

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
Lafayette Division

IN RE: CASE NO. 16-50740
PROGRESSIVE ACUTE CARE, LLC, et al. CHAPTER 11
DEBTORS JOINTLY ADMINISTERED

LIMITED OBJECTION TO MOTION TO APPOINT TRUSTEE

NOW INTO COURT, through undersigned counsel, comes Business First Bancshares, Inc. d/b/a Business First Bank (“Business First”), which files this Limited Objection to Motion to Appoint Trustee (the “Motion”)[ECF 314] and respectfully states as follows:

BACKGROUND

1.

On May 31, 2016, Progressive Acute Care, LLC; Progressive Acute Care Avoyelles, LLC; Progressive Acute Care Oakdale, LLC; and Progressive Acute Care Winn, LLC (“PAC”) filed petitions for voluntary relief under Chapter 11 of the Bankruptcy Code.

2.

On September 17, 2016, a group of equity investors comprised of DeAnna W Jensen Living Trust (Dr. Wade Jensen, Trustee), Dan Kensinger, Ray Sherman, Steve Stokesbary, Steve Meyer, Grant Shumaker, and Tom Jacobson (“Equity Investors”) filed the Motion.

3.

The Motion seeks the appointment of an independent trustee and authorization for the trustee to conduct “a full investigation of the financial affairs and disclosures of Debtors’ management and Business First Bank, among other matters.” [ECF 314, p. 1]

4.

In the Motion, the Equity Investors assert Business First granted a loan to PAC that included “a loan provision that required that each of these inside management members be retained or the bank could claim default, thereby placing Business First Bank in a decision making role with potential lender liability in the PAC management and Board activities.” [ECF 314, p. 3]

5.

In the Motion, the Equity Investors further suggest Business First failed to enforce the guaranty obligations as a means of providing “critical additional liquidity for PAC’s business success.” [ECF 314, p. 5]

6.

The Equity Investors also suggest the PAC management “has still not contributed their \$3 million guarantee obligations to PAC.” [ECF 314, p. 8]

BASIS FOR LIMITED OBJECTION

7.

Business First takes no position as to the assertions made by the Equity Investors regarding potential claims against PAC’s management. However, Business First objects to the request for appointment of a Trustee to the extent such appointment is based on the allegations asserted by the Equity Investors as to Business First.

“No Change in Management” Provision

8.

The “management approval” provision to which the Equity Investors refer in their Motion reads as follows:

NO CHANGE IN MANAGEMENT. Borrower covenants and agrees with Lender

that Borrower shall not, without the prior written consent of Lender make or allow any changes in its present executive and management personnel, whether voluntary or involuntary, and whether by death, disability, or otherwise.

See, Business Loan Agreement, April 30, 2013, Exhibit A.

9.

Lender liability claims against Business First in this matter are governed by Louisiana state law. *Matter of Howe*, 913 F.2d 1138, 1142 (5th Cir.1990); *Latham v. Wells Fargo Bank, N.A.*, 896 F.2d 979, 984 (5th Cir.1990).

10.

Under Louisiana law, a “financial institution only owes to a borrower a duty of complying with the contract between the institution and the borrower.” *Landreneau v. Fleet Fin. Grp.*, 197 F.Supp.2d 551, 557 (M.D. La.2002). Further, “no fiduciary duty of loyalty exists between the financial institution and the borrower. “[U]nless expressly set forth in a written agency or trust agreement, no fiduciary responsibilities of a financial institution arise toward customers or third parties.” *Id.*, citing Louisiana Revised Statutes 6:1124. Business First has no obligation to PAC or the Equity Investors other than to comply with the loan agreements, and the loan agreements evidence no fiduciary responsibility toward PAC.

11.

Even in the context of bankruptcy (and actions to equitably subordinate the claims of secured lenders), the Fifth Circuit has recognized that every lender effectively exercises “control” over its borrower to some degree in the sense that it can foreclose upon default by the borrower. *Matter of Clark Pipe & Supply Co., Inc.*, 893 F.2d 693, 701 (5th Cir.1990). Nevertheless, the ability to declare default based on a change in key management of a borrowing entity does not rise

to the level of control such as to essentially replace the borrower's decision-making capacity with that of the lender. "The crucial distinction between what is inequitable and what a lender can reasonably and legitimately do to protect its interests is the distinction between the existence of 'control' and the exercise of that 'control' to direct the activities of the debtor." *Id.* "[A] 'close watch over. . . affairs does not by itself . . . amount to such control as would justify equitable subordination.'" *Matter of S. Standard Fittings Co., Inc., CIV. A. 91-1497, 1991 WL 197018, at *4 (E.D. La. Sept. 9, 1991).*

12.

Equity Investors have failed to provide any basis or even contend that Business First made management decisions for PAC. They do not suggest Business First placed any of its employees as directors or officers of PAC, influenced the removal of any PAC employees or directors, request to take part in any PAC board or shareholder meetings, or dictated what creditors should be paid. Equity Investors do not suggest Business First took part in the decisions regarding the sale of Progressive Acute Care Dauterive, LLC. Any potential leverage gained by Business First through the loan agreements did not equate to decision-making control. *Id.* To the extent the Equity Investors' motion is based on allegations of lender liability as a result of the "no management changes" provision, those claims are without basis.

PAC Has No Right to Enforce the Guarantees

13.

Equity Investors further appear to suggest PAC had the right to enforce the guaranty obligations of the guarantors of PAC's indebtedness in favor of Business First. The obligation of a surety is owed to the creditor and not to the debtor. *La. Civil Code art. 3035.*

No Right of Discussion

14.

Equity Investors also suggest Business First was somehow obligated to enforce its rights against the guarantors in order to improve the liquidity of PAC. In essence, the Equity Investors are suggesting discussion should apply. There is no provision in Louisiana law that requires a creditor to enforce a surety's obligation prior to enforcement of the obligation of the principal obligor. Furthermore, Louisiana Civil Code art. 3045 denies sureties the benefit of division or discussion. If discussion is not available to sureties, it follows that no such benefit would be available to principal obligors.

15.

The promissory notes executed by PAC include the following provision: "Borrower and each guarantor of this Note hereby waive . . . all pleas of division and discussion Borrower and each guarantor additionally agree that . . . Lender's failure or delay in exercising any rights or remedies granted to Lender, shall likewise not have the effect of releasing Borrower or any other party or parties from their respective obligations to Lender." *See April 30, 2013 Promissory Note for \$20,700,000.00, Exhibit B; April 30, 2013 Promissory Note for \$3,000,000, Exhibit C.*

16.

Neither PAC nor its guarantors have any right to plead discussion, and they each granted to Business First the right to collect the indebtedness from any of these parties, in any order, at the time of Business First's choosing. None of the allegations of the Equity Investors support any cause of action against Business First. As a result, the request for appointment of a Trustee to pursue such claims against Business First is without basis in the law or facts and would be a waste of the very limited assets of the Estate.

No Obligation to Improve the Liquidity of the Borrower

17.

The Equity Investors also make the unusual claim that the lender should have enforced the guarantees in 2014, in order to provide “critical additional liquidity for PAC’s business success.” [ECF 314, p. 5, ¶6] The premise underlying this assertion is fundamentally flawed. Had Business First sought to enforce the guarantees in 2014, assuming the guarantees would have been immediately enforceable and collectible, the funds from those guarantees would have been applied to the indebtedness owed to Business First, but would not thereby have improved the cash flow, liquidity and financial problems of PAC. Simply put, Business First had (and still has) no obligation to enforce and collect the guarantees, and the assumption that enforcement efforts in 2014 would have allowed PAC to avoid bankruptcy is not supported by the facts.

18.

The allegations asserted by the Equity Investors with regard to Business First and the guarantors are without any basis in law or are not supported by the loan agreements entered into by PAC and its sureties. For that reason, to the extent Equity Investors are seeking the appointment of a Trustee to pursue claims against Business First related to the guarantees, the Motion should be denied.

WEREFORE, Business First respectfully requests that the Court deny the Motion of the Equity Investors to appoint a Trustee to the extent that appointment would be for the purpose of pursuing claims against Business First on the bases suggested by movers.

Respectfully submitted:

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Limited Objection to Motion to Appoint Trustee was served by electronic mail or U.S. Postal Service on the 11th day of October, 2016, to the parties and individuals listed on the attached mailing matrix.

/s/ Sharon S. Whitlow
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Gardner City Group, LLC

Progressive Acute Care, LLC, et al.

