

CREDIT AGREEMENT

Dated as of [_____] [___], 2008

Between

VICTORY MEMORIAL HOSPITAL, VICTORY MEMORIAL AMBULANCE SERVICES,
INC., AND VICTORY MEMORIAL PHARMACY SERVICES, INC.,

As

Debtors and Debtors in Possession

And

BORGEN FUNDING, LLC

As

Lender

CREDIT AGREEMENT

CREDIT AGREEMENT dated as of [_____] [___], 2008 by and between VICTORY MEMORIAL HOSPITAL, VICTORY MEMORIAL AMBULANCE SERVICES, INC., and VICTORY MEMORIAL PHARMACY SERVICES, INC. (the “**Borrowers**”), and BORGEN FUNDING, LLC, a Delaware limited liability company (the “**Lender**”).

RECITALS

The Borrowers each filed voluntary petitions in the United States Bankruptcy Court for the Eastern District of New York (the “**Bankruptcy Court**”) for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) on November 15, 2006 (the “**Petition Date**”). The Borrowers have requested the Lender provide a \$2,000,000.00 working capital loan facility as needed, in four (4) equal draws totaling Five Hundred Thousand Dollars (\$500,000) each (each, an “**Advance**”, and collectively, the “**Advances**”), and subject to the terms and conditions set forth herein, the Lender has agreed to provide such facility.

NOW, THEREFORE, the parties hereto hereby agree, effective upon the Effective Date (as hereinafter defined), as follows:

ARTICLE 1

DEFINITIONS1

Section 1.1 **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):

“**Advance**” shall mean any disbursements made by the Lender to the Borrowers under the Loan as needed, each in the equal amount of Five Hundred Thousand Dollars (\$500,000).

“**Agreement**” shall mean this Credit Agreement, as amended or supplemented from time to time. 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.

“**APA**” shall mean that certain Asset Purchase Agreement by and between Victory Memorial Hospital, a New York not-for-profit corporation and its subsidiaries, and Dervaal LLC, a Delaware limited liability corporation, on behalf of new entity to be formed on behalf of the Leser Group, dated April 18, 2008, as amended from time to time.

“**Banking Day**” shall mean any day other than a day on which commercial banks in New York City are not authorized or required to be closed all day.

“**Bankruptcy Code**” shall mean Title 11 of the United States Code, as amended.

“Bankruptcy Court” shall mean the United States Bankruptcy Court for the Eastern District of New York or such other court having original jurisdiction over the Chapter 11 Case.

“Borrowers” shall have the meaning assigned to such term in the preamble hereto.

“Borrowing” shall mean a borrowing hereunder of the Loan.

“Business” shall mean the Victory Memorial Hospital Skilled Nursing Facility and the Victory Memorial Hospital Long Term Home Health Care Program.

“CBA” shall mean any collective bargaining agreements currently in place and any other agreement between Borrowers and any labor union or collective bargaining group.

“Chapter 11 Cases” shall mean the Borrowers’ cases under Chapter 11 of the Bankruptcy Code pending in the Bankruptcy Court.

“Commitment” shall mean the obligation of the Lender to make the Loan to the Borrowers in an aggregate principal amount not to exceed \$2,000,000 as set forth in Section 2.1 hereof.

“Committee” shall mean the Official Committee of Unsecured Creditors appointed in the Borrowers’ Chapter 11 Cases.

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

“Dollars” and the sign “\$” shall mean legal tender of the United States of America.

“Effective Date” shall have the meaning attributed thereto in Section 6.1 hereof.

“Event of Default” shall have the meaning given such term in Section 10.1 hereof.

“Final Maturity Date” shall mean the date which is the earliest of: (i) the day which is one hundred and eighty (180) days after the entry of the Order; (ii) the date on which a sale of all or substantially all of the assets of the Borrowers is consummated; and (iii) such earlier date on which the Loan shall become due and payable, in whole, in accordance with the terms of this Agreement or the Note.

“Interest Rate” shall have the meaning set forth in Section 3.2(a).

“Lender” shall have the meaning assigned to such term in the preamble hereto.

