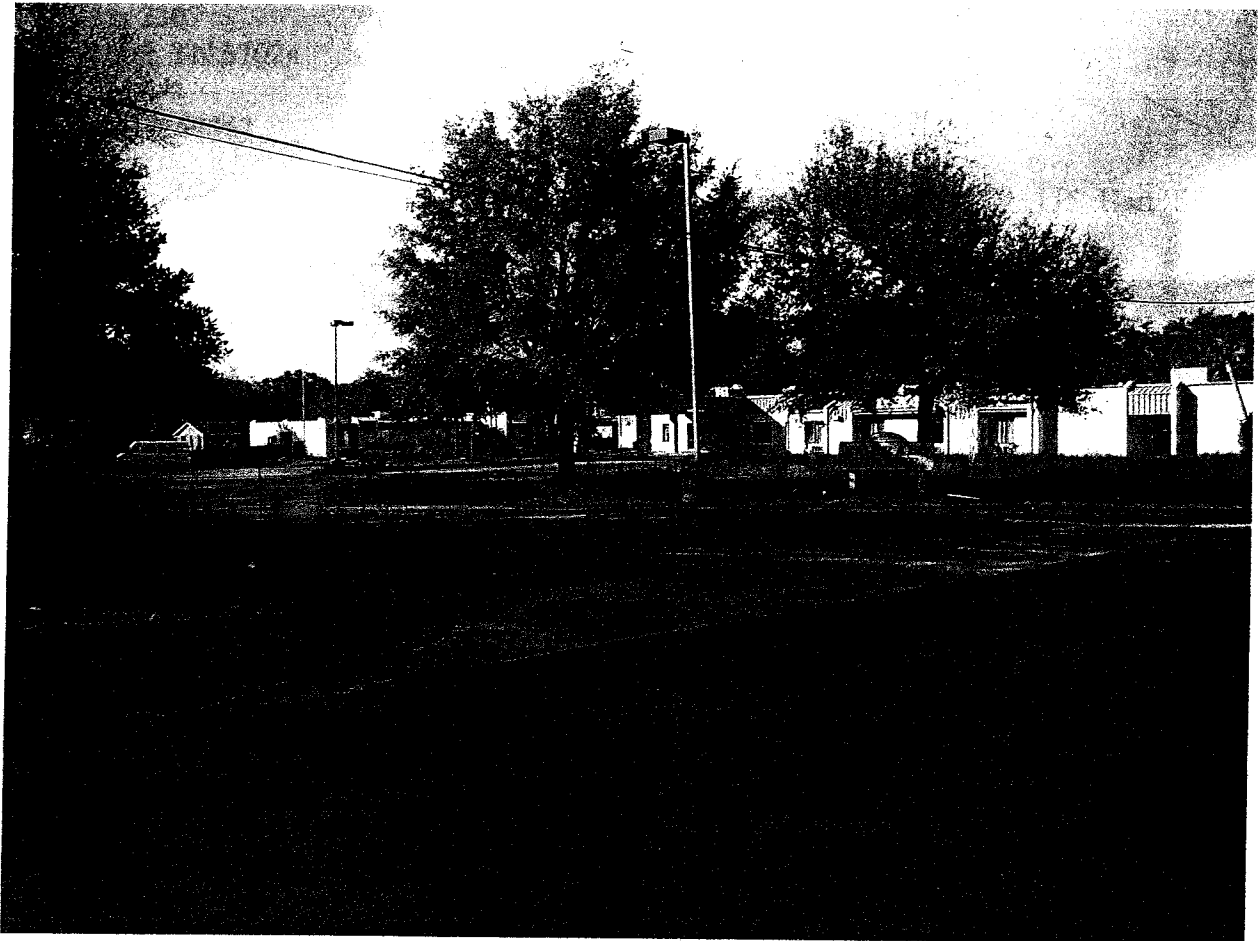
By James R. Fulmer, Date
as President of
Okaloosa Health Care, Inc.,
A Florida corporation,
Its general partner

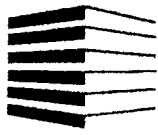
LIENHOLDER: **SENTINEL TRUST COMPANY,**
A Tennessee Corporation,
By Receivership Management, Inc.,
A Tennessee Corporation,
Its appointed Receiver

Jeanne Bryant, Date
as President of
Receivership Management, Inc.

Rcal Estate Purchase Agreement(4).wpd

**APPRAISAL REPORT
FORMER EMERALD POINTE NURSING HOME
115 HART STREET
NICEVILLE, FLORIDA 32578**





BAILEY AND ASSOCIATES, INC.

Commercial Real Estate Valuation and Research

January 18, 2006

Ms. Jeanne Bryant
Receivership Management, Inc.
P.O. Box 2307
Brentwood, TN 37024

B&A File # 50362

RE: Appraisal of the Former Emerald Pointe Nursing Home located at 115 Hart Street, Niceville, Okaloosa County, Florida 32578

Dear Ms. Bryant

At your request, we have made personal inspections of the above referenced property and have formed an opinion of the Market Value of the subject property. The property has been more fully described, legally and physically, within the attached appraisal report. We have also inspected the surrounding area and reviewed physical, economic, demographic, and market factors affecting property values. Inspections were made January 6, 2006. Our observation and conclusions are contained in the attached report.