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ACADIANA TUMOR REGISTRY							
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ARGON MEDICAL DEVICES, INC.							
AROHUNTTLEIGH, INC.							
ARROW INTERNATIONAL							
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ULTIMATE MEDICAL SERVICES, INC.	ATTN KEVIN FX	6004 HWY 90 EAST	BATON ROUGE LA	70808	info@shoenfelblaw.com
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ZEBRA TECHNOLOGIES INTERNATIONAL, INC

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ATTN JOHN C FISHER, ESQ.
ATTN STEPHEN D WHEELIS ESQ
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ATTN KATHLEEN ZASAWSKI

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BUSINESS LOAN AGREEMENT (ASSET BASED)

Borrower: Progressive Acute Care Oakdale, L.L.C. (TIN: 28-3147000); Progressive Acute Care Winn, L.L.C. (TIN: 28-3147000); Progressive Acute Care Avoyelles, L.L.C. (TIN: 28-3147246); Progressive Acute Care Dauterive, LLC (TIN: 38-4760000); and Progressive Acute Care, LLC (TIN: 28-2490000)
2210 7th Street, Suite B
Mandeville, LA 70471

Lender: Business First Bank
North Shore Banking Center
1675 N Hwy 190
Covington, LA 70433

THIS BUSINESS LOAN AGREEMENT (ASSET BASED) dated April 30, 2013, is made and executed between Progressive Acute Care Oakdale, L.L.C.; Progressive Acute Care Winn, L.L.C.; Progressive Acute Care Avoyelles, L.L.C.; Progressive Acute Care Dauterive, LLC; and Progressive Acute Care, LLC ("Borrower"), and Borrower's Members signing below ("Members"), and Business First Bank ("Lender") on the following terms and conditions. Borrower has applied to Lender for a loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) In granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

EFFECT OF AGREEMENT. The following provisions pertain to the effect of this Agreement.

Applicability. This Agreement shall apply to any and all present and future indebtedness, contracts, agreements and undertakings by and between Borrower and Lender for any purpose whatsoever.

Amendment to Operating Agreement. This Agreement shall for all purposes be considered and shall have the same effect as an amendment to, and shall comprise a part of Borrower's Operating Agreement, and shall be binding upon Borrower and all of Borrower's present and future Members. To this end, all persons subsequently acquiring Membership Interests in Borrower for all purposes shall be deemed to be bound and obligated under the terms and conditions of this Agreement just as if said subsequently added Members had signed this Agreement along with the Members signing below, with the consent and agreement of such subsequently added Members to be so bound and obligated hereunder being an absolute condition precedent to such persons acquiring Membership Interests in Borrower.

LINE OF CREDIT. Lender agrees to make Advances to Borrower from time to time from the date of this Agreement to the Expiration Date, provided the aggregate amount of such Advances outstanding at any time does not exceed the Borrowing Base. Within the foregoing limits, Borrower may borrow, partially or wholly prepay, and reborrow under this Agreement as follows:

Conditions Precedent to Each Advance. Lender's obligation to make any Advance to or for the account of Borrower under this Agreement is subject to the following conditions precedent, with all documents, instruments, opinions, reports, and other items required under this Agreement to be in form and substance satisfactory to Lender:

- (1) Lender shall have received evidence that this Agreement and all Related Documents have been duly authorized, executed, and delivered by Borrower to Lender.
- (2) Lender shall have received such opinions of counsel, supplemental opinions, and documents as Lender may request.
- (3) The security interests in the Collateral shall have been duly authorized, created, and perfected with first lien priority and shall be in full force and effect.
- (4) All guaranties required by Lender for the credit facility(ies) shall have been executed by each Guarantor, delivered to Lender, and be in full force and effect.
- (5) Lender, at its option and for its sole benefit, shall have conducted an audit of Borrower's Accounts, books, records, and operations, and Lender shall be satisfied as to their condition.
- (6) Borrower shall have paid to Lender all fees, costs, and expenses specified in this Agreement and the Related Documents as are then due and payable.
- (7) There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement, and Borrower shall have delivered to Lender the compliance certificate called for in the paragraph below titled "Compliance Certificate."

Making Loan Advances. Advances under this credit facility, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by authorized persons. Lender may, but need not, require that all oral requests be confirmed in writing. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower (1) when credited to any deposit account of Borrower maintained with Lender or (2) when advanced in accordance with the instructions of an authorized person. Lender, at its option, may set a cutoff time, after which all requests for Advances will be treated as having been requested on the next succeeding Business Day.

Mandatory Loan Repayments. If at any time the aggregate principal amount of the outstanding Advances shall exceed the applicable Borrowing Base, Borrower, immediately upon written or oral notice from Lender, shall pay to Lender an amount equal to the difference between the outstanding principal balance of the Advances and the Borrowing Base. On the Expiration Date, Borrower shall pay to Lender in full the aggregate unpaid principal amount of all Advances then outstanding and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, not yet paid.

Loan Account. Lender shall maintain on its books a record of account in which Lender shall make entries for each Advance and such other debits and credits as shall be appropriate in connection with the credit facility. Lender shall provide Borrower with periodic statements of Borrower's account, which statements shall be considered to be correct and conclusively binding on Borrower unless Borrower notifies Lender to the contrary within thirty (30) days after Borrower's receipt of any such statement which Borrower deems to be incorrect.

COLLATERAL. To secure payment of the Primary Credit Facility and performance of all other Loans, obligations and duties owed by Borrower to Lender, Borrower (and others, if required) shall grant to Lender Security Interests in such property and assets as Lender may require. Lender's Security Interests in the Collateral shall be continuing liens and shall include the proceeds and products of the Collateral, including without limitation the proceeds of any insurance. With respect to the Collateral, Borrower agrees and represents and warrants to Lender:

Perfection of Security Interests. Borrower agrees to execute all documents perfecting Lender's Security Interest and to take whatever actions are requested by Lender to perfect and continue Lender's Security Interests in the Collateral. Upon request of Lender, Borrower will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Borrower will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. Contemporaneous with the execution of this Agreement, Borrower will execute one or more UCC financing statements and any similar statements as may be required by applicable law, and Lender will file such financing statements and all such similar statements in the appropriate location or locations. Borrower hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue any Security Interest. Lender may at any time, and without further authorization from Borrower, file a carbon, photograph, facsimile, or other reproduction of any financing statement for use as a financing statement. Borrower will reimburse Lender for all expenses for the perfection, termination, and the continuation of the perfection of Lender's security interest in the Collateral. Borrower promptly will notify Lender before any change in Borrower's name including any change to the assumed business names of Borrower. Borrower also promptly will notify Lender before any change in Borrower's Social Security Number or Employer Identification Number. Borrower further agrees to notify Lender in writing prior to any change in address or location of Borrower's principal governance office or should Borrower merge or consolidate with any other entity.

Collateral Records. Borrower does now, and at all times hereafter shall, keep correct and accurate records of the Collateral, all of which records shall be available to Lender or Lender's representative upon demand for inspection and copying at any reasonable time. With respect to the Accounts, Borrower agrees to keep and maintain such records as Lender may require, including without limitation information concerning Eligible

EXHIBIT

A

Accounts and Account balances and agings. Records related to Accounts (Receivables) are or will be located at 2210 7th Street, Suite B, Mandeville, LA 70471. The above is an accurate and complete list of all locations at which Borrower keeps or maintains business records concerning Borrower's collateral.

Collateral Schedules. Concurrently with the execution and delivery of this Agreement, Borrower shall execute and deliver to Lender schedules of Accounts and schedules of Eligible Accounts in form and substance satisfactory to the Lender. Thereafter supplemental schedules shall be delivered according to the following schedule: With respect to Eligible Accounts, schedules shall be delivered within 15 days after the end of each month, along with a borrowing base certificate, an Accounts Receivable Aging, in a form acceptable to Lender.

Representations and Warranties Concerning Accounts. With respect to the Accounts, Borrower represents and warrants to Lender (1) Each Account represented by Borrower to be an Eligible Account for purposes of this Agreement conforms to the requirements of the definition of an Eligible Account, (2) All Account information listed on schedules delivered to Lender will be true and correct, subject to immaterial variance, and (3) Lender, its assigns, or agents shall have the right at any time and at Borrower's expense to inspect, examine, and audit Borrower's records and to confirm with Account Debtors the accuracy of such Accounts

ADDITIONAL CREDIT FACILITIES. In addition to the Primary Credit Facility, the following credit accommodations are either in place or will be made available to Borrower

OTHER FACILITY. Subject to the terms and conditions of this Agreement, the following described credit facility is either in place or will be made available to Borrower That certain term loan made by Lender to Borrower represented by that certain promissory note dated April 30, 2013, in the principal amount of \$20,700,000.00, together with any and all renewals, substitutions, replacements, modifications and amendments thereto

APPLICATION FOR AND PURPOSE OF THE LOAN. Borrower has applied to Lender for a Loan in the aggregate principal amount of \$3,000,000.00 for the following purpose: Revolving line of credit for working capital and equipment purchases.

BORROWER'S NOTE. Lender has agreed to consider making Loan Advances to Borrower, from time to time, one or more times, on a revolving line of credit basis up to a maximum principal amount outstanding at any one or more times not to exceed \$3,000,000.00, or such other amounts as to which Lender may agree. Borrower agrees to be bound and obligated under the terms and conditions of this Agreement and Lender's procedures and additional requirements for requesting Loan Advances, as well as any and all Security Agreements directly or indirectly securing repayment of the same

LINE OF CREDIT. Borrower's Note shall be considered for all purposes as a "master note" and shall evidence any and all Loan Advances made by Lender to Borrower from time to time on a self-replenishing line of credit basis. Loan Advances under Borrower's Note may be requested orally or in writing. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums advanced by Lender under Borrower's Loan and Note in accordance with the instructions of any officer or other representative of Borrower or credited to Borrower's deposit account(s) with Lender. Borrower additionally agrees that the unpaid principal balance outstanding under Borrower's Loan and Note shall at all times be evidenced by endorsements on the Note, or alternatively, by Lender's internal records, including Lender's daily computer print-out. Borrower additionally agrees that Lender may, within its sole judgment, refuse to extend Loan Advances to Borrower whenever Lender determines or has reason to believe that any one or more of the following conditions exists or will occur: (a) the amount of the requested Loan Advance will result in Borrower exceeding its maximum line of credit, (b) Borrower is not complying or has not complied with Lender's procedures and additional requirements for requesting Loan Advances, (c) Borrower has failed to provide Lender with satisfactory documentation to support the requested Loan Advance, (d) Lender has reason to believe that Borrower is not presently complying, or has not complied with the terms and conditions of this Agreement, or has committed or is in the process of committing an Event of Default hereunder or under any Security Agreement directly or indirectly securing repayment of Borrower's Loan and Note, or (e) Lender deems itself to be insecure with regard to the repayment of Borrower's Loan and Note. Lender shall have no obligation or liability to Borrower or to any other person or persons arising out of or in any way accruing from Lender's reasonable refusal to extend Loan Advances to Borrower for any of the reasons stated above.