“Lien” shall mean any lien (statutory or otherwise), 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” shall mean each loan made by the Lender to the Borrowers in accordance with

¹ Any capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the APA.

Section 2.1 hereof and will be collectively referred to as the “**Loan**”.

“**Note**” shall mean the promissory grid note executed by the Borrowers in substantially the form and substance of Exhibit A hereto and provided for by Section 2.3 hereof and all promissory notes delivered in substitution or exchange therefor, in each case, as the same shall be modified and supplemented and in effect from time to time.

“**Obligation**” shall mean all indebtedness, obligation and liabilities of the Borrowers to the Lender incurred under or related to this Agreement or the Note, whether such indebtedness, obligation or liabilities are direct or indirect, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, including the principal amount of the Loan outstanding, together with interest thereon, and all expenses, fees and indemnities hereunder or under the Note, from time to time arising under or in connection with or evidenced by this Agreement or the Note.

“**Order**” shall mean an order or judgment of the Bankruptcy Court approving this Agreement and the underlying Loan.

“**Person**” shall have the meaning provided in Bankruptcy Code § 101(41).

“**Petition Date**” shall have the meaning assigned to such term in the preamble hereto.

“**Plan of Reorganization**” shall mean the Chapter 11 plan filed by the Borrowers in the Chapter 11 Case, as amended from time to time.

“**Post-Default Rate**” shall mean, in respect of any principal of any Obligations or any other amount due or payable under this Agreement or any Note that is not paid when due (whether at stated maturity, by acceleration, or otherwise), at 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 the Interest Rate plus three percent (3%) per annum.

ARTICLE 2

THE CREDITS

Section 2.1 The Commitment. Upon entry of the Order and subject to the terms and conditions set forth in this Agreement, the Lender agrees to advance up to Two Million Dollars (\$2,000,000) to the Borrowers, as needed, in up to four (4) equal Advances each in the amount of Five Hundred Thousand Dollars (\$500,000). Borrowers may make a request for an Advance at any time and from time to time in their sole and absolute discretion by oral or written notice by such officer or officers of Borrowers authorized to request such Advances. Notwithstanding anything herein to the contrary, the Lender shall have no obligation to make the Loan hereunder in excess of the amount authorized in the Order of the Bankruptcy Court. Notwithstanding anything to the contrary in this Agreement, the Lender’s right to payment shall rank at least pari passu in right and priority of payment with all the Borrowers other present and future unsecured

and unsubordinated indebtedness (actual or contingent), except indebtedness preferred solely by operation of law.

Section 2.2 Use of Proceeds. The Borrowers hereby covenant, represent and warrant that the proceeds of the Loan made to them will be used solely to fund the Borrowers' payroll obligations, other continued ordinary course operations, and working capital needs, including but not limited to the payment of any professional employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327 or 1103.

Section 2.3 Note. The Loan made by the Lender hereunder shall be evidenced by the Note, dated as of the date hereof, payable to the Lender in a principal amount equal to the amount of the Commitment and otherwise duly completed. All Advances shall become part of the principal of the Note.

Section 2.4 Optional Prepayments. The Borrowers shall have the right to prepay any Advances under the Loan at any time or from time to time, provided the Borrowers shall give the Lender at least five (5) days prior notice of each such prepayment.

ARTICLE 3

PAYMENTS OF PRINCIPAL AND INTEREST

Section 3.1 Amortization. The entire unpaid principal amount of any Advances made under the Loan shall be accelerated, due and payable on the Final Maturity Date.

Section 3.2 Interest. (a) The Borrowers hereby promise to pay to the Lender interest on the unpaid principal amount of the Advances, for the period from and including the date each Advance is made to the date the Loan is paid in full, at a rate per annum equal to the prime lending rate as in effect on the date hereof as announced in the Wall Street Journal plus three percent (3%) per annum (the "**Interest Rate**").