Our opinion of the Market Value As Is of the fee simple estate in the subject's real property, as of January 6, 2006, is:

TWO MILLION DOLLARS

\$2,000,000

Final Value Allocation – Fee Simple

Ms. Jeanne Bryant
January 18, 2006

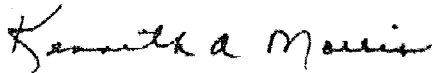
This report has been made in compliance with, and is subject to; the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation, and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. This report has also been prepared in accordance with the letter of engagement, a copy of which is included in the addenda. The reader's attention is directed to the Assumptions and Limiting Conditions included in this report.

The reader is referred to the attachment complete appraisal analysis, reported in a summary format. The client requested the appraiser to not accomplish a sales comparison approach. It is a study of the most pertinent data and analysis upon which our opinions are based.

The employment of the appraiser was not conditional upon the appraiser producing a specified value or a value within a given range. Future employment prospects are not dependent upon the appraiser producing a specified value. Employment of the appraiser and payment of the fee is not based on whether a loan application is approved or disapproved.

We appreciate the opportunity of serving you in this important matter.

Best regards,

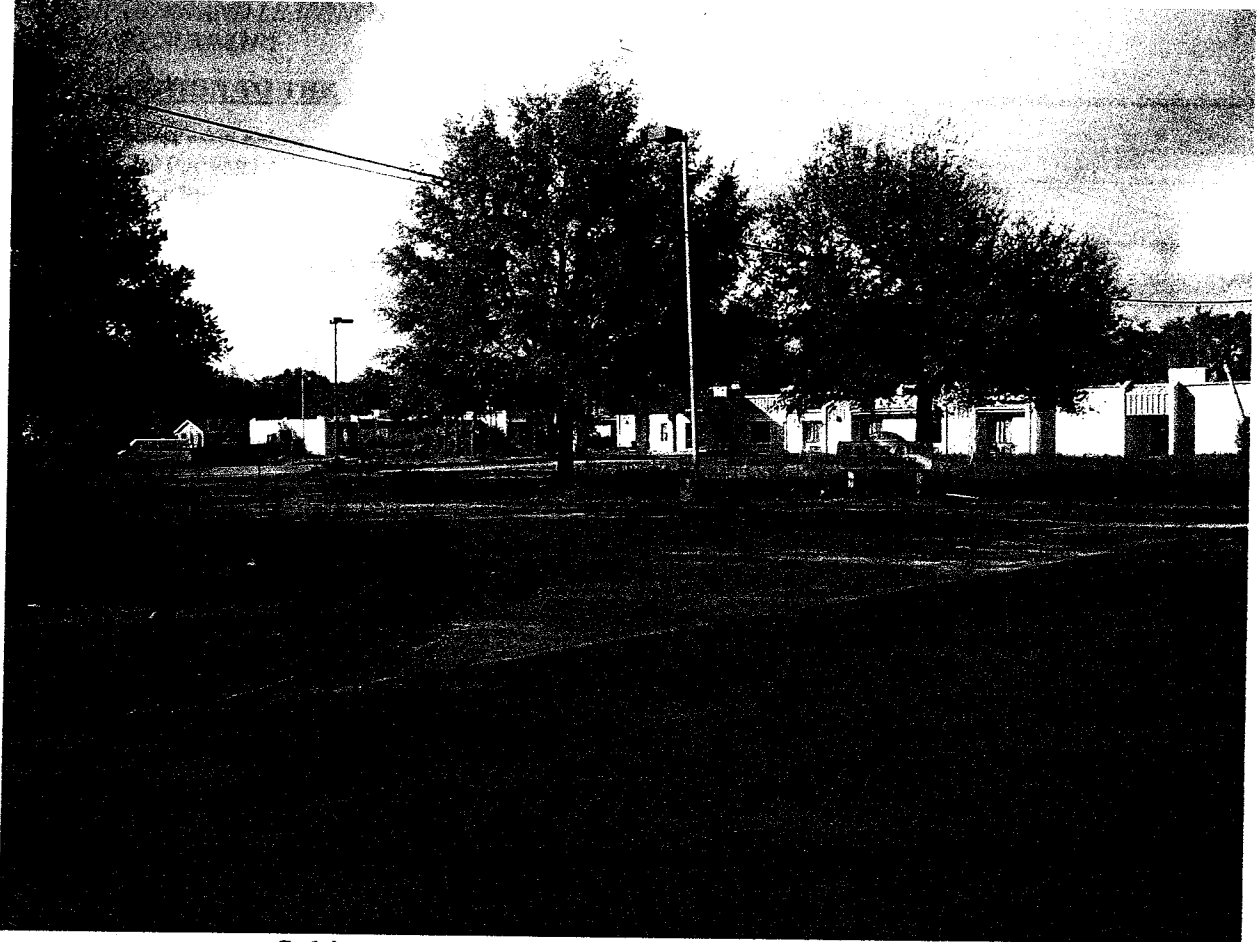


Kenneth Alan Morris
State-registered Trainee Real Estate Appraiser № RI 10339 (FL)



Ronald Lee Bailey Sr., GAA
State-certified General Real Estate Appraiser № RZ2528

**Market Value Appraisal of
Former Emerald Pointe Nursing Home
115 Hart Street
Niceville, Florida 32578**



**Subject Property Photo Taken On January 6, 2006
(Additional photos of subject are included in the physical description)**

**Prepared for Ms. Jeanne Bryant
Receivership Management, Inc.
P.O. Box 2307
Brentwood, TN 37024**

Date of Report: January 18, 2006

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