TERM. This Agreement shall be effective as of April 30, 2013, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

AUTHORIZED REPRESENTATIVES. The following provisions pertain to, among other things, the authorization of persons under this Agreement.

Resolutions. The Members of Borrower have met and have properly authorized certain designated persons ("Authorized Representatives") to represent Borrower and to act for and on behalf of Borrower in dealing with Lender. To the extent applicable, such Authorized Representatives are listed in a separate form of Resolution or other communication delivered to Lender.

Managers. Borrower's present and future Managers (to the extent that Borrower has Managers) shall always have the full and unrestricted authority to deal with Lender and shall be considered Authorized Representatives of Borrower without the additional necessity of being specifically designated as such by Borrower's Members under a formal resolution.

Unrestricted Authority. Notwithstanding any provision of Borrower's Operating Agreement to the contrary, or any resolution of Borrower's Members not previously communicated to Lender in writing, Borrower's Authorized Representatives (including without limitation Borrower's Managers) shall have the full and unrestricted right, power and authority to deal and to contract with Lender and to otherwise bind and restrict right, power and authority, from time to time, one or more times, and without the necessity of obtaining the further approval of all or a majority of Borrower's Members (1) to obtain loans, loan advances, and to incur other indebtedness and obligations in favor of Lender in any amount and for any purpose, and whether or not deemed to be in the ordinary course of Borrower's business; and (2) to sell, exchange, lease, mortgage, pledge, or otherwise transfer or encumber or grant Security Interests in favor of Lender as affecting any or all or substantially all of the assets and movable (personal) and immovable (real) properties of Borrower, including without limitation, entering into mortgages and security agreements that contain confessions of judgment and consents to foreclosure remedies under Louisiana executory process procedures, and (3) otherwise to enter into such agreements and to incur such obligations in favor of Lender as such Authorized Representatives may deem to be necessary and proper.

Substitute Authorized Representatives. Lender may continue to deal and contract with such Authorized Representatives on an unrestricted basis until such time as (1) their authority to act for and on behalf of Borrower is formally revoked and substitute Authorized Representatives are properly appointed by Borrower's Members, and (2) Lender is properly notified in writing and accepts and acknowledges the same.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral, (3) financing statements and all other documents perfecting Lender's Security Interests, (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan, all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Fees and Expenses Under This Agreement. Borrower shall have paid to Lender all fees, costs, and expenses specified in this Agreement and the Related Documents as are then due and payable.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

MULTIPLE BORROWERS. This Agreement has been executed by multiple obligors who are referred to in this Agreement individually, collectively and interchangeably as "Borrower." Unless specifically stated to the contrary, the word "Borrower" as used in this Agreement, including without limitation all representations, warranties and covenants, shall include all Borrowers. Borrower understands and agrees that, with or without notice to any one Borrower, Lender may (A) make one or more additional secured or unsecured loans or otherwise extend additional credit with respect to any other Borrower, (B) with respect to any other Borrower alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness, (C) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (D) release, substitute, agree not to sue, or deal with

any one or more of Borrower's or any other Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) determine how, when and what application of payments and credits shall be made on any indebtedness; (F) apply such security and direct the order or manner of sale of any Collateral, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) sell, transfer, assign or grant participations in all or any part of the Loan, (H) exercise or refrain from exercising any rights against Borrower or others, or otherwise act or refrain from acting, (I) settle or compromise any indebtedness; and (J) subordinate the payment of all or any part of any of Borrower's indebtedness to Lender to the payment of any liabilities which may be due Lender or others.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any indebtedness exists:

Organization. Progressive Acute Care Oakdale, L.L.C. is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Louisiana. Progressive Acute Care Oakdale, L.L.C. is duly authorized to transact business in all other states in which Progressive Acute Care Oakdale, L.L.C. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Progressive Acute Care Oakdale, L.L.C. is doing business. Specifically, Progressive Acute Care Oakdale, L.L.C. is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Progressive Acute Care Oakdale, L.L.C. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Progressive Acute Care Oakdale, L.L.C. maintains an office at 2210 7th Street, Suite B, Mandeville, LA 70471. Unless Progressive Acute Care Oakdale, L.L.C. has designated otherwise in writing, the principal office is the office at which Progressive Acute Care Oakdale, L.L.C. keeps its books and records including its records concerning the Collateral. Progressive Acute Care Oakdale, L.L.C. will notify Lender prior to any change in the location of Progressive Acute Care Oakdale, L.L.C.'s state of organization or any change in Progressive Acute Care Oakdale, L.L.C.'s name. Progressive Acute Care Oakdale, L.L.C. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Progressive Acute Care Oakdale, L.L.C. and Progressive Acute Care Oakdale, L.L.C.'s business activities.

Progressive Acute Care Winn, L.L.C. is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Louisiana. Progressive Acute Care Winn, L.L.C. is duly authorized to transact business in all other states in which Progressive Acute Care Winn, L.L.C. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Progressive Acute Care Winn, L.L.C. is doing business. Specifically, Progressive Acute Care Winn, L.L.C. is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Progressive Acute Care Winn, L.L.C. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Progressive Acute Care Winn, L.L.C. maintains an office at 2210 7th Street, Suite B, Mandeville, LA 70471. Unless Progressive Acute Care Winn, L.L.C. has designated otherwise in writing, the principal office is the office at which Progressive Acute Care Winn, L.L.C. keeps its books and records including its records concerning the Collateral. Progressive Acute Care Winn, L.L.C. will notify Lender prior to any change in the location of Progressive Acute Care Winn, L.L.C.'s state of organization or any change in Progressive Acute Care Winn, L.L.C.'s name. Progressive Acute Care Winn, L.L.C. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Progressive Acute Care Winn, L.L.C. and Progressive Acute Care Winn, L.L.C.'s business activities.

Progressive Acute Care Avoyelles, L.L.C. is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Louisiana. Progressive Acute Care Avoyelles, L.L.C. is duly authorized to transact business in all other states in which Progressive Acute Care Avoyelles, L.L.C. is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Progressive Acute Care Avoyelles, L.L.C. is doing business. Specifically, Progressive Acute Care Avoyelles, L.L.C. is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Progressive Acute Care Avoyelles, L.L.C. has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Progressive Acute Care Avoyelles, L.L.C. maintains an office at 2210 7th Street, Suite B, Mandeville, LA 70471. Unless Progressive Acute Care Avoyelles, L.L.C. has designated otherwise in writing, the principal office is the office at which Progressive Acute Care Avoyelles, L.L.C. keeps its books and records including its records concerning the Collateral. Progressive Acute Care Avoyelles, L.L.C. will notify Lender prior to any change in the location of Progressive Acute Care Avoyelles, L.L.C.'s state of organization or any change in Progressive Acute Care Avoyelles, L.L.C.'s name. Progressive Acute Care Avoyelles, L.L.C. shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Progressive Acute Care Avoyelles, L.L.C. and Progressive Acute Care Avoyelles, L.L.C.'s business activities.

Progressive Acute Care Dauterive, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Louisiana. Progressive Acute Care Dauterive, LLC is duly authorized to transact business in all other states in which Progressive Acute Care Dauterive, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Progressive Acute Care Dauterive, LLC is doing business. Specifically, Progressive Acute Care Dauterive, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Progressive Acute Care Dauterive, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Progressive Acute Care Dauterive, LLC maintains an office at 2210 7th Street, Suite B, Mandeville, LA 70471. Unless Progressive Acute Care Dauterive, LLC has designated otherwise in writing, the principal office is the office at which Progressive Acute Care Dauterive, LLC keeps its books and records including its records concerning the Collateral. Progressive Acute Care Dauterive, LLC will notify Lender prior to any change in the location of Progressive Acute Care Dauterive, LLC's state of organization or any change in Progressive Acute Care Dauterive, LLC's name. Progressive Acute Care Dauterive, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Progressive Acute Care Dauterive, LLC and Progressive Acute Care Dauterive, LLC's business activities.