(b) Notwithstanding the foregoing, the Borrowers hereby promise to pay to the Lender interest on the Advances under the Loan at the Post-Default Rate: (i) upon the occurrence and during the continuance of an Event of Default hereunder; and (ii) on any principal of the Loan and on any other amount payable by the Borrowers hereunder or under the Note which shall not be paid in full when due (whether at stated maturity, by acceleration, or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full.

(c) All accrued and unpaid interest on the Loan shall be payable on each date that a payment of principal is paid or becomes due under the Loan and any interest accrued pursuant to subsection (b) above shall be due on demand.

ARTICLE 4

PAYMENTS; COMPUTATIONS; ETC.

Section 4.1 Payments. (a) All payments of principal, interest and other amounts to be made by the Borrowers to the Lender under this Agreement and the Note shall be made in US Dollars, in immediately available funds, without deduction, set-off or counterclaim.

(b) If the due date of any payment under this Agreement or any Note would otherwise fall on a day that is not a Banking Day, such date shall be extended to the next succeeding Banking Day, and interest shall be payable for any principal so extended for the period of such extension.

Section 4.2 Computations. Interest hereunder shall be computed on the basis of a year of 360 days, and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable.

ARTICLE 5

ADMINISTRATIVE CLAIM STATUS

Section 5.1 Administrative Claim Status. Pursuant to the Order approving this Agreement, the Obligations of the Borrowers shall constitute allowed administrative expenses in the Chapter 11 cases of the kind specified in §§ 364(b) and 503(b) of the Bankruptcy Code.

Section 5.2 Construction. This Agreement, the Order and such other loan documents supplement each other, and the grants, priorities, rights and remedies of the Lender hereunder and thereunder are cumulative, but the provisions of the Order shall control in the event of any express conflict.

Section 5.3 No Modification. The administrative priorities and other rights and remedies granted to the Lender pursuant to this Agreement, the Order and the Note (specifically including, but not limited to, the administrative priority provided herein and therein) shall not be modified, altered or impaired in any manner by any other financing or extension of credit or incurrence of debt by the Borrowers (pursuant to § 364 of the Bankruptcy Code or otherwise), or by any dismissal or conversion of any of the Chapter 11 Case, or by any other act or omission whatsoever.

ARTICLE 6

CONDITIONS PRECEDENT

Section 6.1 Conditions Precedent. The Lender shall not be obligated to make any disbursement under the Loan until all of the following conditions have been satisfied by proper evidence, execution and/or delivery to the Lender of the following items, all in form and substance reasonably satisfactory to the Lender and the Lender's counsel:

(a) the Note duly executed by the Borrowers in form and substance satisfactory to the Lender and its counsel shall have been delivered to the Lender;

(b) evidence shall have been provided to the Lender that the Order, in form and substance satisfactory to the Lender and its counsel, shall have been entered by the Bankruptcy Court approving the Commitment and this Agreement and the Note, and that such order shall be in full force and effect and shall not have been revoked, stayed, modified or amended;

(c) the Lender shall otherwise be satisfied in all material respects (in its sole discretion) with the results of its business, operational and legal due diligence in respect of the Borrowers;

(d) such other approvals, opinions or documents as the Lender may reasonably request shall have been provided to the Lender; and

(e) the following statements shall be true and correct: (i) the representations and warranties contained herein and in each other document, certificate or other writing delivered to the Lender pursuant hereto or thereto on or prior to the Effective Date are true and correct in all material respects on and as of the Effective Date and on the date on which any disbursement is to be made; and (ii) no Default or Event of Default shall have occurred and be continuing on the Effective Date or the date on which the disbursement is to be made or would result from this Agreement or the Note becoming effective in accordance with its or their respective terms, both immediately before and immediately after giving effect to the disbursement to be made.

If all of the foregoing conditions are not satisfied by the date that the applicable Loan is to be made (time being of the essence), the Lender shall have no further obligation to make such Loan even if the conditions are thereafter satisfied.

This Agreement shall become effective on the day on which Borrowers give notice to Lender that the order of the Bankruptcy Court approving the APA and the Order have each been entered (the “**Effective Date**”).

