

EXHIBIT B-1

**DEBTOR-IN-POSSESSION
CREDIT AGREEMENT**

between

**HOSPITAL PARTNERS OF AMERICA, INC.
as a Debtor,**

**EACH OF THE OTHER DEBTORS PARTY HERETO,
as Debtors**

and

**NEW ENTERPRISE ASSOCIATES 10, LIMITED PARTNERSHIP,
as Post-Petition Lender.**

Dated as of September __, 2008

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EXHIBITS:

Exhibit A	Form of Interim Order
Exhibit B	Form of Note
Exhibit C	Form of Security Agreement
Exhibit D	Form of Compliance Certificate
Exhibit E	Form of Borrowing Notice
Exhibit F	Form of Pledge Agreement

SCHEDULES:

Schedule 4.06	Litigation
Schedule 4.08	Taxes
Schedule 5.02	Location of Books and Records
Schedule 5.06	Bank Accounts
Schedule 6.01(c)	Pre-Petition Debt
Schedule 6.02	Liens

**DEBTOR-IN-POSSESSION
CREDIT AGREEMENT**

DEBTOR-IN-POSSESSION CREDIT AGREEMENT dated as of September __, 2008 between HOSPITAL PARTNERS OF AMERICA, INC., a corporation organized under the laws of the state of Delaware (together with its successors and permitted assigns, "HPA"), each of the other Debtors set forth on the signature pages hereto (together with HPA, the "Debtors"), and NEW ENTERPRISE ASSOCIATES 10, LIMITED PARTNERSHIP, a Delaware limited partnership ("Post-Petition Lender") (as amended, supplemented or otherwise modified from time to time, this "Agreement," also hereinafter referred to as the "Post-Petition Credit Agreement").

INTRODUCTORY STATEMENT

On September __, 2008 (the "Petition Date"), HPA and the other Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (the "Case") and each has continued in the possession of its assets and in the management of its businesses pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

The Debtors have applied to the Post-Petition Lender for a debtor-in-possession revolving credit facility for an initial aggregate principal amount not to exceed \$2,250,000 (the "Commitment"), which shall consist of a senior secured revolving credit facility and shall constitute debtor-in-possession financing pursuant to and entitled to all the protections of Section 364 of the Bankruptcy Code that must be repaid in accordance with the terms of this Post-Petition Credit Agreement, assuming that the Bankruptcy Court approves the Roll-Up (as defined below).

The Debtors shall request that the Bankruptcy Court approve, on a final basis, a "roll-up" (the "Roll-Up") of the principal amount of \$1,000,000 advanced to HPA for itself and for the benefit of the other Debtors pursuant to that certain Credit Agreement ("Pre-Petition Line of Credit Agreement") dated as of September 15, 2008, as amended by that certain Amendment No. 1 to Credit Agreement dated as of September 22, 2008 (collectively, the "Emergency Loans"), into the revolving credit facility. HPA agreed to roll-up the Emergency Loans and Post-Petition Lender, as payee under the note evidencing the Emergency Loans, was willing to make the Emergency Loans available to HPA for itself and for the benefit of the other Debtors prior to a chapter 11 filing only with the understanding that the Debtors would request that such amount would be rolled into any post-petition financing facility. This amount was necessary for the orderly commencement of the Case and the restructuring the operations of the Debtors and certain of their subsidiaries, including funding accounts of the Debtors to pay compensation and employee benefits to employees, to pay the Debtors' professionals, to pay utility bills and to pay other costs and expenses necessarily incurred by the Debtors, and the Debtors believe it is in the best interest of their respective estates to have the Roll-Up approved.

As security for the Debtors' repayment of the Post-Petition Obligations (as defined below) hereunder and under the other Post-Petition Financing Documents (as defined below), the Debtors will provide to the Post-Petition Lender the following (each as more fully described herein and with all capitalized terms not defined below, as defined under Section 1.01 hereof):

- (i) pursuant to Section 364(c)(1) of the Bankruptcy Code an administrative expense claim with priority over any and all administrative expenses of the kind specified in Sections 105, 326, 328, 364(c)(1), 503(b), 507(a), 507(b) and 762 of the Bankruptcy Code or otherwise, but without recourse to the proceeds of any Avoidance Actions;

(ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, a perfected first priority Lien upon all Unencumbered Collateral;

(iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, a perfected junior Lien upon all Encumbered Collateral (together the Unencumbered Collateral and Encumbered Collateral shall collectively be referred to as the "Collateral"), solely to the extent that the Liens on Encumbered Collateral secure Allowed Claims and, to the extent the Liens on Encumbered Collateral secure claims that are not Allowed Claims, the Post-Petition Lender is granted a perfected first priority Lien upon all such Encumbered Collateral; and

(iv) notwithstanding anything to the contrary contained herein, the Liens granted to the Post-Petition Lender herein shall not extend to (and the same shall not constitute Collateral) (A) property or assets in which granting of a lien is prohibited under applicable Law or under the terms of any license or other agreement applicable thereto (but solely to the extent that any such restriction is enforceable under applicable Law); provided, however, that notwithstanding the foregoing, the Post-Petition Lender's Liens shall in all cases and circumstances extend to the proceeds, products, rents, cash and profits of any such property or assets; provided, further, however, the Post-Petition Lender's Liens shall extend to any such property or assets in which granting of a Lien is prohibited, automatically upon the expiration of such prohibition, whereupon such property or assets shall be deemed Collateral for the benefit of the Post-Petition Lender, and (B) Avoidance Actions.

Accordingly, the parties hereto hereby agree as follows:

ARTICLE I. **DEFINITIONS; ACCOUNTING TERMS**

Section 1.01 Definitions.

As used in this Agreement, the following terms have the following meanings (terms defined in the singular to have a correlative meaning when used in the plural and vice versa):

"Account" means that disbursement account of Lender maintained at First Republic Bank, account no. 80000184458.

"Administrative Debtor" means HPA or, in such capacity, any successor or assign thereof.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 50% or more of the voting stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock, by contract or otherwise.

"Aggregate Outstandings" means as to Post-Petition Lender at any time, an amount equal to the sum of the aggregate principal amount of all Loans made by Post-Petition Lender then outstanding.

“Agreement” has the meaning assigned to such term in the introductory paragraph hereof; References to Articles, Sections, Exhibits, Schedules and the like refer to the Articles, Sections, Exhibits, Schedules and the like of this Agreement unless otherwise indicated.

“Allowed Claim” means a Claim as to which a timely proof of Claim has been filed or deemed filed in accordance with the Bankruptcy Code, Bankruptcy Rules and any applicable orders of the Bankruptcy Court, in a sum certain and either (x) no objection thereto, or application to estimate, equitably subordinate, reclassify or otherwise limit recovery, has been made on or before any applicable deadline, or (y) if an objection thereto, or application to estimate, equitably subordinate, reclassify or otherwise limit recovery, has been interposed, the extent to which such Claim (whether in whole or in part) has been allowed by a Final Order.

“Approved Goods or Services” means goods sold or services rendered by Debtors in the ordinary course of business, in compliance with all material applicable Laws, and consistent with the type of goods sold or services rendered by Debtors throughout all or substantially all of their business operations as of the Closing Date. Approved Goods or Services may include Medical Services, but only to the extent the same were provided by the Debtors prior to the Closing Date.

“Avoidance Actions” means claims and rights of action under Chapter 5 of the Bankruptcy Code and the proceeds thereof.

“Bank Account” shall have the meaning assigned to such term in Section 5.06.

“Bankruptcy Code” has the meaning assigned to such term in the Introductory Statement.

“Bankruptcy Court” has the meaning assigned to such term in the Introductory Statement.

“Bankruptcy Rules” mean the Federal Rules of Bankruptcy Procedure.

“Borrowing Notice” shall have the meaning assigned to such term in Section 2.03.

“Budget” shall have the meaning assigned to such term in Section 3.02(m). A copy of the initial Budget is attached as Schedule 3.02(m) to the Interim Order.

“Business Day” means any day (other than a day which is a Saturday, Sunday or legal holiday in the State of Maryland) on which banks are open for business in Baltimore, Maryland, Los Angeles, California and Austin, Texas.

“Capital Lease” means any lease which has been or should be capitalized on the books of the lessee thereunder in accordance with GAAP.

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock (including preferred stock) of a corporation or any and all equivalent ownership interests in a Person other than a corporation, together with any and all warrants or options to purchase any of the foregoing.

“Carve Out” has the meaning assigned to such term in the Financing Orders.

“Case” has the meaning assigned to such term in the Introductory Statement.

“Claim” shall have the meaning set forth in Section 101(5) of the Bankruptcy Code, including, without limitation, (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

“Closing Date” means the date upon which this Agreement has been executed and the conditions precedent to the making of the initial Loans set forth in Section 3.02 have been satisfied or waived, which date shall occur as promptly as is practicable after entry of the Interim Order, but not later than ten (10) Business Days following the entry of the Interim Order.

“CMS” means the Centers for Medicare and Medicaid Services.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” has the meaning assigned to such term in the Introductory Statement.

“Commitment” shall mean the commitment of the Post-Petition Lender to make available the aggregate amount of \$2,250,000 in Loans to the Debtor, as such amount may be reduced or modified from time to time in accordance with this Agreement.

“Commitment Period” shall have the meaning assigned to such term in Section 2.01.

“Compliance Certificate” means a compliance certificate substantially in the form of Exhibit D to be executed and delivered by the Debtors under the terms of this Agreement.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Controlled Group” means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control, which, together with HPA, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

“Debt” means, with respect to any Person (without duplication): (a) indebtedness of such Person for borrowed money; (b) indebtedness for the deferred purchase price of Property or services other than trade payables not overdue by a period exceeding 90 days; (c) guarantees of such Person; (d) obligations of other Persons secured by any Lien on Property of such Person; (e) obligations of such Person as lessee under Capital Leases; and (f) all Capital Stock of such Person subject to repurchase or redemption during the term of this Agreement, other than at the sole option of such Person.

“Debtors” has the meaning assigned to such term in the introductory paragraph hereof.

“Debtor Agreement” means any indenture, loan or credit agreement, or any other financing or debt agreement, Capital Lease or instrument, to which a Debtor is a party or by which a Debtor or its respective Properties may be bound or affected providing for financing or indebtedness.

“Default” means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

“Default Rate” means, with respect to the principal of any Loan and, to the extent permitted by Law, any other amount (other than interest) payable by any Debtor under this Agreement or any other Post-Petition Financing Document, that is not paid when due (whether at stated maturity, by acceleration or otherwise), a rate per annum during the period from and including the due date, to, but excluding the date on which such amount is paid in full, equal to twelve percent (12.0%) per annum.

“Dollars” and the sign “\$” mean lawful money of the United States of America.

“Encumbered Collateral” means all Property of the Debtors, which, is subject only to valid, perfected and non-avoidable liens in existence on the Petition Date, or to valid liens in existence on the Petition Date that have been, as of the date of this Agreement, properly perfected subsequent to the Petition Date, pursuant to Section 546(b) of the Bankruptcy Code.

“Environmental Laws” means any and all federal, state, local and foreign statutes, Laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and governmental restrictions, whether now or hereafter in effect, relating to the environment or the effect of the environment on human health or to emissions, discharges or releases of pollutants, contaminants, Hazardous Materials or wastes into the environment, including ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Materials or wastes or the clean-up or other remediation thereof.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Event of Default” shall have the meaning as set forth in Section 7.01.

“Extensions of Credit” means collectively, Loans hereunder; individually, as to any Loan, an “Extension of Credit.”

“Facilities” means each acute care hospital facility and acute care hospital facility maintained by any Debtor or subsidiary of any Debtor, each located on the Real Property and any other location or facility at which any subsidiary of any Debtor provides Medical Services.

“Financing Orders” means each of the Interim Order and the Final Order.

“Final Order” shall have the meaning ascribed thereto in the Interim Order.

“Forfeiture Proceeding” means any action or proceeding affecting any Debtor before any Governmental Authority.

“Funding Date” shall have the meaning set forth in Section 2.03.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Hazardous Materials” means (i) any “hazardous substance” as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, (ii) asbestos, (iii) polychlorinated

biphenyls, (iv) petroleum, its derivatives, by-products and other hydrocarbons, (v) mold in amounts hazardous or toxic to human health and (vi) any other toxic, radioactive, caustic or otherwise hazardous substance regulated under Environmental Laws.

“Hazardous Materials Contamination” means contamination (whether now existing or hereafter occurring) of the improvements, buildings, facilities, personalty, soil, groundwater, air or other elements on or of the relevant property by Hazardous Materials, or any derivatives thereof, or on or of any other property as a result of Hazardous Materials, or any derivatives thereof, generated on, emanating from or disposed of in connection with the. relevant property.