Progressive Acute Care, LLC is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of South Carolina. Progressive Acute Care, LLC is duly authorized to transact business in all other states in which Progressive Acute Care, LLC is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Progressive Acute Care, LLC is doing business. Specifically, Progressive Acute Care, LLC is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Progressive Acute Care, LLC has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Progressive Acute Care, LLC maintains an office at 2210 7th Street, Suite B, Mandeville, LA 70471. Unless Progressive Acute Care, LLC has designated otherwise in writing, the principal office is the office at which Progressive Acute Care, LLC keeps its books and records including its records concerning the Collateral. Progressive Acute Care, LLC will notify Lender prior to any change in the location of Progressive Acute Care, LLC's state of organization or any change in Progressive Acute Care, LLC's name. Progressive Acute Care, LLC shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Progressive Acute Care, LLC and Progressive Acute Care, LLC's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business. None.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of organization or membership agreements, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral; (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral, and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation. There are no suits or proceedings pending, or to the knowledge of Borrower, threatened against or affecting Borrower or Borrower's assets, before any court or by any governmental agency, other than those previously disclosed to Lender in writing, which, if adversely determined, may have a material adverse effect on Borrower's financial condition or business.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Information. All information heretofore or contemporaneously herewith furnished by Borrower to Lender for the purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all information hereafter furnished by or on behalf of Borrower to Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will

Other Events. Promptly notify Lender in writing of (1) the addition of any new Members of Borrower, (2) the death, interdiction, withdrawal, expulsion, bankruptcy, or dissolution of any Member or the occurrence of any other event which may terminate the continued membership of any Member, (3) the expression of any intent or desire on the part of any Member or Members to dissolve or liquidate Borrower, and (4) the occurrence of any event specified in Borrower's Articles or in Borrower's Operating Agreement that may result in Borrower's dissolution or liquidation.

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following.

Additional Requirements. (1) within 120 days after the end of each fiscal year, the consolidated balance sheet and income statement of Progressive Acute Care Oakdale, L.L.C., Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC, and Progressive Acute Care, LLC for the year ended, audited by a certified public accountant satisfactory to Lender; (2) on an annual basis, the personal financial statement of each Guarantor who is an individual, with an effective date not greater than thirteen months from the date of the most recent financial statement on file with Lender, in a form acceptable to Lender, and certified by such Guarantor as being true and correct; (3) within 45 days after the end of each fiscal quarter, the consolidated balance sheet and income statement of Progressive Acute Care Oakdale, L.L.C., Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC, and Progressive Acute Care, LLC for the year ended, prepared and certified as correct to the best knowledge and belief of their chief financial officer or other officer acceptable to Lender; (4) within 45 days after the end of each fiscal quarter, the Compliance Certificate of Progressive Acute Care Oakdale, L.L.C., Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC, and Progressive Acute Care, LLC, prepared by Progressive Acute Care Oakdale, L.L.C., Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC, and Progressive Acute Care, LLC, and (5) within 15 days of filing, the annual federal tax returns of each Guarantor, and any extensions of annual federal tax returns filed by such Guarantor, prepared by a certified public accountant satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

<u>Names of Guarantors</u>	<u>Amounts</u>
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Wayne D. Thompson	\$1,000,000.00
Michael Hurlburt	\$1,000,000.00
Daniel J. Rising	\$1,000,000.00

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel, provide written notice to Lender of any change in executive and management personnel, conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws, not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities, shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

FINANCIAL COVENANTS AND RATIOS. Comply, or cause others, as indicated below, to comply with the following covenants and ratios.

Current Ratio. Borrower shall maintain a combined Current Ratio of at least 1.600 to 1.000. The term "Current Ratio" means Borrower's total Current Assets (less prepaid expenses) divided by Borrower's total Current Liabilities. This ratio shall be tested quarterly.

Leverage Ratio. Borrower shall maintain a combined Leverage Ratio not in excess of 2.600 to 1.000. The term "Leverage Ratio" means Borrower's combined Total Liabilities minus Subordinated Debt divided by Borrower's combined Tangible Net Worth plus Subordinated Debt. The term "Subordinated Debt" means the combined debt of Borrower to any third party that Lender has required to be subordinated to Borrower's combined debt to Lender, and documented in a format acceptable to Lender. The term "Tangible Net Worth" means total assets excluding all intangible assets (i.e., goodwill, trademarks, patents, copyrights, organizational expenses, and similar intangible items, but including leaseholds and leasehold improvements) less total debt. This ratio shall be tested quarterly.

Debt Service Coverage Ratio (EBITDA). Borrower shall maintain a combined Debt Service Coverage Ratio of at least 1.750 to 1.000. The term "Debt Service Coverage Ratio" means Borrower's combined Earnings before Interest, Taxes, Depreciation, and Amortization (excluding Extraordinary Items) divided by Borrower's combined Current Portion of Long Term Indebtedness plus Interest Expense. This ratio shall be tested quarterly.

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

LENDER'S EXPENDITURES. Borrower recognizes and agrees that Lender may incur certain expenses in connection with Lender's exercise of rights under this Agreement. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, Encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral, including without limitation, the purchase of insurance protecting only Lender's interest in any Collateral. Lender may further take such other action or actions and incur such additional expenditures as Lender may deem to be necessary and proper to cure or rectify any actions or inactions on Borrower's part as may be required under this Agreement. Nothing under this Agreement or otherwise shall obligate Lender to take any such actions or to incur any such additional expenditures on Borrower's behalf, or as making Lender in any way responsible or liable for any loss, damage, or injury to any Collateral, to Borrower, or to any other person or persons, resulting from Lender's election not to take such actions or to incur such additional expenses. In addition, Lender's election to take any such actions or to incur such additional expenditures shall not constitute a waiver or forbearance by Lender of any Event of Default under this Agreement. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand, (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy, or (2) the remaining term of the Note, or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender

Amendments to Articles or Operating Agreement. Amend its Articles or Operating Agreement (1) to limit or restrict the permissible activities in which Borrower may engage, or (2) to withdraw the authority of or to limit or restrict the authority of Borrower's Authorized Representatives (including Borrower's Managers) to deal and contract with Lender and to bind and obligate Borrower.

Withdrawal of Members. Permit any Member to withdraw from the Borrower and to receive any type of withdrawal distribution.

Distributions. Pay any interim distribution in cash or other assets to a Member or Members of Borrower

Waiver or Compromise of Rights Against Members. Waive, compromise or forgo any rights that Borrower may have against any Member for unpaid capital contributions or any other obligation owed to Borrower

Non-Compliance. None of the above actions on the part of Borrower (including without limitation, any amendment to Borrower's Articles or Operating Agreement) shall be effective as against Lender unless and until (1) Borrower shall have notified Lender in writing, and (2) Lender shall have expressly agreed to such actions in writing. Specifically, any distribution by Borrower in violation of this Agreement shall be considered as a "wrongful distribution" for purpose of applicable Law

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume additional indebtedness for borrowed money, including capital leases, in excess of the aggregate amount of \$250,000.00, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender, (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt, (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan, or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

OBLIGATION OF MEMBERS. So long as this Agreement remains in effect, each and every present and future Member of Borrower agrees and covenants as follows:

No Withdrawal. Not to withdraw as a Member of Borrower and to obtain a withdrawal distribution without first notifying Lender in writing and obtaining Lender's prior written consent (which Lender shall have the unrestricted right to refuse)

Compliance. To take whatever steps may be necessary and proper to insure that Borrower and each other Member complies with the terms, conditions and covenants of this Agreement

SECURITY INTEREST GRANTED BY MEMBERS. Borrower and each Member additionally agree as follows

Membership Interests. Notwithstanding any provision of Borrower's Articles or Operating Agreement to the contrary, each Member shall have the unrestricted right, power and authority to grant a Security Interest in favor of Lender as affecting his Membership Interest in Borrower.

Rights of Lender. Should Lender for any reason acquire the Membership Interest of any Member, whether as a result of default under a loan or extension of credit or otherwise, then Lender or any third party to whom Lender may sell or assign said Membership Interest shall have all of the rights, powers and authority of a "member" of Borrower, including the right to participate in the management and affairs permit that result to occur

Redemptive Rights. Should Lender acquire the Membership Interest of any Member as a result of a default under a loan, then Lender shall have the right, without the necessity of first obtaining any type of judgment against such a Member, to redeem the defaulting Member's Membership Interest for the then value thereof, which sum shall be paid by Borrower immediately on demand by Lender to be applied against the Member's loan obligation.

DEPOSIT ACCOUNTS. As collateral security for repayment of Borrower's Note and all renewals and extensions, as well as to secure any and all other loans, notes, indebtedness and obligations that Borrower may now and in the future owe to Lender or incur in Lender's favor, whether direct or indirect, absolute or contingent, due or to become due, of any nature and kind whatsoever (with the exception of any indebtedness under a consumer credit card account), and to the extent permitted by law, Borrower is granting Lender a continuing security interest in any and all funds that Borrower may now and in the future have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder (with the exception of IRA, pension, and other tax-deferred deposits). Borrower further agrees that, to the extent permitted by law, Lender may at any time apply any funds that Borrower may have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder against the unpaid balance of Borrower's Note and any and all other present and future indebtedness and obligations that Borrower may then owe to Lender, in principal, interest, fees, costs, expenses, and reasonable attorneys' fees.