ARTICLE 7

REPRESENTATIONS AND WARRANTIES

The Borrowers hereby represent and warrant that upon the occurrence of the Effective Date and on the date that the Loan is made:

Section 7.1 Corporate Powers and Authority; No Conflicts. Subject to Bankruptcy Court approval, the execution, delivery and performance by the Borrowers of this Agreement and the Note, and the exercise by the Lender of any rights and remedies hereunder or under the Note have been duly authorized by all necessary corporate action and do not and will not: (a) contravene any provision of their charter or bylaws; (b) violate any provision of, or require any filing, registration, consent or approval under, any law, rule, regulation, order, writ, judgment,

injunction, decree, determination or award presently in effect having applicability to the Borrowers or any of its affiliates (other than entry of the Order, as the case may be); (c) result in a breach of or constitute a default or require any consent under any indenture or loan or credit agreement or any other agreement, lease, or instrument to which the Borrowers are a party or by which they or their properties may be bound or affected which would not be cured by entry of the Order; (d) result in, or require, the creation or imposition of any Lien, upon or with respect to any of the properties now owned or hereafter acquired by the Borrowers; or (e) cause the Borrowers to be in default under any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, agreement, lease or instrument which would not be cured by entry of the Order.

Section 7.2 Legally Enforceable Agreements. Subject to Bankruptcy Court approval, this Agreement and the Note are legal, valid and binding obligation of the Borrowers enforceable against the Borrowers in accordance with their respective terms.

Section 7.3 Administrative Priority. The Obligations constitute an allowed administrative expenses in the Chapter 11 Cases of the kind specified in sections 364(b) and 503(b) of the Bankruptcy Code.

Section 7.4 Bankruptcy Court Orders. The Order is in full force and effect, and has not been revoked, stayed, modified or amended.

ARTICLE 8

COVENANTS OF BORROWERS

So long as any Note shall remain unpaid and any Obligations remain unsatisfied, the Borrowers shall:

Section 8.1 Maintenance of Existence. Preserve and maintain their corporate existence and good standing in the jurisdiction of their organization, and qualify and remain qualified, as a foreign corporation in each jurisdiction in which such qualification is required.

Section 8.2 Conduct of Business. (a) Until the Closing (as defined in the APA), except where the Borrowers receive the approval of the Bankruptcy Court to do otherwise, Borrowers shall:

(i) conduct the Business only in the ordinary course of business consistent with past practice;

(ii) exercise reasonable best efforts to: (A) preserve the Business; (B) maintain the Business in its current (as of the date hereof) working order and condition; and (C) maintain the insurance coverage currently in place with respect to the Business;

(iii) exercise reasonable best efforts to maintain and preserve all books and accounts, records and files relating to the Business consistent with past practice;

(iv) promptly notify Lender (in writing) of any material or, to the knowledge of the Management Team (as defined herein), threatened action against Borrowers by any person or entity including lenders, vendors, suppliers and unions with respect to the Business before any Governmental Entity, and of any administrative or court order relating to the Business;

(v) promptly perform all post-petition obligations under any contract, to the extent such performance is necessary in order for the Borrowers to fulfill their obligation under this Section 8.2, unless and to the extent, with respect to the CBA, Borrowers intend to reject or rejects the CBA;

(vi) comply in all material respects with all laws, regulations, ordinances and orders of all governmental unit (as defined in Section 101(27) of the Bankruptcy code) pertaining to the Business;

(vii) accurately maintain the books and records of the Business consistent with past practice;

(viii) not make or rescind any tax election relating to the Business other than in the ordinary course of business consistent with past practice, but only to the extent it would affect the Lender with respect to the Business;

(ix) maintain participation in Medicare and Medicaid relating to the Business and maintain all New York State Department of Health operating certificates and licenses relating to the Business, and accreditation of all professional accrediting bodies and organizations, without imposition of material restrictions or limitations not already in effect relating to the Business;

(x) not, without Lender's written approval, such approval to not be unreasonably withheld, delayed or conditioned: (i) permit any material alteration, modification or addition to the Business; (ii) enter into any new leases for all or any portion of the Business; (iii) sell, transfer, assign or dispose of, or consent to the utilization of, any development right, including air rights, if any, or modify, amend or consent to any modification or amendment to the certificate(s) of occupancy for the Main Campus; and (iv) consent, insofar as such consent is required or requested, to any change in the zoning classification of the Main Campus; and

(xi) use reasonable efforts to maintain all special exceptions, variances and similar benefits for the current occupancy, use operation and configuration of the real property related to the Business as such occupancy, use, operation and configuration relates to the Business.