“Hospital Subsidiaries” means each of the subsidiaries of the Debtors that own, operate and manage hospitals (other than River Oaks Medical Center, L.P).

“HPA Parties” means the Debtors and each of their subsidiaries other than the Hospital Subsidiaries, River Oaks Medical Center Management, Inc., River Oaks Holdings, Inc., NDH Medical GP, LLC, NDH Holdings, LLC, NDH Management, L.P., NDHR Management, LLC, North Dallas Health Regional Medical Center, LLC and MSH Management, Inc..

“Insurer” means a Person that insures a Patient against certain of the costs incurred in the receipt by such Patient of Medical Services, or that has an agreement with any Debtor or any subsidiary of a Debtor to compensate such Debtor or any subsidiary of a Debtor for providing goods or services to a Patient.

“Interim Order” means the Interim Order (I) Authorizing Secured and Super Priority Post-Petition Financing Pursuant to 11 U.S.C. §§ 364 And 507(B); (II) Modifying Automatic Stay Pursuant to 11 U.S.C. §362; (III) Granting Other Related Relief; And (IV) Scheduling A Final Hearing Pursuant to Bankruptcy Rule 4001 entered by the Bankruptcy Court.

“JCAHO” means the Joint Commission on the Accreditation of Healthcare Organizations.

“Knowledge” means, with respect to any Responsible Officer, no information has come to the attention of such Responsible Officer, which information has given such Responsible Officer, knowledge of facts contrary to the existence of or absence of such facts indicated; provided, however, that any representation or warranty herein as to the Knowledge of a Responsible Officer shall be without recourse or personal liability to such Responsible Officer.

“Law” means, with respect to any Person, any statute, law, rule, regulation, ordinance, order, permit, license, writ, judgment, injunction, decree, determination, award or other restriction or requirement of any Governmental Authority applicable to such Person or its Property.

“Lien” means any lien (statutory or other), security interest, mortgage, deed of trust, priority, pledge, charge, conditional sale, title retention agreement, financing lease or other encumbrance or similar right of others, or any agreement to give any of the foregoing.

“Loan” means any loan made by Post-Petition Lender pursuant to Section 2.01.

“Material Adverse Effect” means any event, condition or circumstance or set of events, conditions or circumstances or any change(s) as of the Petition Date which (i) has had or would reasonably be likely to have any material adverse effect upon or change in the validity or enforceability of any Post-Petition Financing Document, (ii) has been or would reasonably be likely to be material and adverse to the value of any of the Collateral, to the priority of the Post-Petition Lender’s security interest

in the Collateral, or to the business, operations, prospects, properties, assets, liabilities or condition of any Debtor or (iii) has materially impaired or would reasonably be likely to materially impair the ability of any Debtor to pay any portion of the Post-Petition Obligations or to otherwise perform the Post-Petition Obligations or to consummate the transactions under the Post-Petition Financing Documents, in each case other than any state of facts, event, change or effect caused by events, changes or developments relating to the fact that the Debtors filed as debtors pursuant to the Bankruptcy Code or the announcement thereof.

“Material Contract” means each material contract, agreement or other understanding to which any Debtor is a party, including any Debtor Agreement.

“Medicaid” means the medical assistance programs administered by state agencies and approved by CMS pursuant to the terms of Title XIX of the Social Security Act, codified at 42 U.S.C. 1396 *et seq.*

“Medical Services” means medical and health care services provided to a Patient, including, but not limited to, medical and health care services provided to a Patient which are covered by a policy of insurance issued by an Insurer, and includes physician services, nurse and therapist services, dental services, hospital services, skilled nursing facility services, comprehensive outpatient rehabilitation services, home health care services, residential and out-patient behavioral healthcare services, and medicine or health care equipment provided by any Hospital Subsidiary for a necessary or specifically requested valid and proper medical or health purpose.

“Medicare” means the program of health benefits for the aged and disabled administered by CMS pursuant to the terms of Title XVIII of the Social Security Act, codified at 42 U.S.C. 1395 *et seq.*

“Multiemployer Pension Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Debtor or any member of the Controlled Group may have any liability.

“Net Proceeds” shall mean, in respect of any sale or other disposition (including by means of casualty or condemnation) of assets, the cash proceeds of such sale or other disposition (including proceeds of insurance policies and condemnation awards) after the payment of or reservation for (w) the amount of any Debt secured by any Permitted Lien on any asset (other than (A) Debt owing to Post-Petition Lender hereunder or under the other Loan Documents and (B) Debt assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition, (x) taxes paid or payable to any taxing authorities by the Debtors in connection with such sale or disposition, (y) expenses reasonably acceptable to the Post-Petition Lender that are directly related to (or the need for which arises as a result of) the transaction or sale and (z) the reasonable costs and expenses of any repairs, alterations or improvements made by any Debtor to the assets sold to the extent such repairs, alterations or improvements were required pursuant to the terms of such sale, and reasonably acceptable to the Post-Petition Lender.

“Notes” means the promissory note issued by the Debtors substantially in the form of Exhibit B, dated the Closing Date, evidencing the Revolving Credit Loan made by the Post-Petition Lender hereunder and all promissory notes delivered in substitution or exchange therefor, as amended or supplemented or otherwise modified from time to time.

“Patient” means any Person receiving Medical Services from any Hospital Subsidiary and all Persons legally liable to pay a Debtor or any subsidiary of a Debtor for such Medical Services other than Insurers or Governmental Authorities.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Pension Plan” means any “employee benefit plan”, as such term is defined in Section 3(2) of ERISA (other than a Multiemployer Pension Plan), and to which any Debtor or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

“Permitted Liens” means:

(a) Liens created by, under or in connection with this Agreement or the Post-Petition Financing Documents in favor of the Post-Petition Lender;

(b) Liens created by the interests of lessors under operating leases which shall not exceed the related amounts provided in the Budget;

(c) Liens for taxes or assessments or other government charges or levies not yet due and payable or if due and payable, Liens for taxes or assessments or other government charges or levies being contested by any Debtor in good faith by appropriate proceedings, diligently prosecuted and for which adequate reserves have been established on such Debtor’s books in accordance with GAAP;

(d) Liens under worker’s compensation, unemployment insurance, social security or similar legislation;

(e) Liens related to deposits or pledges made in the ordinary course of business (A) in connection with, or to secure payment of worker’s compensation, unemployment insurance, social security or similar legislation, (B) in connection with insurance or (C) to secure indemnity, performance or other similar bonds (exclusive of obligations for the payment of borrowed money) in the ordinary course of business; provided that provisions for the payment of such Liens has been made on the books of such Person in accordance with GAAP.

(f) Liens in respect of Property imposed by Law arising in the ordinary course of business such as materialmen’s, mechanics’, warehousemen’s and other like Liens, provided that such Liens secure (i) only amounts not yet due and payable or (ii) amounts being contested in good faith by appropriate proceedings, diligently prosecuted, provided that adequate reserves have been established on the applicable Debtor’s books in accordance with GAAP and such Liens have been satisfied or bonded or otherwise stayed in operation or enforcement no later than thirty (30) days after the date of creation thereof, unless the aforementioned period shall be extended by the Post-Petition Lender upon request by the Debtors; and

(g) Liens related to deposits or retainers for professionals, A&M and/or any claims agent;

(h) Pre-Petition Liens of the Pre-Petition Secured Parties and valid, perfected, enforceable and non-avoidable pre-petition Liens of third parties provided that such Liens shall secure only those obligations which they secure on the Petition Date and/or restatements, refinancings or replacements thereof, so long as such refinancings, etc., do not increase the principal amount outstanding on such obligations at the time of such refinancing.

“Person” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Petition Date” has the meaning assigned to such term in the Introductory Statement.

“Pledge Agreement” means the Pledge Agreement substantially in the form of Exhibit F to be executed and delivered by the Debtors under the terms of this Agreement, as amended, supplemented or otherwise modified from time to time.

“Possession Collateral” means all Collateral where physical possession is necessary for the perfection of a security interest or control of the Collateral.

“Post-Petition Collateral” means the “Collateral” as such term is defined in the Introductory Statement.

“Post-Petition Credit Agreement” has the meaning assigned to such term in the introductory paragraph hereof.

“Post-Petition Financing Documents” means this Agreement, the Financing Orders, the Note, the Security Documents and any other documents related to this Post-Petition Credit Agreement, as each may be amended, supplemented or otherwise modified from time to time.

“Post-Petition Lender” has the meaning assigned to such term in the introductory paragraph hereof.

“Post-Petition Liens” shall have the same meaning as Liens.

“Post-Petition Obligations” means the unpaid principal of and interest on the Note and all other obligations and liabilities of the Debtors to the Post-Petition Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Note, any other Post-Petition Financing Document and any other document made, delivered or given in connection therewith or herewith, whether on account of principal, interest, guaranties, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all reasonable fees and disbursements of counsel to the Post-Petition Lender or otherwise).

“Pre-Petition Credit Agreements” shall mean each of the agreements concerning the Debt set forth on Schedule 6.01(c) hereof with any Person (including the Pre-Petition Lender) and shall include all of the agreements (i) guaranteeing the Pre-Petition Obligations and (ii) granting security interests and Pre-Petition Liens in property and assets of the Debtors to the Pre-Petition Secured Parties (or any agent or representative thereof), including without limitation, the Pre-Petition Security Documents listed on Schedule 1.01B, each of which documents was executed and delivered by the Debtors prior to the Petition Date, as each may have been amended or modified from time to time.

“Pre-Petition Debt” means with respect to any Person (without duplication) prior to the Petition Date: (a) indebtedness of such Person for borrowed money; (b) indebtedness for the deferred purchase price of Property or services other than trade payables not overdue by a period exceeding 90 days; (c) guaranties of such Person, if any; (d) obligations of other Persons secured by any Pre-Petition Lien on Property of such Person; (e) obligations of such Person as lessee under Capital Leases; and (f) all Capital Stock of such Person subject to repurchase or redemption, other than at the sole option of such Person.

“Pre-Petition Liens” means any Liens granted prior to the Petition Date that secure the Pre-Petition Obligations.

“Pre-Petition Obligations” shall mean the obligations owing by the Debtors under the Pre-Petition Debt.

“Pre-Petition Payment” shall mean a payment of principal or interest or otherwise on account of any Pre-Petition Obligations or trade payables or other pre-petition claims against the Debtors.

“Pre-Petition Secured Parties” shall mean each of the secured parties holding Pre-Petition Liens.

“Property” means any interest in any kind of property or assets, whether real, personal or mixed, and whether tangible or intangible and the proceeds, products, rents, cash and profits of all of the foregoing.

“Real Property” means real property of any Debtor, together with all buildings, structures and other improvements thereon, and all licenses, easements and appurtenances related thereto.

“Related Parties” shall mean, with respect to any Person, such Person’s Affiliates and their respective managers, members, directors, officers, employees, agents, representatives, successors, assigns, trustees, accountants, attorneys and advisors of such Person and of such Person’s Affiliates; provided, however, in no event shall the Post-Petition Lender be deemed a Related Party of any Debtor.

“Responsible Officer” shall mean W. Christopher Shea, Chief Legal Officer of HPA or such other individual as is reasonably acceptable to the Post-Petition Lender.

“Retention and Incentive Plan” means collectively, the arrangements for the payment of retention or incentive bonuses to the key employees of the Debtors whose services are vital for the Debtors to continue operations and implement restructuring plans and to encourage such employees to remain with the Debtors during the restructuring period.

“Revolving Credit Loans” shall have the meaning assigned to such term in Section 2.01(a).

“Roll-Up” has the meaning assigned to such term in the Introductory Statement.

“Security Agreement” means the Security Agreement substantially in the form of Exhibit C to be executed and delivered by the Debtors under the terms of this Agreement, as amended, supplemented or otherwise modified from time to time.

“Security Documents” means the Security Agreement, Pledge Agreement and each other guaranty or security document that may from time to time be delivered to the Post-Petition Lender by the Debtors in connection herewith or therewith. Each of the Security Documents shall be cross defaulted and cross-collateralized with this Agreement and the other Security Documents without the requirement of further action.

“Termination Date” means the earlier of (i) November 15, 2008 or (ii) the occurrence of an Event of Default in accordance with Section 7.01.

“UCC” means the Uniform Commercial Code (as amended from time to time) of any state which is applicable to the granting, attachment, perfection, priority or enforcement of a security interest in, and the rights of a secured party to, the Collateral or any portion thereof.

“Unencumbered Collateral” means, collectively, all Property of the Debtors, which is not subject to valid non-avoidable liens in existence as of the Petition Date or valid liens in existence on the Petition Date and that have been, as of the date of this Post-Petition Credit Agreement, properly perfected subsequent to the Petition Date, pursuant to Section 546(b) of the Bankruptcy Code, provided, that Unencumbered Collateral shall not include Avoidance Actions.