EVENTS OF DEFAULT. The following actions or inactions or both shall constitute Events of Default under this Agreement

Default Under the Note. Should Borrower default in the payment of principal or interest under the Note or any of the Indebtedness

Default Under this Agreement. Should Borrower violate, or fail to comply fully with any of the terms and conditions of, or default under this Agreement,

Default Under other Agreements. Should any default occur or exist under any Related Document which directly or indirectly secures repayment of the Loan and any of the Indebtedness

Other Defaults in Favor of Lender. Borrower or any guarantor defaults under any other loan, extension of credit, security right, instrument, document, or agreement, or obligation in favor of Lender

Default in Favor of Third Parties. Should Borrower or any Guarantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property, or any Guarantor's ability to perform their respective obligations under this Agreement, or any Related Document, or pertaining to the Indebtedness

Death. Borrower, or any guarantor of the Indebtedness, dies

Insolvency. Should the suspension, failure or insolvency, however evidenced, of Borrower or any Guarantor occur or exist.

Readjustment of Indebtedness. Should proceedings for readjustment of indebtedness, reorganization, composition or extension under any insolvency law be brought by or against Borrower or any Guarantor.

Assignment for Benefit of Creditors. Should Borrower or any Guarantor file proceedings for a respite or make a general assignment for the benefit of creditors

Receivership. Should a receiver of all or any part of Borrower's property, or the property of any Guarantor, be applied for or appointed.

Dissolution Proceedings. Proceedings for the dissolution or appointment of a liquidator of Borrower or any guarantor are commenced.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf, the Note, is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter

Insecurity. Lender in good faith believes itself insecure with regard to repayment of the Loan.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise.

Lender shall have the right at its sole option, to accelerate payment of Borrower's Note in full, in principal, interest, costs, expenses, attorneys' fees, and other fees and charges, as well as to accelerate the maturity of any and all other loans and/or obligations that Borrower may then owe to Lender, whether direct or indirect, or by way of assignment or purchase of a participation interest, and whether absolute or contingent, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, due or to become due, and whether now existing or hereafter arising, and whether Borrower is obligated alone or with others on a "solidary" or "joint and several" basis, as a principal obligor or as a surety, of every nature and kind whatsoever, whether any such indebtedness may be barred under any statute of limitations or otherwise may be unenforceable or voidable for any reason whatsoever.

Lender shall have the additional right, again at its sole option, to file an appropriate collection action against Borrower and/or against any guarantor or guarantors of Borrower's Loan and Note, and/or to proceed or exercise any rights against any Collateral then securing repayment of Borrower's Loan and Note. Borrower and each guarantor further agree that Lender's remedies shall be cumulative in nature and nothing under this Agreement or otherwise, shall be construed as to limit or restrict the options and remedies available to Lender following any event of default under this Agreement or otherwise.

Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

DEPOSIT RELATIONSHIP REQUIREMENT. Borrower covenants and agrees with Lender that Borrower will establish and maintain a deposit account relationship with Lender.

NO CHANGE IN MANAGEMENT. Borrower covenants and agrees with Lender that Borrower shall not, without the prior written consent of Lender make or allow any changes in its present executive and management personnel, whether voluntary or involuntary, and whether by death, disability or otherwise.

FIELD AUDIT REQUIREMENT. Borrower covenants and agrees with Lender that Lender's third-party representative will monitor the operations of Borrower and perform annual field examinations at Borrower's expense.

DIVIDEND/DISTRIBUTION LIMIT. Borrower covenants and agrees with Lender that Borrower shall not, without the prior written consent of Lender, pay any dividends to any Member or Members of Borrower.

UNUSED FACILITY FEE. Borrower shall pay to Lender within 10 days following the last day of each fiscal year, a fee equal to 0.500% based on the average daily unused balance of the Line of Credit under the Borrowing Base for the prior twelve (12) months.

LIQUIDITY REQUIREMENT. Borrower covenants and agrees with Lender that Borrower shall maintain a combined minimum Liquidity of \$10,000,000.00 at all times, with the exception of the fiscal year 2013, during which Borrower is to have a combined minimum Liquidity of \$8,000,000.00 at all times. The term "Liquidity" means cash and cash equivalents plus the amount available to borrow under the Line of Credit as follows.

1. Fiscal Year 2013 (effective with the acquisition of Dauterive Hospital) Up to 100% of the Line of Credit availability
2. Effective January 1, 2014 Up to 100.000% of the Line of Credit availability
3. Effective January 1, 2015 Up to \$2,500,000.00 of the Line of Credit availability
4. Effective January 1, 2016 Up to \$2,000,000.00 of the Line of Credit availability (in the event Borrower has a Line of Credit with Lender)
5. Effective January 1, 2017 Up to \$1,500,000.00 of the Line of Credit availability (in the event Borrower has a Line of Credit with Lender)

Under no circumstances does this Liquidity covenant constitute a commitment by or requirement of Lender to renew the Line of Credit beyond the Note maturity date of May 5, 2018.

EXCESS CASH FLOW RECAPTURE. Borrower covenants and agrees with Lender that, in the event the cash flow of the Borrower exceeds certain levels, the excess shall be delivered by Borrower to Lender and applied as additional principal payments to the outstanding balance of term loan #37001051 (the "Term Loan") entered into by and between Borrower and Lender with the intention of shortening the overall term of the loan(s). The amount of this "Excess Cash Flow Recapture" shall be calculated in good faith by Lender, and Borrower agrees to be bound hereby to Lender's good faith calculation(s). Lender shall make each Excess Cash Flow Recapture calculation on or before December 31st of each year, and the excess amount, if any, shall be paid by Borrower to Lender by the following March 31st of each year, unless such payment date is modified by mutual agreement of Lender and Borrower. To determine if excess cash flow exists, Lender shall make the following calculation.

1. Begin with the preceding twelve months' net operating income of Borrower
2. ADD. Preceding twelve months' depreciation expenses of Borrower.
4. DEDUCT Previously agreed upon capital expenditures of Borrower, unless financed in advance with Lender approval.
5. DEDUCT Principal payments made to the Term Loan during the preceding twelve month period.

If the above calculation results in excess cash flow for any one period, then said excess cash flows shall be multiplied by 25%. The product of this calculation shall be the Excess Cash Flow Recapture payable to Lender by Borrower. Any one Excess Cash Flow Recapture payment shall not exceed \$60,000.00.

Any additional principal payments made during each twelve month period, over and above the scheduled payments (which will be applied to principal), will be deducted from the calculated 25% as prepayment of any Excess Cash Flow Recapture amount. Said additional principal payments shall be exclusive of payment of the Excess Cash Flow Recapture payment for the previous twelve month period. Should prepayment exceed the 25% calculation for any one period, the excess principal payment shall reduce the excess cash flow retention calculation of future periods until exhausted.

All Excess Cash Flow Recapture principal payments shall not be applied to the Term Loan on a prorated basis, unless otherwise agreed upon by both Lender and Borrower.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. No amendment, modification, consent or waiver of any provision of this Agreement, and no consent to any departure by Borrower therefrom, shall be effective unless the same shall be in writing signed by a duly authorized officer of Lender, and then shall be effective only as to the specific instance and for the specific purpose for which given.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees in an amount not exceeding 25.000% of the principal balance due on the Loan and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees in an amount not exceeding 25.000% of the principal balance due on the Loan and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees in an amount not exceeding 25.000% of the principal balance due on the Loan and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Louisiana without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Louisiana.

Joint and Several Liability. All obligations of Borrower under this Agreement shall be joint and several, and all references to Borrower shall mean each and every Borrower. This means that each Borrower signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. To give Borrower any notice required under this Agreement, Lender may hand deliver or mail the notice to Borrower at Borrower's last address in Lender's records. If there is more than one Borrower under this Agreement, notice to a single Borrower shall be considered as notice to all Borrowers. To give Lender any notice under this Agreement, Borrower (or any Borrower) shall mail the notice to Lender by registered or certified mail at the address specified in this Agreement, or at any other address that Lender may have given to Borrower (or any Borrower) by written notice as provided in this section. All notices required or permitted under this Agreement must be in writing and will be considered as given on the day it is delivered by hand or deposited in the U.S. Mail as provided herein.

Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforceable as if the illegal, invalid or unenforceable provision had never comprised a part of it, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and legal, valid and enforceable.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Louisiana Commercial Laws (La. R.S. 10 9-101, et seq.) Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement.

Account. The word "Account" means a trade account, account receivable, other receivable, or other right to payment for goods sold or services rendered owing to Borrower (or to a third party grantor acceptable to Lender).

Account Debtor. The words "Account Debtor" mean the person or entity obligated upon an Account.

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement (Asset Based), as this Business Loan Agreement (Asset Based) may be amended or modified from time to time, together with all exhibits and schedules attached or to be attached to this Business Loan Agreement (Asset Based) from time to time.

Articles. The word "Articles" means and includes Borrower Articles of Organization as presently on file with the appropriate government office, and as such Articles may subsequently be amended or modified from time to time, one or more times.

Authorized Representatives. The words "Authorized Representatives" mean and include, individually, collectively, interchangeably, any and all persons authorized by Borrower's Members or Managers to act for and on behalf of Borrower in dealings with Lender.

Borrower. The word "Borrower" means Progressive Acute Care Oakdale, L.L.C., Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC; and Progressive Acute Care, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Borrowing Base. The words "Borrowing Base" mean, as determined by Lender from time to time, the lesser of (1) \$3,000,000.00 or (2) 50.000% of the aggregate amount of Eligible Accounts (not to exceed in corresponding Loan amount based on Eligible Accounts \$3,000,000.00)

Business Day. The words "Business Day" mean a day on which commercial banks are open in the State of Louisiana.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise. The word Collateral also includes without limitation all collateral described in the Collateral section of this Agreement.