For purposes hereof, the "**Management Team**" shall be the Borrowers' chief executive officer, the chief financial officer and Acting Administrator.

(b) Actions Prohibited Without Court Consent. Borrowers shall not, as it relates to the Business, take any action outside of the ordinary course of business except as approved by the Bankruptcy Court.

Section 8.3 Right of Inspection. At any reasonable time and from time to time, permit the Lender or any agent or representative thereof, to have reasonable access during business hours to Borrowers' business, to examine, inspect and make copies (at Lender's expense) from the records and books of account of the Borrowers, provided that, in each instance, mutually satisfactory arrangements shall be made in advance in order to avoid interruption and interference with Borrowers' operation of their businesses.

Section 8.4 Further Assurances. Execute, acknowledge, deliver, record, file, register, perform and do any and all such further acts, estoppel certificates, assurances and other instruments as the Lender may reasonably request from time to time in order (a) to carry out more effectively the purposes of this Agreement or the Note, and (b) to better assure, preserve, protect and confirm unto the Lender the rights granted or now or hereafter intended to be granted to the Lender under this Agreement or the Note. The assurances contemplated by this Section 8.5 shall be given under applicable non-bankruptcy law as well as the Bankruptcy Code, it being the intention of the parties that the Lender may request assurances under applicable non-bankruptcy law, and such request shall be complied with (if otherwise made in good faith by the Lender) whether or not the Order is in force and whether or not dismissal or conversion of the Chapter 11 Cases or any other action by the Bankruptcy Court is imminent, likely or threatened.

ARTICLE 9

NEGATIVE COVENANTS

Until the Note and all Obligations shall have been satisfied in full, the Borrowers shall not:

Section 9.1 Liens. Create, incur or assume any additional Lien upon or with respect to any of its properties, now owned or hereafter acquired, except:

(a) Liens for taxes or assessments or other government charges or levies if not yet due and payable if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained;

(b) Liens imposed by law, such as mechanic's, materialmen's, landlord's, warehousemen's and carrier's Liens, and other similar Liens, securing the obligation incurred in the ordinary course of business which are not past due for more than 30 days, or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established;

(c) Liens under workmen's compensation, unemployment insurance, social security or similar legislation;

(d) Liens, deposits or pledges or liens granted to secure the Borrowers' obligation under letters of credit issued to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases (permitted under the terms of this Agreement), public or statutory obligation, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligation arising in the ordinary course of business;

(e) Judgments and other similar Liens arising in connection with court proceedings; provided that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings and for which appropriate reserves have been established; and

(f) Easements, rights-of-way, restrictions and other similar encumbrances which, in the aggregate, do not materially interfere with the occupation, use and enjoyment by the Borrowers of the property or assets encumbered thereby in the normal course of their business or materially impair the value of the property subject thereto.

Section 9.2 Bankruptcy Court Orders; Administrative Priority; and Payment of Claims.

(a) Seek, consent to or suffer to exist any modification, stay, vacation or amendment of the Order, except for modifications and amendments agreed to in writing by the Lender in its reasonable discretion.

(b) Seek, consent to or suffer to exist a priority for any non-ordinary course administrative expense or unsecured claim against the Borrowers (hereafter arising of any kind or nature whatsoever, including without limitation any non-ordinary course administrative expenses, charges or claims of the kind specified in sections 503(b), 506(c) and 507(b) of the Bankruptcy Code) superior to the priority of the Lender in respect of the Obligations.