“Weekly Cash Balance/Expense Report” means a report prepared by the Debtors and delivered to the Post-Petition Lender in form and substance reasonably acceptable to the Post-Petition Lender.

Section 1.02 Accounting Terms.

All accounting terms not specifically defined herein shall be defined in accordance with GAAP, and all financial data required to be delivered hereunder shall, to the extent GAAP is applicable, be prepared in accordance with GAAP applied on a consistent basis.

Section 1.03 UCC.

Any term used in the UCC and not defined in this Agreement has the meaning given to such term in the UCC as in effect in the State of New York.

ARTICLE II.
THE CREDIT

Section 2.01 Loans.

Subject to the terms and conditions of this Agreement, Post-Petition Lender, agrees to make revolving credit loans (the “Revolving Credit Loans”) to the Debtors, at any time and from time to time from and including the Closing Date to but excluding the Termination Date (the “Commitment Period”), in an aggregate principal amount, not to exceed the Commitment in effect at such time. During the Commitment Period, the Debtors may use the Commitment by borrowing, repaying the Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Credit Loans shall be repaid in full on the Termination Date. Notwithstanding anything contained in this Agreement to the contrary, at no time shall the Aggregate Outstandings exceed the Commitment.

Section 2.02 Purpose.

The Debtors shall use the proceeds of the Revolving Credit Loans solely at the times and as provided for in the Post-Petition Financing Documents, the Financing Orders and as specifically set forth in the Budget. From and after the Petition Date, the proceeds of the Post-Petition Credit Documents, Pre-Petition Credit Documents or any proceeds of the Collateral shall not, directly or indirectly, be used to pay expenses of the Debtors or otherwise disbursed except as permitted in the Post-Petition Financing Documents, the Financing Orders and the Budget.

Section 2.03 Borrowing Procedures.

Debtors may from time to time prior to the Commitment Termination Date borrow, partially or wholly repay their outstanding Loans, and reborrow, subject to all the limitations, terms and conditions contained herein or in the Note; *provided* however, that the total Aggregate Outstandings shall not at any time exceed the Commitment. Each time a Debtor desires to borrow hereunder, the Administrative Debtor shall submit to Post-Petition Lender a drawing request in substantially the form of Exhibit E (each, a “Borrowing Notice”), setting forth the amount requested to be borrowed. The Administrative Debtor may submit Borrowing Notices no more frequently than once each Business Day. Solely for ease of administration hereof, Post-Petition Lender has established the Account to fund Loans made in accordance with the terms hereof; provided, however, that Post-Petition Lender reserves the right in its sole and absolute discretion to implement other procedures to fund Borrowing Notices made in accordance with the terms hereof. If Post-Petition Lender determines that a Loan has been made in accordance with the terms hereof, Post-Petition Lender shall cause the Account to be debited in the

amount of the applicable Borrowing Notice and the loan proceeds shall be made available to the Debtors by wire transfer to an account designated by the Administrative Debtor.

Section 2.04 Optional Prepayments.

The Debtors shall have the right to make prepayments of principal without penalty or premium.

Section 2.05 Mandatory Prepayments.

In the event that Debtors shall receive Net Proceeds, the Debtors shall, substantially simultaneously with the receipt of such Net Proceeds, apply an amount equal to 100% of such Net Proceeds to prepay Post-Petition Obligations.

Section 2.06 Payment of Principal and Interest.

(a) Subject to the other terms and conditions of this Agreement, interest on each Loan shall be calculated at an interest rate equal to ten percent (10.0%) per annum.

(b) Interest shall accrue on the outstanding and unpaid principal amount of each Loan for the period from and including the date of such Loan to but excluding the date such Loan is due. While an Event of Default is continuing, interest shall accrue at the Default Rate on the outstanding principal amount of any Loan and any other amount payable by the Debtors hereunder (to the extent such amount is past due), under the Note or under any other Post-Petition Financing Document (including the amount of any interest due thereon) to the fullest extent permitted by Law from and including such due date to but excluding the date such amount is paid in full or such date the Event of Default is cured or waived pursuant to Section 7.01 herein.

(c) Interest on each Loan shall be calculated on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed.

(d) All interest shall become due and payable upon the Termination Date (whether as scheduled or as accelerated or otherwise) of the Loans, provided, that, interest accruing at the Default Rate shall be due and payable from time to time on demand of the Post-Petition Lender, as otherwise in accordance with applicable Law.

(e) The Post-Petition Lender shall apply all payments and other amounts received under this Agreement (including pursuant to Section 7.02 hereof): first, against any fees or other charges then due and payable to the Post-Petition Lender, then second, to accrued interest to the Post-Petition Lender on a monthly basis, and third, against the aggregate principal amount of all Extensions of Credit outstanding under this Post-Petition Credit Agreement and until all Post-Petition Obligations (other than contingent indemnification obligations) are paid in full.

Section 2.07 Priority and Liens.

Each Debtor hereby covenants, represents and warrants that, upon entry of the Interim Order, such Debtor shall provide, as security for the Debtors' repayment of the Post-Petition Obligations hereunder and under the other Post-Petition Financing Documents, the following:

(a) pursuant to Section 364(c)(1) of the Bankruptcy Code an administrative expense claim with priority over any and all administrative expenses of the kind specified in Sections 105,

326, 328, 364(c)(1), 503(b), 507(a), 507(b) and 762 of the Bankruptcy Code or otherwise, but without recourse to the proceeds of any Avoidance Action;

(b) pursuant to Section 364(c)(2) of the Bankruptcy Code, the Post-Petition Lender is granted a perfected first priority Lien upon all Unencumbered Collateral;

(c) pursuant to Section 364(c)(3) of the Bankruptcy Code, a perfected junior Lien upon all Encumbered Collateral, solely to the extent that the Liens on Encumbered Collateral secure Allowed Claims and, to the extent the Liens on Encumbered Collateral secure claims that are not Allowed Claims, the Post-Petition Lender is granted a perfected first priority Lien upon all such Encumbered Collateral; and

notwithstanding anything to the contrary contained herein, the Liens granted to the Post-Petition Lender herein shall not extend to (and the same shall not constitute Collateral) (A) property or assets in which granting of a lien is prohibited under applicable Law or under the terms of any license or other agreement applicable thereto (but solely to the extent that any such restriction is enforceable under applicable Law); provided, however, that notwithstanding the foregoing, the Post-Petition Lender's Liens shall in all cases and circumstances extend to the proceeds, products, rents, cash and profits of any such property or assets; provided, further, however, the Post-Petition Lender's Liens shall extend to any such property or assets in which granting of a Lien is prohibited, automatically upon the expiration of such prohibition, whereupon such property or assets shall be deemed Collateral for the benefit of the Post-Petition Lender, and (B) Avoidance Actions.

Section 2.08 No Discharge; Survival of Claims.

The Debtors agrees that (i) the Post-Petition Obligations hereunder shall not be discharged by the entry of an order of the Bankruptcy Court (and the Debtors pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge) unless agreed to by the Post-Petition Lender in writing and (ii) the Liens granted to the Post-Petition Lender shall not be affected in any manner by the entry of an order of the Bankruptcy Court, or the conversion of the Debtors' Case to Chapter 7 liquidation or dismissal unless agreed to by the Post-Petition Lender in writing.

Section 2.09 Payments Generally.

All payments under the Post-Petition Financing Documents shall be made by the Debtors to the Post-Petition Lender and all such payments shall be made in lawful currency of the United States of America in immediately available funds, without reduction or counterclaim or set off and free and clear of, and without deduction or withholding for, any taxes or other payments, not later than 12:00 Noon (Eastern Standard Time) on the relevant dates specified herein (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

If the due date of any payment under any Post-Petition Financing Document would otherwise fall on a day which is not a Business Day, such date shall be extended to the next succeeding Business Day and interest shall be payable for any principal so extended for the period of such extension.

Section 2.10 Evidence of Debts; Note.

(a) The Post-Petition Lender shall maintain on its internal records an account or accounts evidencing the Debt of Debtors to the Post-Petition Lender, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on Debtors, absent manifest error; provided, failure to make any

such recordation, or any error in such recordation, shall not affect the Post-Petition Lender's Commitment or Debtors' Post-Petition Obligations in respect of any applicable Loans.

(b) The Revolving Credit Loans of the Post-Petition Lender shall be evidenced by a single Revolving Credit Note in favor of the Post-Petition Lender.

Section 2.11 Reliance on Notices; Appointment of Administrative Debtor.

Post-Petition Lender shall be entitled to rely upon, and shall be fully protected in relying upon, any Borrowing Notice or similar notice believed by Post-Petition Lender to be genuine. Post-Petition Lender may assume that each Person executing and delivering any notice in accordance herewith was duly authorized, unless the responsible individual acting thereon for Post-Petition Lender has actual knowledge to the contrary. Each Debtor hereby designates HPA as its representative and agent on its behalf for the purposes of issuing Borrowing Notices, giving instructions with respect to the disbursement of the proceeds of the Revolving Credit Loans and receiving all other notices and consents hereunder or under any of the other Post-Petition Financing Documents and taking all other actions on behalf of any Debtor under the Post-Petition Financing Documents. Administrative Debtor hereby accepts such appointment. Post-Petition Lender may regard any notice or other communication pursuant to any Post-Petition Financing Documents from Administrative Debtor as a notice or communication from all Debtors, and may give any notice or communication required or permitted to be given to any Debtor hereunder to Administrative Debtor on behalf of such Debtor. Each Debtor agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by Administrative Debtor shall be deemed for all purposes to have been made by such Debtor and shall be binding upon and enforceable against such Debtor to the same extent as if the same had been made directly by such Debtor.

Section 2.12 Single Loan.

All Loans to each Debtor and all of the other Obligations of each Debtor arising under the Post-Petition Financing Documents shall constitute one general obligation of the Debtors secured, until the Commitment Termination Date, by all of the Collateral.

ARTICLE III.
CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent to All Extensions of Credit.

The obligations of the Post-Petition Lender to make any Extension of Credit to the Debtors, are subject to the satisfaction or waiver by the Post-Petition Lender in its sole and absolute discretion of the following conditions precedent:

- (a) the Post-Petition Lender shall have received a Borrowing Notice;
- (b) the representations and warranties of the Debtors contained in this Agreement and each other Post-Petition Financing Document shall be true and correct in all material respects on the date of such Extension of Credit or performance of obligation as though made on and as of such date (provided that any representations and warranties which speak to a specific date shall remain true and correct as of such specific date);
- (c) all agreements and conditions required to be performed and complied with by the Debtors under this Agreement or any other Post-Petition Financing Document by such date shall

have been performed and complied with in a manner reasonably acceptable to the Post-Petition Lender and its counsel;

(d) no Default or Event of Default shall have occurred, or would occur as a result of the making of such Extension of Credit unless the Post-Petition Lender agrees; and

(e) (i) the Interim Order or Final Order shall be in full force and effect and shall not have been stayed, reversed, vacated, modified or amended in any respect without the prior written consent of the Post-Petition Lender and (ii) if the date of such Extension of Credit is more than 45 days after the Petition Date, the Final Order shall be in full force and effect and shall not have been vacated, reversed, modified, amended or stayed without the prior written consent of the Post-Petition Lender.

Section 3.02 Conditions Precedent to Initial Extensions of Credit.

The obligations of the Post-Petition Lender to make any initial Extensions of Credit on the Closing Date are subject to the satisfaction of the conditions precedent set forth in Section 3.01 and the following conditions precedent:

The Post-Petition Lender shall have received, in form and substance satisfactory to the Post-Petition Lender and its counsel (unless otherwise noted herein):

(a) Credit Agreement: one counterpart of this Agreement for the Post-Petition Lender, duly executed by the Debtors;

(b) Note: A Note for the Post-Petition Lender, duly executed by the Debtors, for the Loans to be made by the Post-Petition Lender;

(c) Security and Pledge Agreements: (i) the Security Agreement, duly executed by the Debtors; (ii) the Pledge Agreement, duly executed by the Debtors; and (iii) notwithstanding subsections (i) and (ii) of this paragraph, or any failure on the part of the Debtors, or the Post-Petition Lender to take any of the actions set forth the Security Documents, the Liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the Interim Order and the Final Order, as applicable without requirement for further action;

(d) Other Post-Petition Financing Documents: each other Post-Petition Financing Document, duly executed by the Debtors, and such other parties thereto (other than the Post-Petition Lender), as the case may be;

(e) Possession Collateral: all Possession Collateral requested by the Post-Petition Lender to the extent not delivered to the Pre-Petition Secured Parties in connection with the Pre-Petition Credit Agreements;

(f) Order Authorizing Certain Payments Under Subsidiary Employee Benefit Plans: an order shall be entered authorizing Debtors to remit funds to an employee benefit trust or to the Hospital Subsidiaries for the purpose of funding the claims, premiums and/or expenses in respect of employee benefits for employees of the Hospital Subsidiaries in the amounts set forth in the Budget.