Eligible Accounts. The words "Eligible Accounts" mean at any time, all of Borrower's Accounts which contain selling terms and conditions acceptable to Lender. The net amount of any Eligible Account against which Borrower may borrow shall exclude all returns, discounts, credits, and offsets of any nature. Unless otherwise agreed to by Lender in writing, Eligible Accounts do not include

- (1) Accounts with respect to which the Account Debtor is a member, employee or agent of Borrower.
- (2) Accounts with respect to which the Account Debtor is affiliated with Borrower
- (3) Accounts with respect to which goods are placed on consignment, guaranteed sale, or other terms by reason of which the payment by the Account Debtor may be conditional
- (4) Accounts with respect to which the Account Debtor is not a resident of the United States, except to the extent such Accounts are

supported by insurance, bonds or other assurances satisfactory to Lender

(5) Accounts with respect to which Borrower is or may become liable to the Account Debtor for goods sold or services rendered by the Account Debtor to Borrower

(6) Accounts which are subject to dispute, counterclaim, or setoff

(7) Accounts with respect to which the goods have not been shipped or delivered, or the services have not been rendered, to the Account Debtor

(8) Accounts with respect to which Lender, in its sole discretion, deems the creditworthiness or financial condition of the Account Debtor to be unsatisfactory

(9) Accounts of any Account Debtor who has filed or has had filed against it a petition in bankruptcy or an application for relief under any provision of any state or federal bankruptcy, insolvency, or debtor-in-relief acts, or who has had appointed a trustee, custodian, or receiver for the assets of such Account Debtor; or who has made an assignment for the benefit of creditors or has become insolvent or fails generally to pay its debts (including its payrolls) as such debts become due

(10) Accounts with respect to which the Account Debtor is the United States government or any department or agency of the United States

(11) Accounts which have not been paid in full within 89 days from the invoice date. The entire balance of any Account of any single Account Debtor will be ineligible whenever the portion of the Account which has not been paid within 89 days from the invoice date is in excess of 20.000% of the total amount outstanding on the Account

(12) Accounts with respect to Medicare, Medicaid, and private payments

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement

Expiration Date. The words "Expiration Date" mean the date of termination of Lender's commitment to lend under this Agreement

GAAP. The word "GAAP" means generally accepted accounting principles

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note, Term Note or Related Documents, in principal, interest, costs, expenses and attorneys' fees and all other fees and charges together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement

Term Note. The words "Term Note" mean that term note executed by Borrower for loan No. 37001051

Lender. The word "Lender" means Business First Bank, its successors and assigns, and any subsequent holder or holders of Borrower's Loan and Note, or any interest therein

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Member. The word "MEMBER" means and include, individually, collectively, interchangeably, any and all present and future member owners of Borrower.

Membership Interest. The words "MEMBERSHIP INTEREST" mean and include a Member's ownership rights and interest in Borrower, including without limitation, a Member's share of the profits and losses of Borrower, right to receive distributions of Borrower's assets, and any right to vote or participate in the management and affairs of Borrower

Note. The word "Note" means the Note dated April 30, 2013 and executed by Progressive Acute Care Oakdale, L.L.C.; Progressive Acute Care Winn, L.L.C., Progressive Acute Care Avoyelles, L.L.C., Progressive Acute Care Dauterive, LLC, and Progressive Acute Care, LLC in the principal amount of \$3,000,000.00, together with all renewals, extensions, modifications, refinancings, consolidations and substitutions of and for the note or credit agreement.

Operating Agreement. The words "Operating Agreement" mean any agreement between Borrower's Members governing the affairs of Borrower and the conduct of its business

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith, (3) liens of matenalmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent, (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens", (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing, and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets

Primary Credit Facility. The words "Primary Credit Facility" mean the credit facility described in the Line of Credit section of this Agreement

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan

Security Agreement. The words "Security Agreement" mean and include individually, collectively, interchangeably and without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT (ASSET BASED) AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT (ASSET BASED) IS DATED APRIL 30, 2013.

BORROWER:

PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE WINN, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE DAUTERIVE, LLC

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Dauterive, LLC

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE, LLC

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

LENDER:

BUSINESS FIRST BANK

By: Maurice Van Konynghen
Authorized Signer MAURICE VAN KONYNHEN

CL 37001051



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PROMISSORY NOTE

Borrower: Progressive Acute Care Oakdale, L.L.C. (TIN: 26-314...); Progressive Acute Care Winn, L.L.C. (TIN: 26-314...); Progressive Acute Care Avoyelles, L.L.C. (TIN: 26-3147245); Progressive Acute Care Dauterive, LLC (TIN: 36-475...); and Progressive Acute Care, LLC (TIN: 26-249...); 2210 7th Street, Suite B Mandeville, LA 70471

Lender: Business First Bank North Shore Banking Center 1675 Hwy 190 Covington, LA 70433

Principal Amount: \$20,700,000.00

Date of Note: April 30, 2013

PROMISE TO PAY. Progressive Acute Care Oakdale, L.L.C.; Progressive Acute Care Winn, L.L.C.; Progressive Acute Care Avoyelles, L.L.C.; Progressive Acute Care Dauterive, LLC; and Progressive Acute Care, LLC ("Borrower") promise to pay to the order of Business First Bank ("Lender"), in lawful money of the United States of America the sum of Twenty Million Seven Hundred Thousand & 00/100 Dollars (U.S. \$20,700,000.00), together with simple interest assessed on a variable rate basis as provided in the "VARIABLE INTEREST RATE" paragraph, with interest being assessed on the unpaid principal balance of this Note as outstanding from time to time, commencing on April 30, 2013, and continuing until this Note is paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the index, Borrower will pay this loan in 59 regular payments of \$172,981.12 each and one irregular last payment estimated at \$16,869,492.46. Borrower's first payment is due June 5, 2013, and all subsequent payments are due on the same day of each month after that. Borrower's final payment due on May 5, 2018, may be greater if Borrower does not make payments as scheduled. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the "Prime Rate" designated in the "Money Rates" section of the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 2.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.750% per annum based on a year of 360 days. Under no circumstances will the interest rate on this Note be less than 5.750% per annum or more than the maximum rate allowed by applicable law. Whenever increases occur in the interest rate, Lender, at its option, may do one or more of the following. (A) increase Borrower's payments to ensure Borrower's loan will pay off by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. Other than Borrower's obligation to pay any minimum interest charge, Borrower may prepay this Note in full at any time by paying the unpaid principal balance of this Note, plus accrued simple interest and any unpaid late charges through date of repayment. If Borrower prepays this Note in full, or if Lender accelerates payment, Borrower understands that, unless otherwise required by law, any prepaid fees or charges will not be subject to rebate and will be earned by Lender at the time this Note is signed. Borrower agrees to pay minimum interest of 25.00 if this amount has not been earned by Lender at the time of prepayment. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to Business First Bank, 8440 Jefferson Hwy, Suite 101 Baton Rouge, LA 70809.

LATE CHARGE. If Borrower fails to pay any payment under this Note in full within 10 days of when due, Borrower agrees to pay Lender a late payment fee in an amount equal to 10.000% of the unpaid portion of the regularly scheduled payment with a maximum of \$500.00. Late charges will not be assessed following declaration of default and acceleration of the maturity of this Note.

INTEREST AFTER DEFAULT. If Lender declares this Note to be in default, Lender has the right prospectively to adjust and fix the simple interest rate under this Note until this Note is paid in full, as follows: (A) If the original principal amount of this Note is \$250,000 or less, the fixed default interest rate shall be equal to eighteen (18%) percent per annum based on a year of 360 days, or three (3%) percent per annum in excess of the interest rate under this Note, whichever is greater. (B) If the original principal amount of this Note is more than \$250,000, the fixed default interest rate shall be equal to twenty-one (21%) percent per annum based on a year of 360 days, or three (3%) percent per annum in excess of the interest rate under this Note at the time of default, whichever is greater.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note.

Payment Default. Borrower fails to make any payment when due under this Note.

Default Under Security Agreements. Should Borrower or any guarantor violate, or fail to comply fully with any of the terms and conditions of, or default under any security right, instrument, document, or agreement directly or indirectly securing repayment of this Note.

Other Defaults in Favor of Lender. Should Borrower or any guarantor of this Note default under any other loan, extension of credit, security right, instrument, document, or agreement, or obligation in favor of Lender.

Default in Favor of Third Parties. Should Borrower or any guarantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may affect any property or other collateral directly or indirectly securing repayment of this Note.

Insolvency. Should the suspension, failure or insolvency, however evidenced, of Borrower or any Guarantor of this Note occur or exist.

Death or Interdiction. Should any guarantor of this Note die or be interdicted.

Readjustment of Indebtedness. Should proceedings for readjustment of indebtedness, reorganization, bankruptcy, composition or extension under any insolvency law be brought by or against Borrower or any guarantor.

Assignment for Benefit of Creditors. Should Borrower or any guarantor file proceedings for a respite or make a general assignment for the benefit of creditors.

Receivership. Should a receiver of all or any part of Borrower's property, or the property of any guarantor, be applied for or appointed.