(c) Prior to the date on which all of the Obligations shall have been satisfied in full, unless otherwise approved in writing by the Lender, pay any administrative expense claims except, so long as no Default or Event of Default has occurred and is continuing hereunder, the Borrowers may pay (i) administrative expense claims incurred in the ordinary course of the business of the Borrowers, and (ii) amounts payable pursuant to 28 U.S.C. § 1930(a)(6) and the fees of professionals retained by the Borrowers and Committee authorized to be paid by the Bankruptcy Court under §§ 330 and 331 of the Bankruptcy Code, each solely in accordance with the Budget.

ARTICLE 10

EVENTS OF DEFAULT

Section 10.1 Events of Default. Any of the following events shall be an “**Event of Default**”:

(a) The failure of the Borrowers to: (i) pay the principal under the Note as and when due and payable; or (ii) pay interest on the Note or other amounts due hereunder as and when due and payable; and such failure shall continue unremedied for five (5) Banking Days after actual receipt of any notice provided herein;

(b) Any material representation or material warranty made by the Borrowers in this Agreement or in the Note shall prove to have been incorrect in any material respect on or

as of the date made or deemed made and shall continue unremedied for five (5) Banking Days after actual receipt of any notice provided herein;

(c) The filing by the Borrowers of an application seeking to (i) appoint a trustee in any the Chapter 11 Cases or (ii) appoint an examiner with enlarged powers (beyond those set forth in Sections 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code in the Chapter 11 Cases with the authority to perform the duties of a trustee (other than the duties solely of an examiner) in respect of the estates of the Borrowers or the operation of the businesses of the Borrowers;

(d) The entry of an order by the Bankruptcy Court dismissing the Chapter 11 Cases or converting any of the Chapter 11 Cases to chapter 7 cases which does not contain a provision for the immediate termination of the Commitment and payment in full in cash of all Obligations of the Borrowers hereunder and under the Note and any related documents;

(e) Filing of a Plan of Reorganization or the entry of an order confirming a Plan of Reorganization or liquidation under section 1129 of the Bankruptcy Code, by any party, which does not contain a provision for payment in full in cash of all Obligations of the Borrowers hereunder and under the Note as soon as practicable after the later of: (a) the third Business Day after the Effective Date; (b) the date on which such Person becomes the holder of such an Allowed Administrative Claim; or (c) the date or dates when that Claim is payable by its terms, consistent with past practice and in accordance with past terms;

(f) The entry of an order by the Bankruptcy Court after the Effective Date, with respect to the Chapter 11 Cases, without the express prior written consent of the Lender, that (i) revokes, reverses, stays, modifies, supplements or amends in any material respect the Order, the Agreement or Note or any documents related thereto, (ii) approves the incurrence by the Borrowers of any debt not contemplated hereunder, (iii) permits any administrative expense or any claim (now existing or hereafter arising, of any kind or nature whatsoever) to have administrative priority superior to the priority of the Lender in respect of the Obligation;

(g) The failure of the Borrowers: (i) to perform or observe any other material term, material covenant or material agreement on its part to be performed or observed in this Agreement or in the Note and such failure shall continue unremedied for ten (10) Banking Days after notice thereof; or (ii) to comply with any of the terms or provisions of the Order; or

(h) The Borrowers enter into an agreement to sell any of their assets which are subject to the APA without Lender's consent, unless any of the exceptions contained in Section 8.6 of this Agreement have occurred.

Section 10.2 Consequences of an Event of Default. If an Event of Default shall occur and so long as it shall continue, the Lender may, by written notice to the Borrowers and the Committee, declare the Commitment terminated.

Section 10.3 Certain Remedies. Subject to Section 2.1 of this Agreement, if an Event of Default has occurred and is continuing, the Lender may, on five (5) Banking Days' prior written notice to the Borrowers, the Committee, and the Office of the United States Trustee,

Eastern District of New York, (i) declare the unpaid principal amount of the Note, interest accrued thereon, and all other amounts owing by the Borrowers hereunder or under the Note and the Obligations to be immediately due and payable without further order of or application to the Bankruptcy Court, presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, an action therefor shall immediately accrue, and (ii) subject to obtaining approval from the Bankruptcy Court, the Lender may exercise all rights and remedies which the Lender may have hereunder or under any the Note, the Order or at law (including but not limited to the Bankruptcy Code) or in equity or otherwise. No failure on the part of such 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.