(g) Officer's Certificate: a certificate of a Responsible Officer of the Debtors, dated the Closing Date, stating that the representations and warranties contained in Article IV and in the

other Post-Petition Financing Documents are true and correct in all material respects on such date as though made on and as of such date (provided that any representations and warranties which speak to a specific date shall remain true and correct in all material respects as of such specific date), all agreements and conditions required to be performed and complied with by such date have been performed and complied with and that no Default or Event of Default has occurred, or would occur as a result of the making of such Loan;

(h) Resolutions: copies, certified as of the Closing Date by the Secretary or an Assistant Secretary of each Debtor, of resolutions of the Board of Directors of such Debtor authorizing the execution, delivery and performance by such Debtor of the Post-Petition Financing Documents to which it is a party and, the borrowings and other extensions of credit hereunder, certain required provisions including but not limited to the following: (i) approval of the Interim Order; and (ii) review and approval of the Post-Petition Credit Agreement, Note, Pledge Agreement and Security Agreement; and, which, certificate shall include an Incumbency Certificate and state that such resolutions have not been modified, rescinded or amended and are in full force and effect on the date of such certification;

(i) Retention of Restructuring Advisor: proof of retention and payment of a retainer to Alvarez & Marsal Holdings, LLC (or such other entity reasonably acceptable to the Post-Petition Lender) as restructuring advisors for the Debtors;

(j) Borrowing Notice: for any initial Loans, an initial Borrowing Notice of the Debtors relating to the Loans to be made on the Closing Date;

(k) Retention of Counsel: proof of retention and payment of a retainer to Klee, Tuchin, Bogdanoff & Stern LLP, counsel to the Debtors;

(l) [Intentionally Omitted.]

(m) Budget: the budget covering the period commencing no later than the Closing Date and ending on December 19, 2008 which may be amended and extended with the express consent of the Post-Petition Lender (the "Budget") for weekly cash receipts and expenditures of the Debtors, which Budget shall include all amounts payable during each weekly period and shall be acceptable to the Post-Petition Lender in its sole and absolute discretion;

(n) Lien Searches: schedules that set forth all Pre-Petition Liens to which each Debtor is subject and each agreement that created such Liens, in each case in form and substance satisfactory to the Post-Petition Lender; and

(o) Other Documents: such other approvals, opinions and instruments, certificates and other documents as the Post-Petition Lender shall have reasonably requested.

Section 3.03 Deemed Representations.

Each Borrowing Notice and acceptance by the Debtors of the proceeds of such borrowing, shall constitute a representation and warranty that the representations and warranties of the Debtors contained in Article IV and in the other Post-Petition Financing Documents, except for representations and warranties expressly made as of a specified earlier date, are true and correct in all material respects both on the date of such notice and, as of the date of such borrowing.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES

The Debtors, jointly and severally, hereby represent and warrant that:

Section 4.01 Incorporation, Good Standing and Due Qualification.

Each Debtor is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its organization or formation, as applicable, has the corporate, or limited liability company power and authority to own or lease its Properties and to transact the business in which it is now engaged or proposed to be engaged, and is duly qualified as a foreign corporation, or foreign limited liability company, as the case may be, and in good standing under the Laws of each jurisdiction in which such qualification is required, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 4.02 Corporate Power and Authority.

Upon entry of the Financing Orders, the execution, delivery and performance by the Debtors of each Post-Petition Financing Document to which it is a party and the borrowings and other extensions of credit hereunder are within each Debtor's power and authority, and have been duly authorized by all necessary corporate, or limited liability company action.

Section 4.03 Legally Enforceable Agreements.

Upon entry of the Financing Orders, each Post-Petition Financing Document to which any Debtor shall be a party is, or when executed and delivered by such Debtor and the other parties thereto will be, a legal, valid and binding obligation of such Debtor enforceable against such Debtor in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at Law or in equity).

Section 4.04 No Violation.

No Debtor is:

- (a) in violation of its certificate of incorporation, bylaws, certificate of formation, or limited liability company agreement; or
- (b) except as set forth on Schedule 4.04 or as may be excused, permitted or required under the Bankruptcy Code or an order of the Bankruptcy Court, in violation, breach or default of any (i) Law where such violation, breach or default could reasonably be expected to result in a Material Adverse Effect or (ii) Material Contract.

Section 4.05 Licenses, Approvals, etc.

All material licenses, permits and other authorizations, and all material bonds, plans, consents to enter upon leased property and other material filings, required by applicable Law or any effective restrictive covenant to be obtained or made in order to permit the operation and conduct of the businesses of any Debtor as now operated and conducted or proposed to be operated and conducted or to collect its receivables have been obtained or made.

Section 4.06 Litigation.

Except for the Case and as set forth on Schedule 4.06, there is no action, suit or proceeding pending or, to the Knowledge of the Debtors, threatened against or affecting any Debtor or any of its respective Properties which could, individually or in the aggregate, reasonably be expected to result in a liability to any Debtor in excess of \$25,000.

Section 4.07 No Material Misstatement or Omission.

No information, exhibit, certificate, report or other document furnished by or on behalf of any Debtor to the Post-Petition Lender in connection with the Post-Petition Financing Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary, as of its date, to make the statements contained therein not materially misleading.

Section 4.08 Taxes.

All post-petition taxes, assessments, fees and other governmental charges upon any Debtor, or upon any of its respective Properties, business, income, profits or franchises, which are due and payable have been paid, except to the extent set forth on Schedule 4.08 or being contested in good faith. To the Knowledge of the Debtors, except as set forth on Schedule 4.08 there are no proposed assessments for additional taxes, assessments, fees and other governmental charges for any post-petition period.

Section 4.09 Liens.

There are no Liens of any nature whatsoever on any assets of any Debtor other than: (i) Pre-Petition Liens granted pursuant to the Pre-Petition Credit Agreements, (ii) Permitted Liens and (iii) Post-Petition Liens in favor of the Post-Petition Lender. Except for the Pre-Petition Credit Agreements, the Debtors are not party to any contract, agreement, lease or instrument the performance of which, either unconditionally or upon the happening of an event, will result in a violation of this Agreement.

Section 4.10 No Forfeiture.

No Debtor is subject to a Forfeiture Proceeding.

Section 4.11 Use of Proceeds.

The proceeds of the Loans shall be used solely for the purposes set forth in Section 2.02 of this Agreement.

Section 4.12 Compliance with ERISA.

(a) All required reports and documents with respect to any Pension Plan have been properly filed with the appropriate governmental agencies. All Pension Plans (and related trusts and insurance contracts) comply in form and in operation in all material respects with the current provisions of ERISA and the Code. With respect to each Pension Plan, there have been no non-exempt prohibited transactions as defined in Section 406 of ERISA or Section 4975 of the Code that have not been reported and corrected.

(b) During the twelve (12) month period prior to the Closing Date or the making of any Loan, (i) no steps have been taken to terminate any Pension Plan and (ii) no contribution

failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA or Regulation 2510.3 – 102(b)(1) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan that could result in the incurrence by any Debtor of any material liability, fine or penalty. No Debtor has incurred liability to the PBGC (other than for current premiums) with respect to any employee Pension Plan. All contributions (if any) have been made to any Multiemployer Pension Plan that are required to be made by the Debtors or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; neither any Debtor nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Pension Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such Pension Plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such Pension Plan, and neither any Debtor nor any member of the Controlled Group has received any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such Pension Plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such Pension Plan is or may be terminated, or that any such Pension Plan is or may become insolvent.

Section 4.13 Healthcare Representations and Warranties.

(a) Reports. Except for matters that could not, in the aggregate be reasonably expected to result in a liability to any Hospital Subsidiary in excess of \$25,000, to the Knowledge of the Debtors: (i) each Hospital Subsidiary has timely filed or caused to be timely filed, all cost reports and other reports of every kind whatsoever required by Law or by written or oral contracts or otherwise to have been filed or made with respect to such Hospital Subsidiary's business operations; (ii) there are no claims, actions or appeals pending (and no Hospital Subsidiary has filed any claims or reports which should result in any such claims, actions or appeals) before any commission, board or agency including without limitation any intermediary or carrier, the Provider Reimbursement Review Board or the Administrator of CMS, with respect to any state or federal Medicare or Medicaid cost reports or claims filed by each Hospital Subsidiary, or any disallowance by any commission, board or agency in connection with any audit of such cost reports; and (iii) no validation review or program integrity review related to each Hospital Subsidiary, or the consummation of the transactions contemplated in the Financing Documents, or related to the Collateral, have been conducted by any commission, board or agency in connection with the Medicare or Medicaid programs, and to the Knowledge of the Debtors, no such reviews are scheduled, pending or threatened against or affecting any of any Hospital Subsidiary's employees or agents or the Collateral, or the consummation of the transactions contemplated hereby.

(b) Compliance With Health Care Laws. To the Knowledge of the Debtors, without limiting the generality of Section 3.4(a) or any other representation or warranty made herein, each Hospital Subsidiary and each of such Hospital Subsidiary's licensed employees and contractors (other than contracted agencies) in the exercise of their respective duties on behalf of such Hospital Subsidiary, is in compliance with all applicable statutes, Laws, ordinances, rules and regulations of any governmental authority with respect to regulatory matters primarily relating to patient healthcare (including without limitation Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a-7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti-Kickback Statute," the Social Security Act, as amended, Section 1877, 42 U.S.C. Section 1395nn (Prohibition Against Certain Referrals), commonly referred to as "Stark Statute," and 31 U.S.C. §3729 et seq., commonly referred to as the

“False Claims Act” (collectively, “Healthcare Laws”)) except where such failure to comply would not reasonably be expected to result in a liability to any Hospital Subsidiary in excess of \$75,000. To the extent applicable to the Hospital Subsidiary, to the Knowledge of the Debtors, each Hospital Subsidiary has maintained in all material respects all records required to be maintained by the JCAHO, the Food and Drug Administration, Drug Enforcement Agency and State Boards of Pharmacy and the federal and state Medicare and Medicaid programs as required by the Healthcare Laws and, to the Knowledge of the Debtors, there are no presently existing circumstances which would result or likely would result in material violations of the Healthcare Laws. Except as disclosed on Schedule 3.4(b), to the Knowledge of the Debtors, no Hospital Subsidiary is currently subject to any federal, state, local governmental or private payor civil or criminal investigations, inquiries or audits involving and/or related to its compliance with Healthcare Laws, or is currently subject to any federal, state or private payor inquiry, investigation, inspection or audit regarding its activities, including without limitation, an inquiry or investigation of any Hospital Subsidiary involving compliance with Healthcare Laws. To the Knowledge of the Debtors, no Hospital Subsidiary: (i) has had a civil monetary penalty assessed against it pursuant to 42 U.S.C. §1320a 7a; (ii) has been excluded from participation in a Federal Health Care Program (as that term is defined in 42 U.S.C. § 1320a-7b); (iii) has been convicted (as that term is defined in 42 C.F.R. §1001.2) of any of those offenses described in 42 U.S.C. §1320a-7b or 18 U.S.C. §§669, 1035, 1347, 1518; or (iv) has been involved or named in a U.S. Attorney complaint made or any other action taken pursuant to the False Claims Act under 31 U.S.C. §§3729-3731 or qui tam action brought pursuant to 31 U.S.C. §3729 *et seq.*

(c) Licenses, Permits, and Certifications. To the Knowledge of the Debtors, each Hospital Subsidiary has such permits, licenses, franchises, certificates and other approvals or authorizations of Governmental Authorities as are necessary under applicable Law or regulations to own its properties and to conduct its business and to receive reimbursement under Medicare and Medicaid (including without limitation such permits as are required under such federal, state and other health care Laws, and under such HMO or similar licensure Laws and such insurance Laws and regulations, as are applicable thereto). To the Knowledge of the Debtors, each Hospital Subsidiary has all Medicare, Medicaid and related agency supplier billing number(s) and related documentation necessary to submit reimbursement claims to Medicare and/or Medicaid for any Medical Service furnished by such Hospital Subsidiary in any jurisdiction where such Hospital Subsidiary conducts business. To the Knowledge of the Debtors, each Hospital Subsidiary is not currently subject to, and never has been subject to, suspension, revocation, renewal or denial of its Medicare and/or Medicaid certification, supplier billing number(s), or Medicare and/or Medicaid participation agreement(s). To the Knowledge of the Debtors, there currently exist no restrictions, deficiencies, required plans of corrective action or other such remedial measures with respect to Medicare and Medicaid certifications or state or local licensure of any Hospital Subsidiary other than restrictions, deficiencies, required plans of corrective action or other remedial measures that, individually and in the aggregate, are immaterial in nature, it being agreed that loss of any certification or accreditation issued by the JCAHO shall be deemed material in nature.