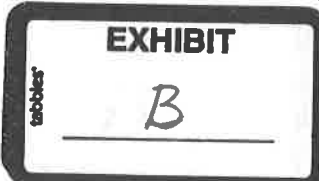
Dissolution Proceedings. Proceedings for the dissolution or appointment of a liquidator of Borrower or any guarantor are commenced.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf related to this Note is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Material Adverse Change. Should any material adverse change occur in the financial condition of Borrower or any guarantor of this Note or should any material discrepancy exist between the financial statements submitted by Borrower or any guarantor and the actual financial condition of Borrower or such guarantor.

Loss of Security. Lender in good faith believes itself insecure with regard to repayment of this Note.

LENDER'S RIGHTS UPON DEFAULT. Should any one or more default events occur or exist under this Note as provided above, Lender shall have the right, at Lender's sole option, to declare formally this Note to be in default and to accelerate the maturity and insist upon immediate payment.



PROMISSORY NOTE
(Continued)

Loan No: 37001051

Page 2

in full of the unpaid principal balance then outstanding under this Note, plus accrued interest, together with reasonable attorneys' fees, costs, expenses and other fees and charges as provided herein. Lender shall have the further right, again at Lender's sole option, to declare formal default and to accelerate the maturity and to insist upon immediate payment in full of each and every other loan, extension of credit, debt, liability and/or obligation of every nature and kind that Borrower may then owe to Lender, whether direct or indirect or by way of assignment, and whether absolute or contingent, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, secured or unsecured, whether Borrower is obligated alone or with others on a "solidary" or "joint and several" basis, as a principal obligor or otherwise, all without further notice or demand, unless Lender shall otherwise elect.

ATTORNEYS' FEES; EXPENSES. If Lender refers this Note to an attorney for collection, or files suit against Borrower to collect this Note, or if Borrower files for bankruptcy or other relief from creditors, Borrower agrees to pay Lender's reasonable attorneys' fees in an amount not exceeding 25 000% of the principal balance due on the loan.

WAIVE JURY. BORROWER AND LENDER HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER BORROWER OR LENDER AGAINST THE OTHER.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Louisiana without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Louisiana.

RETURNED ITEM CHARGE. In the event that Borrower makes any payment under this Note by check or electronic payment and Borrower's check or electronic payment is returned to Lender unpaid for any reason, Borrower agrees to pay Lender a returned item charge in an amount of \$30 00.

DEPOSIT ACCOUNTS. As collateral security for repayment of this Note and all renewals and extensions, as well as to secure any and all other loans, notes, indebtedness and obligations that Borrower may now and in the future owe to Lender or incur in Lender's favor, whether direct or indirect, absolute or contingent, due or to become due, of any nature and kind whatsoever (with the exception of any indebtedness under a consumer credit card account), and to the extent permitted by law, Borrower is granting Lender a continuing security interest in any and all funds that Borrower may now and in the future have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder (with the exception of IRA, pension, and other tax-deferred deposits). Borrower further agrees that, to the extent permitted by law, Lender may at any time apply any funds that Borrower may have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder against the unpaid balance of this Note and any and all other present and future indebtedness and obligations that Borrower may then owe to Lender, in principal, interest, fees, costs, expenses, and reasonable attorneys' fees.

COLLATERAL. Borrower acknowledges this Note is secured by collateral described in separate security documents. Collateral securing other loans with Lender may also secure this Note as the result of cross-collateralization.

FINANCIAL STATEMENTS. Borrower agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

FINANCIAL INFORMATION. In order to induce Lender to make the loans evidenced by this Note and otherwise to extend credit or make credit accommodations to Borrower, Borrower has provided to Lender, and will continue to provide to Lender from time to time, financial statements and related financial information pertaining to Borrower and/or the collateral for this Note (including without limitation balance sheets, income statements, tax returns, operating statements, rent rolls, liquidity reports, account statements and other financial information). Borrower acknowledges that Lender has relied on such financial information in making the loans evidenced by this Note and will continue to rely on all financial information heretofore or hereafter provided by Borrower in making future decisions with respect to additional credit accommodations to be made available to Borrower (including without limitation decisions with respect to (i) future loan requests, (ii) future renewals and extensions of this Note, (iii) possible future interest rate changes, (iv) possible waivers of default and/or forbearances, and (v) possible releases of collateral, guarantors or co-obligors). With respect to all financial information that has been or may hereafter be provided to Lender by Borrower or by others acting on Borrower's behalf, Borrower hereby represents, warrants and certifies that such financial information is and will be true, correct and complete in all respects. Borrower agrees to notify Lender immediately and in writing of any material adverse change in (a) any of such financial information, (b) the financial condition of Borrower, or (c) the ability of Borrower to perform its obligations to Lender. In the absence of any notice in writing, all financial information heretofore or hereafter provided to Lender by or on behalf of Borrower shall be considered as a continuing statement and substantially correct at all times while Borrower is obligated to Lender.

DEPOSIT RELATIONSHIP REQUIREMENT. Borrower covenants and agrees with Lender that Borrower will establish and maintain a deposit account relationship with Lender.

NO CHANGE IN MANAGEMENT. Borrower covenants and agrees with Lender that Borrower shall not, without the prior written consent of Lender make or allow any changes in its present executive and management personnel, whether voluntary or involuntary, and whether by death, disability or otherwise.

BUSINESS LOAN AGREEMENT. Borrower acknowledges that the loan represented by this Note constitutes an additional extension of credit under that certain Business Loan Agreement (ASSET BASED) dated April 30, 2013, by and between Borrower and Lender, and shall in all respects be governed by said Loan Agreement.

WAIVERS. Borrower and each guarantor of this Note hereby waive demand, presentment for payment, protest, notice of protest and notice of nonpayment, and all pleas of division and discussion, and severally agree that their obligations and liabilities to Lender hereunder shall be on a "solidary" or "joint and several" basis. Borrower and each guarantor further severally agree that discharge or release of any party who is or may be liable to Lender for the indebtedness represented hereby, or the release of any collateral directly or indirectly securing repayment hereof, shall not have the effect of releasing any other party or parties, who shall remain liable to Lender, or of releasing any other collateral that is not expressly released by Lender. Borrower and each guarantor additionally agree that Lender's acceptance of payment other than in accordance with the terms of this Note, or Lender's subsequent agreement to extend or modify such repayment terms, or Lender's failure or delay in exercising any rights or remedies granted to Lender, shall likewise not have the effect of releasing Borrower or any other party or parties from their respective obligations to Lender, or of releasing any collateral that directly or indirectly secures repayment hereof. In addition, any failure or delay on the part of Lender to exercise any of the rights and remedies granted to Lender shall not have the effect of waiving any of Lender's rights and remedies. Any partial exercise of any rights and/or remedies granted to Lender shall furthermore not be construed as a waiver of any other rights and remedies, it being Borrower's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Borrower and each guarantor further agree that, should any default event occur or exist under this Note, any waiver or forbearance on the part of Lender to pursue the rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of Lender as to one default event shall not be construed as a waiver or forbearance as to any other default. Borrower and each guarantor of this Note further agree that any late charges provided for under this Note will not be charges for deferral of time for payment and will not and are not intended to compensate Lender's for a grace or cure period, and no such deferral, grace or cure period has or will be granted to Borrower in return for the imposition of any late charge. Borrower recognizes that Borrower's failure to make timely payment of amounts due under this Note will result in damages to Lender, including but not limited to Lender's loss of the use of amounts due, and Borrower agrees that any late charges imposed by Lender hereunder will represent reasonable compensation to Lender for such damages. Failure to pay in full any installment or payment timely when due under this Note, whether or not a late charge is assessed, will remain and shall constitute an Event of Default hereunder.

SUCCESSORS AND ASSIGNS LIABLE. Borrower's and each guarantor's obligations and agreements under this Note shall be binding upon Borrower's and each guarantor's respective successors, heirs, legatees, devisees, administrators, executors and assigns. The rights and remedies granted to Lender under this Note shall inure to the benefit of Lender's successors and assigns, as well as to any subsequent holder or holders of this Note.

CAPTION HEADINGS. Caption headings in this Note are for convenience purposes only and are not to be used to interpret or define the provisions of this Note.

SEVERABILITY. If any provision of this Note is held to be invalid, illegal or unenforceable by any court, that provision shall be deleted from this Note and the balance of this Note shall be interpreted as if the deleted provision never existed.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's successors, heirs, legatees, devisees, administrators, executors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Business First Bank 8440 Jefferson Hwy., Suite 101 Baton Rouge, LA 70809.

APPLICABLE LENDING LAW. To the extent not preempted by federal law, this business or commercial loan is being made under the terms and provisions of La R S 9:3509, et seq.

PROMISSORY NOTE
(Continued)

Loan No: 37001061

Page 3

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS.

BORROWER:

PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC


PROGRESSIVE ACUTE CARE WINN, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Avoyelles, L.L.C.