ARTICLE 11

MISCELLANEOUS

Section 11.1 Amendments and Waivers. The Borrowers and the Lender may from time to time enter into agreements amending, modifying or supplementing this Agreement and the Note, and the Lender may from time to time grant waivers or consents to a departure from the due performance of the obligation of the Borrowers hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing and approved by the Bankruptcy Court or the Committee. In the case of any such waiver or consent relating to any provision hereof, any Event of Default so waived or consented to shall be deemed to be cured and not continuing but only for the time period set forth in such waiver or consent and, no such waiver or consent shall extend to any other or subsequent Event of Default or impair any right consequent thereto.

Section 11.2 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Lender, the Borrowers and their respective successors and assigns (including, except for the right to request the Loan, any trustee or examiner or other person with expanded powers succeeding to the rights of the Borrowers or pursuant to any conversion to a case under chapter 7 of the Bankruptcy Code).

Section 11.3 The Lender as Party-in-Interest. The Borrowers hereby stipulate and agree that the Lender is and shall remain a party-in-interest in the Chapter 11 Cases and shall have the right to participate, object and be heard in any motion or proceeding in connection therewith (including but not limited to objections to use of proceeds of the Loan, to the payment of professional fees and expenses or the amount thereof, to sales or other transactions outside the ordinary course of business or to the assumption or rejection of any executory contract or lease).

Section 11.4 Notices. Unless the party to be notified otherwise notifies the other party in writing as provided in this Section, and except as otherwise provided in this Agreement, notices shall be given to the Lender and to the Borrowers by email, facsimile, and either overnight courier or by personal delivery, addressed to such party at the following addresses:

(A) If to the Borrowers:

Victory Memorial Hospital, et al.
Debtors and Debtors in Possession
699 92nd Street
Brooklyn, NY 1 1228
Attn.: Dr. Vincent Calamia
Facsimile No.: (718) 567-1837

With a copy to:

DLA Piper US LLP
1251 Avenue of the Americas
New York, NY 10020
Attn: Timothy W. Walsh, Esq.
Facsimile No.: (212) 884-8516

(B) If to Lender:

Borgen Funding, LLC
1860 43rd Street
Brooklyn, NY 11204

With a copy to:

Frenkel, Hershkowitz & Shafran LLP
16 East 34th Street
New York, NY 10016
Attn: Joseph M. Hershkowitz, Esq.
Facsimile No.: (212) 889-5072

(C) If to the Committee:

Alston & Bird LLP
90 Park Avenue
New York, NY 10016
Attn: Martin G. Bunin, Esq.
Craig E. Freeman, Esq.
Facsimile No. : (212) 210-9444

Section 11.5 Table of Contents; Headings. Any 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 11.6 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 11.7 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 11.8 Integration. This Agreement and the Note set forth the entire agreement between the parties hereto relating to the transactions contemplated thereby and supersede any prior oral or written statements or agreements with respect to such transactions.

Section 11.9 Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the internal laws of the State of New York, except to the extent governed by the Bankruptcy Code.

Section 11.10 Waiver of Jury Trial. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT THE BORROWERS HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION AGAINST THE LENDER, ANY PARTICIPANT, ASSIGNEE OR INDEMNIFIED PARTY, BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OTHER FACILITY DOCUMENT, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE LENDER OR THE BORROWERS IN CONNECTION HERewith OR THEREWITH. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER TO ENTER INTO THIS AGREEMENT.

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

**VICTORY MEMORIAL HOSPITAL,
VICTORY MEMORIAL
AMBULANCE SERVICES, INC., AND
VICTORY MEMORIAL PHARMACY
SERVICES, INC., as Borrowers**

By _____

**BORGEN FUNDING, LLC,
as Lender**

By _____

EXHIBIT A

NOTE