(d) HIPAA Compliance. To the Knowledge of the Debtors, no HPA Party is the subject of any civil or criminal penalty, process, claim, action or proceeding, or any administrative or other regulatory review, survey, process or proceeding (other than routine surveys or reviews conducted by any government health plan or other accreditation entity) that could reasonably be expected to adversely affect any HPA Party’s business, operations, assets, properties or condition (financial or otherwise), in connection with any actual or potential violation by HPA Party of HIPAA.

Section 4.14 Special Representations and Warranties.

To the Knowledge of the Debtors, to the extent a Hospital Subsidiary renders Medical Services, then:

(a) Such Hospital Subsidiary is certified for participation in Medicare and Medicaid, and is a party to valid participation agreements for payments by Medicare and Medicaid program, which agreements are in full force and effect. Such Hospital Subsidiary has the requisite provider number or other healthcare permit to bill the Medicare program (to the extent such entity participates in the Medicare program), the respective Medicaid program in the state or states in which such entity operates (to the extent such entity participates in the Medicaid program in such state or states), and all other third party payor programs for which revenues were included in any financial projections delivered to Post-Petition Lender, except where the failure to have such healthcare permit would not have a material adverse effect on the Hospital Subsidiary taken as a whole. No Hospital Subsidiary has received notice of pending, threatened or possible investigation by, or loss of participation in, Medicare or Medicaid;

(b) Each Hospital Subsidiary is the lawful owner of any license required for the provision of Medical Services at its Real Property. In the event that Post-Petition Lender acquires any of the Real Property through foreclosure or otherwise, neither any Hospital Subsidiary nor Post-Petition Lender, nor any purchaser of the Real Property (through a foreclosure or otherwise), must obtain a certificate of need from any applicable state healthcare regulatory authority or agency (other than giving such notice required under the applicable state Law or regulation) prior to applying for and receiving a license to operate the Real Property and certification to receive Medicare and Medicaid payments (and any successor program) for patients having coverage thereunder, provided that neither the services offered at the Real Property nor the number of beds operated would be changed; and

(c) The Facilities are currently accredited by the JCAHO. The Hospital Subsidiaries have previously delivered to Post-Petition Lender, true, correct and complete copies of the most recent JCAHO accreditation survey report and deficiency lists for all Real Property owned by any Hospital Subsidiaries, if any. To the Knowledge of The Debtors, each of the Hospital Subsidiaries has cured all deficiencies or submitted a plan of correction to cure all deficiencies noted therein, if any, and such HPA Party has no reason to expect that its plans of correction will be disapproved by the JCAHO.

Section 4.15 Hill Burton Act.

To the Knowledge of the Debtors, no Hospital Subsidiary nor any previous owner of any Real Property owned by a Hospital Subsidiary, has received any funding in connection with such Real Property under the federal Hill-Burton Act.

Section 4.16 Funds from Restricted Grants.

To the Knowledge of the Debtors, none of the Real Property or the Collateral is subject to, and the Debtors shall, indemnify and hold Post-Petition Lender harmless from and against, any liability in respect of amounts received by the HPA Parties or others for the purchase or improvement of the Real Property or Collateral or any part thereof under restricted or conditioned grants or donations, including, without limitation, monies received under the Public Health Service Act, 42 U.S.C. Section 291 *et seq.*

ARTICLE V.
AFFIRMATIVE COVENANTS

Unless the consent of the Post-Petition Lender is otherwise obtained so long as any Post-Petition Obligation shall remain unpaid or the Post-Petition Lender shall have its Commitment, the Debtors (and each of them) shall:

Section 5.01 Maintenance of Existence

Preserve and maintain its corporate, limited partnership or limited liability company existence and good standing in the jurisdiction of its incorporation or formation.

Section 5.02 Maintenance of Records.

Keep the books and records at the locations set forth on Schedule 5.02. Keep adequate records and books of account in which entries will be made reflecting all financial transactions and the assets and business of the Debtors in accordance with GAAP, and which shall be in such form which will allow the Debtors to prepare financial statements necessary or appropriate in connection with the Case.

Section 5.03 Maintenance of Insurance.

Maintain casualty insurance policies covering all of the Property subject to the Lien of the Post-Petition Lender under the Security Documents. All insurance shall be in amounts, cover such risks, and have such deductibles no less favorable than in effect on the Petition Date.

Section 5.04 Compliance with Laws.

Comply in all material respects with all applicable Laws, except as may be excused, permitted or required under the Bankruptcy Code or an order of the Bankruptcy Court.

Section 5.05 Access; Right of Inspection; Field Examinations.

Provide the Post-Petition Lender or any representative thereof with reasonable access to the books and records, equipment, facilities, employees and premises of the Debtors and permit the Post-Petition Lender or any agent or representative thereof, to conduct field examinations, examine and make copies of the records and books of, and visit the Properties of, the Debtors, and to discuss the affairs, finances and accounts of the Debtors with each of their officers, directors, employees and independent accountants. The Debtors agree to cooperate with the Post-Petition Lender or representative thereof with respect to the preceding sentence and that such access and inspection shall be provided during the pendency of the Case. The Post-Petition Lender (and its representatives) is hereby authorized to deliver a copy of any information delivered to it if so requested by any regulatory body having jurisdiction over it. All rights of access, inspection and field examinations set forth in this Section shall occur during normal business hours, upon reasonable notice and without unreasonable interference with the proper operation of the Debtors' businesses. The cost of such examinations shall be borne by the Debtors.

Section 5.06 Maintenance of Accounts.

Subject to the necessary approval of the Bankruptcy Court, the Debtors shall designate, maintain and continue to use, with the same account numbers all of the bank accounts in existence on the Petition Date, including without limitation, those accounts identified on Schedule 5.06 (the "Bank Accounts").

Section 5.07 Reporting Requirements.

Furnish copies to the Post-Petition Lender of the following:

- (a) not later than Friday of each week, a Weekly Cash Balance /Expense Report, each for the preceding week;
- (b) not later than Friday of each week, and promptly upon the request of the Post-Petition Lender, a Compliance Certificate of a Responsible Officer certifying that no Default or Event of Default has occurred or, if a Default or Event of Default has occurred, a statement as to the nature thereof;
- (c) promptly after obtaining Knowledge thereof, notice of any action or omission of any Debtor, or any other event, which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;
- (d) within five (5) Business Days after any Debtor shall obtain Knowledge of the occurrence of any Default or Event of Default, a written notice setting forth the details of such Default or Event of Default;
- (e) promptly furnish to the Post-Petition Lender and its counsel, at the expense of such Debtors, copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of the Debtors with the Bankruptcy Court in the Case, or distributed by or on behalf of the Debtors with the Bankruptcy Court in the Case, or distributed by or on behalf of the Debtors to any official committee appointed in the Case;
- (f) as soon as possible and, in any event, within five (5) Business Days after any Debtor receives written notice of the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any Governmental Authority against or involving any Debtor that could reasonably be expected to result in losses to the Debtors, individually or in the aggregate, of \$25,000 and thereafter, promptly after the occurrence thereof, notice of any material adverse change in the status or the financial effect on the Debtor of such actions, suits, investigations, litigation and proceedings;
- (g) promptly after the commencement thereof or promptly after any Debtor obtaining Knowledge of the commencement or threat thereof, notice of any Forfeiture Proceeding; and
- (h) promptly, upon the request of the Post-Petition Lender or on its behalf, all such information reasonably requested in respect of the condition or operations, financial or otherwise, of any Debtor.

Section 5.08 Hazardous Materials; Remediation.

The Debtors will provide Post-Petition Lender within thirty (30) days after demand therefor with a bond, letter of credit or similar financial assurance evidencing to the satisfaction of Post-Petition Lender that sufficient funds are available to pay the cost of removing, treating and disposing of any Hazardous Materials or Hazardous Materials Contamination and discharging any assessment which may be established on any property as a result thereof, such demand to be made, if at all, upon Post-Petition Lender's reasonable business determination that the failure to remove, treat or dispose of any Hazardous

Materials or Hazardous Materials Contamination, or the failure to discharge any such assessment could reasonably be expected to have a Material Adverse Effect.

Section 5.09 Accreditation and Licensing.

(a) Use commercially reasonable efforts to cause each HPA Party to (i) obtain and maintain all certificates of need, provider numbers and permits and other licenses required to operate such HPA Party's business and its business locations under applicable Law and maintain such HPA Party's qualification for participation in, and payment under, Medicare, Medicaid and any other federal, state or local governmental program or private program providing for payment or reimbursement for services rendered by such Person except to the extent such loss or relinquishment could not reasonably be expected to have a material adverse effect on any HPA Party's business, operations, condition (financial or otherwise), prospects or properties, (ii) if required by applicable Law, properly file all Medicaid/Medicare cost reports, and (iii) promptly furnish or cause to be furnished to the Post-Petition Lender copies of all reports and correspondence it sends or receives relating to any loss or revocation (or threatened loss or revocation) of any qualification described in this Section or any other violation or possible violation of Healthcare Laws. The HPA Parties will furnish and cause to be furnished to the Post-Petition Lender, within twenty (20) days of receipt by any HPA Party, a copy of any health care survey report related to licensure or certification (including, without limitation, an annual or biannual Medicare certification survey report) and any statement of deficiencies pertaining to any HPA Party or any of its subsidiaries; within the time period required by the particular agency for submission, the HPA Parties shall submit to Post-Petition Lender a copy of the Plan of Correction with respect thereto if such Plan of Correction is required by such agency issuing the statement of deficiency or notice of violation, if such deficiency or violation could adversely affect either the right to continue participation in Medicare, Medicaid or their reimbursement programs for existing and prospective patients result in the loss or suspension of any HPA Party's licenses and permits to operate its businesses.

(b) Use commercially reasonable efforts to cause each HPA Party to (i) provide Approved Goods or Services to its customers in compliance with ethical standards, Laws, rules and regulations applicable to it or any facility or location it operates; (ii) assure that each of its employees and each employee of such facility or location has all required licenses, credentials, approvals and other certifications to perform his or her duties and services for such location; and (iii) maintain all permits and other licenses required to operate its facilities and locations and conduct its business under applicable Law; except to the extent, with respect to each of clauses (i), (ii), and (iii) above, where the failure to comply, individually or in the aggregate, has not had and could not reasonably be expected to have or result in a material adverse effect on any HPA Party's business, operations, condition (financial or otherwise), prospects or properties.

(c) The Debtors shall notify Post-Petition Lender within two (2) Business Days following Debtors obtaining Knowledge of the occurrence of any of the following events: (1) the notification, through letter or otherwise, of a potential investigation relating to any HPA Party's submission of claims to Medicare, Medicaid or other governmental programs; or (2) the voluntary disclosure by HPA Party (or any subsidiary of any such HPA Party) to the Office of the Inspector General of the United States Department of Health and Human Services, a Medicare fiscal intermediary or any state's Medicaid program of a potential overpayment matter involving the submission of claims to such payor

Section 5.10 Retention Plan.

Maintain and pay all amounts due under the Retention and Incentive Plan to key employees in connection with the restructuring of the Debtors, such Retention and Incentive Plan shall be acceptable to the Post-Petition Lender in its reasonable discretion and shall be approved by the Bankruptcy Court no later than no later than October 31, 2008.

ARTICLE VI.
NEGATIVE COVENANTS

Unless the consent of the Post-Petition Lender (unless otherwise noted herein) is otherwise obtained, so long as any Post-Petition Obligation shall remain unpaid or the Post-Petition Lender shall have its Commitment outstanding, the Debtors shall not (and none of them shall):

Section 6.01 Debt.

Create, incur, assume or suffer to exist any Debt, except:

(a) Debt of the Debtors under this Agreement, the Note and the other Post-Petition Financing Documents;

(b) Debt with respect to endorsements of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and

(c) Pre-Petition Debt (including existing Capital Leases in existence as of the Petition Date) and listed on Schedule 6.01(c) (it being understood that Borrower is not required to list on such schedule any trade payables incurred in the ordinary course of business prior to the Closing Date); and

(d) Debt incurred in accordance with the Budget.

Section 6.02 Liens.

Create, incur, assume or suffer to exist any Lien upon or with respect to any of its Property (including without limitation motor vehicles) now owned or hereafter acquired, except for Permitted Liens, and the Liens listed on Schedule 6.02.

Section 6.03 Leases.

Create, incur, assume or suffer to exist any obligation as lessee for the rental or hire of any Property, except as contemplated by the Budget and the following as existing prior to the Petition Date:

(a) operating leases;

(b) Capital Leases; and

(c) licenses of intellectual property (such as copyrights, patents, trademarks and software) used in the operation of the business.

Section 6.04 Amendment, Modification and Termination of Material Contracts.

Cancel or terminate any Material Contract or consent to or accept any cancellation or termination thereof, amend or otherwise modify any Material Contract or give any consent, waiver or approval thereunder, waive any default under or any breach of any Material Contract, agree in any manner to any other amendment, modification or change of any term or condition of any Material Contract, or take any action that would cause such Material Contract to cease to be in full force and effect.

Section 6.05 Chapter 11 Claims.

Incur, create, assume, suffer to exist or permit any superpriority claim which is pari passu with or senior to the claims of the Post-Petition Lender against any Post-Petition Collateral and the claims of the Pre-Petition Secured Parties (or any agent or representative thereof) under the Interim Order and Final Order.

Section 6.06 Account Restriction.

Open or maintain a deposit account with any other financial institution, except the Bank Accounts listed on Schedule 5.06.

Section 6.07 Sales.

Sell, transfer, lease, assign, encumber or otherwise dispose of the Collateral, except in the ordinary course of business, without the prior written consent of the Post-Petition Lender (and no consent shall be inferred from any other action, inaction or acquiescence of the Post-Petition Lender) and approval of the Court upon notice and a hearing.

Section 6.08 Reclamation Claims; Bankruptcy Code Section 546(g) Agreements.

Except pursuant to an order of the Bankruptcy Court, (a) make any payments or transfer any property on account of claims asserted by any vendors of any Debtor for reclamation in accordance with Section 2-702 of the UCC and Section 546(c) of the Bankruptcy Code or (b) enter into any agreements or file any motion seeking a Bankruptcy Court order for the return of property of any Debtor to any vendor pursuant to Section 546 (g) of the Bankruptcy Code in the aggregate for clauses (a) and (b) in excess of \$50,000 in the aggregate.

ARTICLE VII.
EVENTS OF DEFAULT

Section 7.01 Events of Default.

Any of the following events shall be an "Event of Default":

(a) (i) any Debtor fails to pay the principal of, or interest on, the Note on or before the date when due and payable; or (ii) any Debtor fails to pay any fee or other amount due the Post-Petition Lender hereunder or under any other Post-Petition Financing Document when due and payable; or

(b) any representation or warranty made or deemed made by any Debtor in this Agreement or in any other Post-Petition Financing Document or the Financing Orders, or which is contained in any written certificate, document, opinion, financial or other statement furnished at any time under or in connection with any Post-Petition Financing Document proves to have been incorrect in any material respect on or as of the date made or deemed made or furnished; or

(c) any Debtor fails to perform or observe any term, covenant or agreement contained in this Agreement, any of the Financing Orders, or any of the other Post-Petition Financing Documents written notice shall have been given to the Debtor by the Post-Petition Lender and if such failure shall remain uncured for a period of two (2) days after receipt by the Debtor of such written notice thereof; or

(d) failure of the Bankruptcy Court to enter a Final Order approving the Debtors' entry into the Post-Petition Credit Agreement, substantially in the form of the Interim Order or in such other form satisfactory to the Post-Petition Lender within 70 days after the Petition Date; or

(e) entry of an order, without the prior written consent of the Post-Petition Lender (i) converting the Case to a case under chapter 7 of the Bankruptcy Code; (ii) dismissing the Case; (iii) appointing a Trustee under Section 1104 of the Bankruptcy Code or appointing an examiner with expanded powers (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code); or (iv) amending, supplementing, staying, vacating or otherwise modifying this Agreement or any of the Financing Orders approving this Agreement; or

(f) any material provision of this Agreement, or any other Post-Petition Financing Document, for any reason, ceases to be valid and binding on any Debtor, or any Debtor shall so assert in any pleading filed in any court; or

(g) entry of an order of the Bankruptcy Court reversing, vacating or (without the written consent of the Post-Petition Lender) otherwise amending, supplementing or modifying any of the Financing Orders; or

(h) any non-monetary judgment or order with respect to a post-petition event shall be rendered against any Debtor which does or would reasonably be expected to result in a liability to any Debtor in excess of \$25,000 that is not subject to the automatic stay in effect in the Case; or

(i) any application by any Debtor seeking authority to pay any Pre-Petition Payment other than Pre-Petition Payments authorized by this Agreement, if any, or approved as part of the Budget, without the prior written consent of the Post-Petition Lender; or

(j) the occurrence of, or becomes known, any event or condition, including, without limitation, acts of terrorism or war, that has had, or could reasonably be expected to result in a post-petition liability to any Debtor in excess of \$25,000; or

(k) other than judgments and decrees related to recharacterization proceedings related to Capital Leases, one or more judgments or decrees required to be satisfied as an administrative expense claim or otherwise shall be entered after the Petition Date against any Debtor involving individually or in the aggregate a liability (to the extent not paid or fully covered by insurance) of \$25,000 or more that is not subject to the automatic stay in effect in the Case; or

(l) any Person (including without limitation any Debtor or any creditors' committee appointed in the Case) commences any suit or action, and with respect to any suit or action brought by a Person other than any Debtor, such suit or action is continued without dismissal for 45 days after service thereof, that seeks to invalidate, reduce, subordinate, impair or otherwise challenge the validity, extent and perfection of the Liens and/or claims of the Post-Petition Lender; or

(m) any application by any Debtor for entry of an order approving any financing or loans senior, pari passu or junior to the Loans under this Agreement without the prior written approval of the Post-Petition Lender, unless the proceeds of such financing or loans will be used to indefeasibly pay in full in cash the Post-Petition Obligations; or

(n) an "Event of Default" under and as defined in any other Post-Petition Financing Document; or

(o) any of the Security Documents, at any time after its execution and delivery and for any reason other than pursuant to the terms hereof and thereof cease: (i) to create a valid and perfected security interest in and to the Property purported to be subject to such Security Document, or (ii) to be in full force and effect or declared null and void, or the validity or enforceability thereof contested by any Debtor, or any Debtor denies that it has any further liability or obligation under the Security Documents or such Person shall fail to perform any of its material obligations thereunder; or

(p) the entry of any order granting relief from the automatic stay to permit the holder or holders of any other security interest or lien in Collateral with a fair market value in excess of \$25,000 to pursue any judicial or non-judicial transfer or other remedy against any assets of any Debtor; or

(q) failure of the Bankruptcy Court to enter a Final Order approving the Roll-Up.

Section 7.02 Remedies.

Upon the occurrence of any Event of Default, the Post-Petition Lender may terminate immediately the Commitment and, subject to the Financing Orders, may take any of the following actions:

(a) declare the Loans then outstanding to be forthwith due and payable, whereupon the principal of the Loans together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of any Debtor accrued hereunder and under any other Post-Petition Financing Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Debtor, anything contained herein or in any other Post-Petition Financing Document to the contrary notwithstanding, and, further the Debtors shall immediately turn over and/or deliver title to or possession of all Post-Petition Collateral to the Post-Petition Lender;

(b) foreclose upon and sell all or a portion of the Collateral;

(c) make application for the appointment of a chapter 11 trustee to liquidate the Collateral;

(d) take any other action to exercise any and all other rights and remedies (including, without limitation, with respect to Liens in favor of the Post-Petition Lender) under this Agreement, the other Post-Petition Financing Documents, and under applicable Law available to the Post-Petition Lender; and

(e) any other remedy set forth in the Financing Orders.

Notwithstanding the foregoing, other than suspending the making of Revolving Credit Loans, the Post-Petition Lender may not exercise any rights or remedies with respect to the Collateral following an Event of Default except as provided in the Financing Orders. Nothing contained herein shall impose any limitation on the right of the Post-Petition Lender to request the Bankruptcy Court to grant such remedies deemed appropriate, including but not limited to the appointment of a trustee or examiner in a chapter 11 case. In no event shall the Post-Petition Lender be subject to the equitable doctrine of marshalling or any other similar doctrine with respect to any of the Collateral or otherwise.

Section 7.03 Remedies Cumulative.

All remedies set forth in this Agreement and the other Post-Petition Financing Documents, or provided at Law or in equity, are cumulative.

ARTICLE VIII.
CROSS-GUARANTY

Section 8.01 Cross-Guaranty.

Each Debtor hereby agrees that such Debtor is jointly and severally liable for, and hereby absolutely and unconditionally guarantees to Post-Petition Lender, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of, all Post-Petition Obligations owed or hereafter owing to Post-Petition Lender by each other Debtor. Each Debtor agrees that its guaranty obligation hereunder is a continuing guaranty of payment and performance and not of collection, that its obligations under this Article 8 shall not be discharged until payment and performance, in full, of the Post-Petition Obligations has occurred, and that its obligations under this Article 8 shall be absolute and unconditional, irrespective of, and unaffected by,

(a) the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Agreement, any other Post-Petition Financing Document or any other agreement, document or instrument to which any Debtor is or may become a party;

(b) the absence of any action to enforce this Agreement (including this Article 8) or any other Post-Petition Financing Document or the waiver or consent by Post-Petition Lender with respect to any of the provisions thereof;

(c) the existence, value or condition of, or failure to perfect its Lien against, any security for the Obligations or any action, or the absence of any action, by Post-Petition Lender in respect thereof (including the release of any such security); or

(d) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

Each Debtor shall be regarded, and shall be in the same position, as principal debtor with respect to the Post-Petition Obligations guaranteed hereunder.

Section 8.02 Waivers by Debtors.

To the maximum extent it may lawfully do so, each Debtor expressly waives all rights it may have now or in the future under any statute, or at common law, or at law or in equity, or otherwise, to compel Post-Petition Lender to marshal assets or to proceed in respect of the Post-Petition Obligations guaranteed hereunder against any other Debtor, any other party or against any security for the payment and performance of the Post-Petition Obligations before proceeding against, or as a condition to proceeding against, such Debtor. It is agreed among each Debtor and Post-Petition Lender that the foregoing waivers are of the essence of the transaction contemplated by this Agreement and the other Post-Petition Financing Documents and that, but for the provisions of this Article 8 and such waivers, Post-Petition Lender would decline to enter into this Agreement.

Section 8.03 Benefit of Guaranty.

Each Debtor agrees that the provisions of this Article 8 are for the benefit of Post-Petition Lender and its respective successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between any other Debtor and Post-Petition Lender, the obligations of such other Debtor under the Post-Petition Financing Documents.

Section 8.04 Waiver of Subrogation, Etc.

Notwithstanding anything to the contrary in this Agreement or in any other Post-Petition Financing Document, and except as set forth in Section 8.07, each Debtor hereby expressly and irrevocably waives any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and any and all defenses available to a surety, guarantor or accommodation co-obligor for so long as any of the Post-Petition Obligations shall remain outstanding. Each Debtor acknowledges and agrees that this waiver is intended to benefit Post-Petition Lender and shall not limit or otherwise affect such Debtor's liability hereunder or the enforceability of this Article 8, and that Post-Petition Lender and its respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 8.04.

Section 8.05 Election of Remedies.

If Post-Petition Lender may, under applicable law, proceed to realize its benefits under any of the Post-Petition Financing Documents giving Post-Petition Lender a Lien upon any Collateral, whether owned by any Debtor or by any other Person, either by judicial foreclosure or by non-judicial sale or enforcement, Post-Petition Lender may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Article 8. If, in the exercise of any of its rights and remedies, Post-Petition Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Debtor or any other Person, whether because of any applicable laws pertaining to "election of remedies" or the like, each Debtor hereby consents to such action by Post-Petition Lender and waives any claim based upon such action, even if such action by Post-Petition Lender shall result in a full or partial loss of any rights of subrogation that each Debtor might otherwise have had but for such action by Post-Petition Lender. Any election of remedies that results in the denial or impairment of the right of Post-Petition Lender to seek a deficiency judgment against any Debtor shall not impair any other Debtor's obligation to pay the full amount of the Obligations. In the event Post-Petition Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or the Post-Petition Financing Documents, Post-Petition Lender may bid all or less than the amount of the Post-Petition Obligations and the amount of such bid need not be paid by Post-Petition Lender but shall be credited against the Post-Petition Obligations. The amount of the successful bid at any such sale, whether Post-Petition Lender or any other party is the successful bidder, shall be conclusively deemed to be the

fair market value of the Collateral and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Post-Petition Obligations guaranteed under this Article 8, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Post-Petition Lender might otherwise be entitled but for such bidding at any such sale.

Section 8.06 Contribution with Respect to Guaranty Obligations.

(a) To the extent that any Debtor shall make a payment under this Article 8 of all or any of the Obligations (other than Loans made to that Debtor for which it is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments then previously or concurrently made by any other Debtor, exceeds the amount that such Debtor would otherwise have paid if each Debtor had paid the aggregate Obligations satisfied by such Guarantor Payment in the same proportion that such Debtor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Debtors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Post-Petition Obligations and termination of the Commitment, such Debtor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Debtor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Debtor shall be equal to the maximum amount of the claim that could then be recovered from such Debtor under this Article 8 without rendering such claim voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 8.06 is intended only to define the relative rights of Debtors and nothing set forth in this Section 8.06 is intended to or shall impair the obligations of Debtors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement, including Section 8.01. Nothing contained in this Section 8.07 shall limit the liability of any Debtor to pay the Loans made directly or indirectly to that Debtor and accrued interest, fees and expenses with respect thereto for which such Debtor shall be primarily liable.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Debtor to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Debtors against other Debtors under this Section 8.06 shall be exercisable upon the full and indefeasible payment of the Obligations and the termination of the Commitment.

Section 8.07 Liability Cumulative.

The liability of Debtors under this Article 8 is in addition to and shall be cumulative with all liabilities of each Debtor to Post-Petition Lender under this Agreement and the other Post-Petition Financing Documents to which such Debtor is a party or in respect of any Obligations or obligation of the other Debtors, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

ARTICLE IX.
MISCELLANEOUS.

Section 9.01 Amendments and Waivers; Remedies Cumulative.

Subject to and except as otherwise expressly provided in this Agreement or in any other Post-Petition Financing Document, any provision of this Agreement or any other Post-Petition Financing Document may be waived, amended or modified only by an instrument in writing signed by the Debtors and the Post-Petition Lender. No failure on the part of the Post-Petition Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

Section 9.02 Costs; Expenses; Taxes.

Subject to the Financing Orders, the Debtors agree to pay or reimburse, and the Budget shall automatically be deemed amended to include the same upon the Debtors' receipt of such invoice, (a) the Post-Petition Lender for all its costs and expenses (including, without limitation, the reasonable fees and expenses of attorneys for the Post-Petition Lender) incurred in connection with the preparation and administration of this Agreement, the other Post-Petition Financing Documents and the Case and (b) the Post-Petition Lender for all reasonable costs and expenses (including, without limitation, the reasonable fees and expenses of attorneys for the Post-Petition Lender) incurred in connection with the default, collection, waiver or amendment of this Agreement or any of the other Post-Petition Financing Documents, or in connection with the Post-Petition Lender's exercise, preservation or enforcement of any of its rights, remedies or options hereunder. All such fees and expenses shall be Post-Petition Obligations secured by the Collateral. In addition, the Debtors shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of any of the Security Agreement and all related and/or necessary financing statements, and agree to save the Post-Petition Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 9.03 Survival.

The obligations of the Debtor under Section 9.02 shall survive the repayment of the Loans and the termination of the Commitment and continue after the Termination Date.

Section 9.04 Notices.

Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) If to the Debtors, to:

Hospital Partners of America, Inc.
2815 Coliseum Centre Drive
Suite 150
Charlotte, NC 28217

Facsimile Number: 704-423-8895
Phone: 704-424-6800

With a copy to:

Klee, Tuchin, Bogdanoff & Stern LLP
1999 Avenue of the Stars, 39th Floor
Los Angeles, CA 90067
Attn: Martin R. Barash, Esq.
Facsimile Number: (310) 407-9090
Direct: (310) 407-4005

(b) If to the Post-Petition Lender, to:

New Enterprise Associates 10, Limited Partnership.
1119 St. Paul Street
Baltimore, MD 21202
Attn: Louis Citron, Esq.
Fax: (410) 752-7721
Phone: (410) 244-0115

With a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036-8299
Attention: Jeffrey A. Levitan, Esq.
Fax: (212) 969-2900
Phone: (212) 969-3000

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy, or on the date five (5) Business Days after dispatch by certified or registered mail, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.04 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.04.

Section 9.05 Jurisdiction; Immunities.

(a) SUBJECT TO THE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT OF THE DISTRICT OF DELAWARE DURING THE PENDENCY OF THE CASE, EACH OF THE DEBTORS AND THE POST-PETITION LENDER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION THEREOF OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES OR ANY OTHER POST-PETITION FINANCING DOCUMENT, AND EACH OF THE DEBTORS AND THE POST-PETITION LENDER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED THEREIN.

(b) THE DEBTORS AND THE POST-PETITION LENDER (BY ACCEPTANCE OF THE NOTE) MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO TRIAL BY JURY. EXCEPT AS PROHIBITED BY LAW, THE DEBTORS HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE DEBTORS CERTIFY THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE POST-PETITION LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE POST-PETITION LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR THE POST-PETITION LENDER TO ENTER INTO THIS AGREEMENT, ACCEPT THE NOTES AND MAKE THE EXTENSIONS OF CREDIT.

(c) Nothing in this Section 9.05 shall affect the right of any Debtor, or the Post-Petition Lender to serve legal process in any other manner permitted by Law or affect the right of the Post-Petition Lender to bring any action or proceeding against any Debtor or its Property in the courts of any other jurisdictions.

(d) To the extent that any Debtor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its Property, such Debtor hereby irrevocably waives such immunity in respect of its obligations under this Agreement, the Notes and the other Post-Petition Financing Documents.

Section 9.06 Table of Contents; Headings.

The table of contents and the headings and captions hereunder are for convenience only and shall not affect the interpretation or construction of this Agreement.

Section 9.07 Severability.

The provisions of this Agreement are intended to be severable. If for any reason any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 9.08 Entire Agreement.

This Agreement and the Post-Petition Financing Documents, among the Post-Petition Lender and the Debtors, are intended by the parties as the final, complete and exclusive statement of the transactions evidenced thereby. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superseded by this Agreement and such other Post-Petition Financing Documents, and no party is relying on any promise, agreement or understanding not set forth in this Agreement or such other Post-Petition Financing Documents.

Section 9.09 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

Section 9.10 Counterparts.

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing any such counterpart.

Section 9.11 USA Patriot Act.

The Post-Petition Lender hereby notifies the Debtors that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into Law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Debtors, which information includes the name and address of the Debtors and other information that will allow the Post-Petition Lender to identify the Debtors in accordance with the Act.

Section 9.12 Indemnity; Damage Waiver

(a) Indemnification by the Debtors. Debtors shall indemnify Post-Petition Lender and each Related Party of the Post-Petition Lender (collectively, the "Indemnified Persons") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel and in-house documentation and diligence fees and legal expenses) ("Losses") which may be imposed on, incurred by or asserted against any Indemnified Person with respect to or arising out of, or in any litigation, proceeding or investigation instituted or conducted by any Person with respect to any aspect of, or any transaction contemplated by or referred to in, or any matter related to, any Post-Petition Financing Document or any agreement, document or transaction contemplated thereby, whether or not such Indemnified Person is a party thereto, provided, however, that such indemnity shall not, as to any Indemnified Person, be available to the extent that such Losses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted primarily from the gross negligence or willful misconduct of any Indemnified Person. Post-Petition Lender agrees to give Debtors reasonable notice of any event of which it becomes aware for which indemnification may be required under this Section 9.12(a) (provided that the failure to give such notice shall not affect the obligations of the Debtors hereunder), and Post-Petition Lender may elect (but is not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to Debtors' consent, which consent shall not be unreasonably withheld or delayed. Any Indemnified Person may, in its reasonable discretion, take such actions as it deems necessary and appropriate to investigate, defend or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of such Indemnified Person or the Collateral. Notwithstanding the foregoing, if any insurer agrees to undertake the defense of an event (an "Insured Event"), Post-Petition Lender agrees not to exercise the right to select counsel to defend the event if such insurer asserts in writing that such action would cause such insurer to deny coverage; provided, however, that each Indemnified Person shall have the right to retain counsel to represent such Indemnified Person with respect to an Insured Event at its sole cost and expense. To the extent that any Indemnified Person obtains recovery from a third party other than an Indemnified Person of any of the amounts that Debtor has paid to such Indemnified

Person pursuant to the indemnity set forth in this Section 9.12(a), then such Person shall promptly pay to the Debtors the amount of such recovery.

(b) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, the Debtors shall not assert, and hereby waive, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Post-Petition Financing Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnified Person referred to in Section 9.12(a) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Post-Petition Financing Documents or the transactions contemplated hereby or thereby.

(c) Payments. All amounts due under this Section 9.12 shall be payable promptly after demand therefor.

(d) Survival. The obligations of the Debtor under Section 9.12 shall survive the repayment of the Loans and the termination of the Commitment and continue after the Termination Date.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

DEBTORS:

Hospital Partners of America, Inc.

By: _____
Name:
Title:

Surgical Hospital of Austin Management, Inc.

By: _____
Name:
Title:

Austin Surgical Hospital Holdings, Inc.

By: _____
Name:
Title:

SJ Medical Center Management, LLC

By: _____
Name:
Title:

Trinity MC Management, LLC

By: _____
Name:
Title:

POST-PETITION LENDER:

**NEW ENTERPRISE ASSOCIATES 10,
LIMITED PARTNERSHIP,**
By: NEA Partners 10, Limited Partnership,
its General Partner

By: _____
Name:
Title:

Schedule 1.01B

Pre-Petition Security Documents

Ownership Pledge, Assignment and Security Agreement, dated as of August 21, 2006 by and between SJ Medical Center Management, LLC and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc. (first lien term loan)

Ownership Pledge, Assignment and Security Agreement, dated as of August 21, 2006 by and between SJ Medical Center Management, LLC and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc. (second lien term loan)

Pledge Agreement, dated as of August 10, 2007, by and among Hospital Partners of America, Inc., SRMC Management, Inc. and MPT of Shasta, L.P.

Pledge Agreement, dated as of August 10, 2007, by and among Hospital Partners of America, Inc., River Oaks Holdings, Inc. and MPT of Twelve Oaks, L.P.

Pledge Agreement, dated as of August 10, 2007, by and among Hospital Partners of America, Inc., River Oaks Medical Center Management, Inc. and MPT of Twelve Oaks, L.P.

Pledge and Security Agreement, dated as of September 15, 2008, by and among Hospital Partners of America, Inc., Trinity MC Management, LLC and New Enterprise Associates 10, Limited Partnership

Equipment Loan, dated as of September 1, 2004, by and between Hospital Partners of America, Inc. and Siemens (for equipment located at River Oaks Medical Center, L.P.)

Pledge of Interest, dated as of September __, 2008, by and among Hospital Partners of America, Inc., Shasta Regional Medical Center, LLC, MPT of Shasta, L.P., MPT of Twelve Oaks, L.P. and MPT Development Services, Inc.

Schedule 4.06

Litigation

Entity	Claimant	Venue	Description
HPA	Oscar J. Barahona, Sr. and Maria C. Medina, individually and as next friends of Oscar J. Barahona, Jr.	District Court, Harris County, TX	Claim for balance of payment owing under settlement agreement signed with River Oaks Medical Center, L.P.
HPA	Medistar Corporation, Medistar River Oaks Medical Center, Ltd. and Medistar Dairy Ashford Professional Building, LLC	District Court, Harris County, TX	Claim against HPA as guarantor of amounts owing under leases entered into by River Oaks Medical Center, L.P.
HPA	Maria M. Cowles	Claim - no suit filed	Demand for payment under a Confidential Settlement Agreement/Release
HPA	Shanda and Jeff Buckley	Claim - no suit filed	Personal injury/negligence claim
HPA	Valerie Roberts, individually and as administratrix of the estate of Sarita Kaye Johnson, and Jarvis Roberts	District Court, Harris County, TX	Personal injury/negligence claim
HPA	Andre J. Howard	District Court, Harris County, TX	Various employment related causes of action including retaliation, mental cruelty and breach of good faith
HPA	Hitachi Capital America Corp.	District Court, Harris County, TX	Breach of contract claim

Schedule 4.08

Taxes

None.

Schedule 5.02

Maintenance of Records

2815 Coliseum Centre Drive, Suite 150
Charlotte, NC 28217

Schedule 5.06

Bank Accounts

Account Holder	Depository Bank	Account Number	Account Type
HPA	Wachovia Bank, N.A.	2000029483428	Operating
HPA	Wachovia Bank, N.A.	2000040493934	Concentration
HPA	Bank of America, N.A.	000690122055	Operating
HPA	Wachovia Bank, N.A.	2000029483444	Payroll
HPA	Wachovia Bank, N.A.	2000029493431	General Disbursing

Schedule 6.01(c)

Pre-Petition Debt

Entity	Lender	Items Financed	Orig. Date	Maturity Date	Type	Balances per GL
HPA	HPA Todd and Terry Notes	Refin of HPA Loans Holding	04/16/2008	08/18/2011	Note Payable	650,000
HPA	Microsoft	Licenses Lease	10/01/2005	10/01/2008	Note Payable	23,752
HPA	Delage	SJMC Microsoft Licenses	11/13/2006	10/13/2009	Note Payable	269,171
HPA	Great America #2	Office Furniture	09/21/2006	09/21/2008	Cap Lease	161
HPA	Great America #3	Office Furniture	11/08/2006	11/08/2008	Cap Lease	393
HPA	CD Capital	Copier Lease	06/30/2006	05/30/2011	Cap Lease	18,720
HPA	Siemens (equip. at ROH)	Equipment	09/01/2004	12/24/2009	Note Payable	257,137
HPA	NEA	Working Capital	09/15/2008	10/15/2008	Note Payable	900,000
						2,119,335

See attached schedule of guarantees.

Schedule 6.02

Liens

HOSPITAL PARTNERS OF AMERICA, INC.

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Delaware Secretary of State	Initial filing	06/29/2004 4180500 3	General Electric Capital Corporation	Equipment
Delaware Secretary of State	Initial filing	10/28/2004 4305192 9	General Electric Capital Corporation	Equipment
Delaware Secretary of State	Initial filing	05/18/2005 5154132 6	Siemens Financial Services, Inc.	Equipment
Delaware Secretary of State	Initial filing	02/08/2006 6047792 7	Siemens Financial Services, Inc.	Equipment
Delaware Secretary of State	Initial filing	08/21/2006 6291509 8	Silver Point Finance, L.L.C.	All assets
Delaware Secretary of State	Initial filing	08/10/2007 2007 3051116	HPA Loans Holding LLC	All assets other than ownership interests in subsidiaries
Delaware Secretary of State	Initial filing	11/20/2007 2007 4429527	MPT of Shasta, L.P.	Stock in SRMC Management, Inc.
Delaware Secretary of State	Initial filing	11/20/2007 2007 4429568	MPT of Twelve Oaks, L.P.	Stock in River Oaks Medical Center Management, Inc.
Delaware Secretary of State	Initial filing	11/20/2007 2007 4429584	MPT of Twelve Oaks, L.P.	Stock in River Oaks Holdings, Inc.
Delaware Secretary of State	Initial filing	05/23/2008 2008 1787421	Republic Bank Med One Capital Funding, LLC Med One Capital Funding - Texas, L.P.	Equipment
Delaware Secretary of State	Initial filing	05/28/2008 2008 1815701	Republic Bank Med One Capital Funding, LLC	Equipment

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Delaware Secretary of State	Initial filing	08/06/2008 2008 2692539	Republic Bank, Inc. IPA One Med One Capital Funding, LLC	Equipment
Delaware Secretary of State	Initial Filing	09/18/2008	New Enterprise Associates 10, Limited Partnership	

SURGICAL HOSPITAL OF AUSTIN MANAGEMENT, INC.

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Delaware Secretary of State	Initial filing	08/21/2006 6291547 8	Silver Point Finance, L.L.C.	All assets

AUSTIN SURGICAL HOSPITAL HOLDINGS, INC.

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Delaware Secretary of State	Initial filing	08/21/2006 6291506 4	Silver Point Finance, L.L.C.	All assets

SJ MEDICAL CENTER MANAGEMENT, LLC

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Texas Secretary of State	Initial filing	08/21/2006 06-0027964094	Merrill Lynch Capital	Membership interests in SJ Medical Center, LLC
Texas Secretary of State	Initial filing	08/22/2006 06-0028220717	Silver Point Finance, L.L.C.	All assets
Texas Secretary of State	Amendment to File No. 06-0028220717	10/12/2006 06-00339959	Silver Point Finance, L.L.C.	All assets, other than certain limited excluded assets
Texas Secretary of State	Initial filing	08/23/2006 06-0028379106	Merrill Lynch Capital	Membership interests in SJ Medical Center, LLC
Texas Secretary of State	Assignment of File No. 06-0028379106	09/05/2006 06-00296997	Silver Point Finance, LLC (assignee of Merrill Lynch Capital)	

TRINITY MC MANAGEMENT, LLC

JURISDICTION	FILING TYPE	FILE DATE & NUMBER	SECURED PARTY	COLLATERAL DESCRIPTION
Delaware Secretary of State	Initial filing	09/18/2008	New Enterprise Associates 10, Limited Partnership	

Confidential

Hospital Partners of America
6.01(c) Schedule of Guarantees (HPA & Intermediate Subs)

Primary Borrower	Lender	Guarantor	Guarantee Secured	Classification	Balance		Est. Recovery	Claim Amount	Comments
					as of	\$			
ASH	GE Equip	ASH Holdings	No	Cap Lease	7/30/08	2,390,515	100%	-	
ASH	GE Equip	ASH Management	No	Cap Lease	7/30/08	2,390,515	100%	-	
ASH	GE Equip	HPA	No	Cap Lease	7/30/08	2,390,515	100%	-	
ASH	GE (f/k/a Merrill Lynch) A/R	ASH Holdings	No	Revolver	7/30/08	1,696,432	100%	-	- A/R financing
ASH	GE (f/k/a Merrill Lynch) A/R	ASH Management	No	Revolver	7/30/08	1,696,432	100%	-	- A/R financing
ASH	GE (f/k/a Merrill Lynch) A/R	HPA	No	Revolver	7/30/08	1,696,432	100%	-	- A/R financing
ASH	TK1 Rollingwood	HPA	No	Cap Lease	7/30/08	4,145,236	100%	-	
ASH	TK1 Axiom	HPA	No	Cap Lease	7/30/08	2,556,044	100%	-	- Tenant upfit capital
ROH	Amegy f/k/a SWBT	HPA	No	Note Payable	7/2/08	1,593,523	15%	1,354,494.6	- Equipment
ROH	Amegy f/k/a SWBT #2	HPA	No	Note Payable	7/2/08	303,287	15%	257,793.5	- Equipment
ROH	GE	HPA	No	Note Payable	7/2/08	1,585,140	15%	1,347,369.0	- Equipment
ROH	GE (f/k/a Merrill Lynch) A/R	HPA	No	Revolver	7/2/08	14,317,243	100%	-	- A/R financing
ROH	GE Fetal Monitors	HPA	No	Note Payable	7/2/08	139,587	15%	118,649.2	- Fetal monitors
ROH	GE QS System	HPA	No	Note Payable	7/2/08	119,274	15%	101,383.3	- QS System
ROH	IBM Credit, LC	HPA	No	Cap Lease	7/2/08	397,140	15%	337,569.3	- Equipment
ROH	Hitachi Capital America Corp a/k/a SMT Leasing #1	HPA	No	Note Payable	7/2/08	481,429	15%	409,214.3	- Equipment
ROH	Hitachi Capital America Corp a/k/a SMT Leasing #2	HPA	No	Note Payable	7/2/08	234,360	15%	199,206.2	- Equipment
ROH	Hitachi Capital America Corp a/k/a SMT Leasing #3	HPA	No	Note Payable	7/2/08	128,680	15%	109,378.1	- Equipment
ROH	Hitachi Capital America Corp a/k/a SMT Leasing #4	HPA	No	Note Payable	7/2/08	90,279	15%	76,737.4	- Equipment
ROH	Medistar - ROPP ASC	HPA	No	RE Lease	7/2/08	1,912,000	0%	15,522,084.0	- Total remaining lease obligation
ROH	Medistar - ROPP General Use	HPA	No	RE Lease	7/2/08	739,000	0%	5,653,696.0	- Total remaining lease obligation
ROH	Medistar - ROPP Medical Use	HPA	No	RE Lease	7/2/08	336,000	0%	1,620,260.0	- Total remaining lease obligation
ROH	Medistar - Dairy Ashford	HPA	No	RE Lease	7/2/08	2,412,000	0%	19,483,052.0	- Total remaining lease obligation
ROH	MPT	HPA	Yes	RE Lease	7/2/08	42,800,000	0%	42,800,000.0	- Total remaining lease obligation
ROH	MPT	SMRC Management	Yes	RE Lease	7/2/08	42,800,000	0%	42,800,000.0	- Remaining lease obligation
ROH	MPT	HPA	Yes	Note Payable	7/2/08	400,000	0%	400,000.0	- Commitment fee note
ROH	MPT	SMRC Management	Yes	Note Payable	7/2/08	400,000	0%	400,000.0	- Commitment fee note
SJMC	GE (f/k/a Merrill Lynch Capital) First Lien Term Loan	HPA	No	Note payable	7/30/08	74,133,333	100%	-	- \$20MM - Siemens - \$25MM - Marathon - \$35MM Merrill Lynch
SJMC	GE (f/k/a Merrill Lynch Capital) First Lien Term Loan	SJMC Management	Yes	Note payable	7/30/08	74,133,333	100%	-	- \$20MM - Siemens - \$25MM - Marathon - \$35MM Merrill Lynch
SJMC	Silverpoint (f/k/a Merrill Lynch Capital) Second Lien Term Loan	HPA	No	Note Payable	7/30/08	35,000,000	100%	-	- \$8.75 - SPF CDO - \$10.1 - Field Point I - \$16.2 - Field Point II

Confidential

**Hospital Partners of America
6.01(c) Schedule of Guarantees (HPA & Intermediate Subs)**

Primary Borrower	Lender	Guarantor	Guarantee Secured	Classification	as of	\$	Est. Recovery	Claim Amount	Comments
SJMC	Silverpoint (f/k/a Merrill Lynch Capital) Second Lien Term Loan	SJMC Management	Yes	Note Payable	7/30/08	35,000,000	100%	-	- \$8.75 - SPF CDO - \$10.1 - Field Point I - \$16.2 - Field Point II - A/R Financing - \$20MM - MLC - \$5MM - Siemens - A/R Financing - \$20MM - MLC - \$5MM - Siemens - GE CT Scan - Cisco integrated svc. - Alpha server - Ultrasound - Brainlab
SJMC	GE (f/k/a Merrill Lynch Capital) Revolving Loan	HPA	No	Revolver	7/30/08	18,657,957	100%	-	- Vascular lab imaging - Vascular lab imaging - A/R financing - Innova system lease - Building - Building - Commitment fee note - Commitment fee note - Original equipment - Facility
SJMC	GE (f/k/a Merrill Lynch Capital) Revolving Loan	SJMC Management	No	Revolver	7/30/08	18,657,957	100%	-	- A/R financing - Lease
SJMC	IBM Credit	HPA	No	Revolver	7/30/08	1,000,201	100%	-	
SJMC	IBM Credit	HPA	No	Revolver	7/30/08	149,285	100%	-	
SJMC	IBM Credit	HPA	No	Revolver	7/30/08	352,020	100%	-	
SJMC	IBM Credit	HPA	No	Revolver	7/30/08	393,429	100%	-	
SJMC	IBM Credit	HPA	No	Revolver	7/30/08	243,330	100%	-	
SRMC	GE	HPA	No	Cap lease	7/30/08	581,566	100%	-	
SRMC	GE	SRMC Management	No	Cap lease	7/30/08	581,566	100%	-	
SRMC	GE (f/k/a Merrill Lynch) A/R	HPA	No	Revolver	7/30/08	11,319,221	100%	-	
SRMC	Marcap	HPA	No	Cap lease	7/30/08	567,724	100%	-	
SRMC	MPT	HPA	Yes	RE Lease	7/30/08	59,571,626	100%	-	
SRMC	MPT	SRMC Management	Yes	RE Lease	7/30/08	59,571,626	100%	-	
SRMC	MPT	HPA	Yes	Note payable	7/30/08	600,000	100%	-	
SRMC	MPT	SRMC Management	Yes	Note payable	7/30/08	600,000	100%	-	
SRMC	SWBT (Ameqy)	HPA	No	Note payable	7/30/08	5,746,322	100%	-	
SRMC	Tenet	HPA	No	Note payable	7/30/08	4,250,000	100%	-	
TMC	GE (f/k/a Merrill Lynch) A/R	HPA	No	Revolver	7/30/08	1,405,431	100%	-	
TMC	Metrocrest Lease	HPA	No	Revolver	7/30/08	n/a	100%	-	

Key:

- HPA Hospital Partners of America, Inc.
- ASH Surgical Hospital of Austin, L.P.
- ASH Holdings Austin Surgical Hospital Holdings, Inc.
- ASH Management Surgical Hospital of Austin Management, Inc.
- ROH River Oaks Medical Center, L.P.
- SJMC SJ Medical Center, LLC d/b/a St. Joseph Medical Center
- SRMC SJ Medical Center Management, LLC
- SRMC Shasta Regional Medical Center, LLC
- TMC SRMC Management, Inc.
- TMC Trinity MC, LLC
- TMC Management Trinity MC Management, LLC