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE DAUTERIVE, LLC

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Dauterive, LLC

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE, LLC

By: 
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

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PROMISSORY NOTE

Borrower: Progressive Acute Care Oakdale, L.L.C. (TIN: 26-314...); Progressive Acute Care Winn, L.L.C. (TIN: 26-314...); Progressive Acute Care Avoyelles, L.L.C. (TIN: 26-314...); Progressive Acute Care Dauterive, LLC (TIN: 36-4756...); and Progressive Acute Care, LLC (TIN: 26-249...)
2210 7th Street, Suite B
Mandeville, LA 70471

Lender: Business First Bank
North Shore Banking Center
1875 Hwy 190
Covington, LA 70433

Principal Amount: \$3,000,000.00

Date of Note: April 30, 2013

PROMISE TO PAY. Progressive Acute Care Oakdale, L.L.C.; Progressive Acute Care Winn, L.L.C.; Progressive Acute Care Avoyelles, L.L.C.; Progressive Acute Care Dauterive, LLC; and Progressive Acute Care, LLC ("Borrower") promise to pay to the order of Business First Bank ("Lender"), in lawful money of the United States of America the sum of Three Million & 00/100 Dollars (U.S. \$3,000,000.00) or such other or lesser amounts as may be reflected from time to time on Lender's books and records as evidencing the aggregate unpaid principal balance of loan advances made to Borrower on a revolving line of credit basis as provided herein, together with simple interest assessed on a variable rate basis as provided in the "VARIABLE INTEREST RATE" paragraph, with interest being assessed on the unpaid principal balance of this Note as outstanding from time to time, commencing on April 30, 2013, and continuing until this Note is paid in full.

LINE OF CREDIT. This Note evidences a revolving line of credit "master note". Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's deposit accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note, (B) Borrower or any guarantor ceases doing business or is insolvent, (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender, (D) Borrower has applied funds provided pursuant to this Note for purposes other than those acceptable to Lender, or (E) Lender in good faith believes itself insecure with regard to repayment of this Note or any other agreement between Lender and Borrower.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on May 5, 2015. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning June 6, 2013, with all subsequent interest payments to be due on the same day of each month after that until this Note is paid in full. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the "Prime Rate" designated in the "Money Rates" section of the Wall Street Journal (the "Index"). The index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 3.250% per annum. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 2.500 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.750% per annum based on a year of 360 days. Under no circumstances will the interest rate on this Note be less than 5.750% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Other than Borrower's obligation to pay any minimum interest charge, Borrower may prepay this Note in full at any time by paying the unpaid principal balance of this Note, plus accrued simple interest and any unpaid late charges through date of repayment. If Borrower prepays this Note in full, or if Lender accelerates payment, Borrower understands that, unless otherwise required by law, any prepaid fees or charges will not be subject to rebate and will be earned by Lender at the time this Note is signed. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to Business First Bank, 8440 Jefferson Hwy, Suite 101 Baton Rouge, LA 70809.

LATE CHARGE. If Borrower fails to pay any payment under this Note in full within 10 days of when due, Borrower agrees to pay Lender a late payment fee in an amount equal to 10.000% of the unpaid portion of the regularly scheduled payment with a maximum of \$500.00. Late charges will not be assessed following declaration of default and acceleration of the maturity of this Note.

INTEREST AFTER DEFAULT. If Lender declares this Note to be in default, Lender has the right prospectively to adjust and fix the simple interest rate under this Note until this Note is paid in full, as follows: (A) If the original principal amount of this Note is \$250,000 or less, the fixed default interest rate shall be equal to eighteen (18%) percent per annum based on a year of 360 days, or three (3%) percent per annum in excess of the interest rate under this Note, whichever is greater. (B) If the original principal amount of this Note is more than \$250,000, the fixed default interest rate shall be equal to twenty-one (21%) percent per annum based on a year of 360 days, or three (3%) percent per annum in excess of the interest rate under this Note at the time of default, whichever is greater.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Default Under Security Agreements. Should Borrower or any guarantor violate, or fail to comply fully with any of the terms and conditions of, or default under any security right, instrument, document, or agreement directly or indirectly securing repayment of this Note.

Other Defaults in Favor of Lender. Should Borrower or any guarantor of this Note default under any other loan, extension of credit, security right, instrument, document, or agreement, or obligation in favor of Lender.

Default in Favor of Third Parties. Should Borrower or any guarantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may affect any property or other collateral directly or indirectly securing repayment of this Note.

Insolvency. Should the suspension, failure or insolvency, however evidenced, of Borrower or any Guarantor of this Note occur or exist.

Death or Interdiction. Should any guarantor of this Note die or be interdicted.

Readjustment of Indebtedness. Should proceedings for readjustment of indebtedness, reorganization, bankruptcy, composition or extension under any insolvency law be brought by or against Borrower or any guarantor.

Assignment for Benefit of Creditors. Should Borrower or any guarantor file proceedings for a respite or make a general assignment for the benefit of creditors.

Receivership. Should a receiver of all or any part of Borrower's property, or the property of any guarantor, be applied for or appointed.

Dissolution Proceedings. Proceedings for the dissolution or appointment of a liquidator of Borrower or any guarantor are commenced.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.



CE 37001078

PROMISSORY NOTE
(Continued)

Loan No: 37001078

Page 2

Material Adverse Change. Should any material adverse change occur in the financial condition of Borrower or any guarantor of this Note or should any material discrepancy exist between the financial statements submitted by Borrower or any guarantor and the actual financial condition of Borrower or such guarantor

Insecurity. Lender in good faith believes itself insecure with regard to repayment of this Note.

LENDER'S RIGHTS UPON DEFAULT. Should any one or more default events occur or exist under this Note as provided above, Lender shall have the right, at Lender's sole option, to declare formally this Note to be in default and to accelerate the maturity and insist upon immediate payment in full of the unpaid principal balance then outstanding under this Note, plus accrued interest, together with reasonable attorneys' fees, costs, expenses and other fees and charges as provided herein. Lender shall have the further right, again at Lender's sole option, to declare formal default and to accelerate the maturity and to insist upon immediate payment in full of each and every other loan, extension of credit, debt, liability and/or obligation of every nature and kind that Borrower may then owe to Lender, whether direct or indirect or by way of assignment, and whether absolute or contingent, liquidated or unliquidated, voluntary or involuntary, determined or undetermined, secured or unsecured, whether Borrower is obligated alone or with others on a "solidary" or "joint and several" basis, as a principal obligor or otherwise, all without further notice or demand, unless Lender shall otherwise elect.

ATTORNEYS' FEES; EXPENSES. If Lender refers this Note to an attorney for collection, or files suit against Borrower to collect this Note, or if Borrower files for bankruptcy or other relief from creditors, Borrower agrees to pay Lender's reasonable attorneys' fees in an amount not exceeding 25.000% of the principal balance due on the loan.

WAIVE JURY. BORROWER AND LENDER HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER BORROWER OR LENDER AGAINST THE OTHER.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Louisiana without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Louisiana.

RETURNED ITEM CHARGE. In the event that Borrower makes any payment under this Note by check or electronic payment and Borrower's check or electronic payment is returned to Lender unpaid for any reason, Borrower agrees to pay Lender a returned item charge in an amount of \$30.00.

DEPOSIT ACCOUNTS. As collateral security for repayment of this Note and all renewals and extensions, as well as to secure any and all other loans, notes, indebtedness and obligations that Borrower may now and in the future owe to Lender or incur in Lender's favor, whether direct or indirect, absolute or contingent, due or to become due, of any nature and kind whatsoever (with the exception of any indebtedness under a consumer credit card account), and to the extent permitted by law, Borrower is granting Lender a continuing security interest in any and all funds that Borrower may now and in the future have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder (with the exception of IRA, pension, and other tax-deferred deposits). Borrower further agrees that, to the extent permitted by law, Lender may at any time apply any funds that Borrower may have on deposit with Lender or in certificates of deposit or other deposit accounts as to which Borrower is an account holder against the unpaid balance of this Note and any and all other present and future indebtedness and obligations that Borrower may then owe to Lender, in principal, interest, fees, costs, expenses, and reasonable attorneys' fees.

COLLATERAL. Borrower acknowledges this Note is secured by collateral described in separate security documents. Collateral securing other loans may also secure this Note as the result of cross-collateralization.

FINANCIAL STATEMENTS. Borrower agrees to provide Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

FINANCIAL INFORMATION. In order to induce Lender to make the loans evidenced by this Note and otherwise to extend credit or make credit accommodations to Borrower, Borrower has provided to Lender, and will continue to provide to Lender from time to time, financial statements and related financial information pertaining to Borrower and/or the collateral for this Note (including without limitation balance sheets, income statements, tax returns, operating statements, rent rolls, liquidity reports, account statements and other financial information). Borrower acknowledges that Lender has relied on such financial information in making the loans evidenced by this Note and will continue to rely on all financial information heretofore or hereafter provided by Borrower in making future decisions with respect to additional credit accommodations to be made available to Borrower (including without limitation decisions with respect to (i) future loan requests, (ii) future renewals and extensions of this Note, (iii) possible future interest rate changes, (iv) possible waivers of default and/or forbearances, and (v) possible releases of collateral, guarantors or co-obligors.) With respect to all financial information that has been or may hereafter be provided to Lender by Borrower or by others acting on Borrower's behalf, Borrower hereby represents, warrants and certifies that such financial information is and will be true, correct and complete in all respects. Borrower agrees to notify Lender immediately and in writing of any material adverse change in (a) any of such financial information, (b) the financial condition of Borrower, or (c) the ability of Borrower to perform its obligations to Lender. In the absence of any notice in writing, all financial information heretofore or hereafter provided to Lender by or on behalf of Borrower shall be considered as a continuing statement and substantially correct at all times while Borrower is obligated to Lender.

WAIVERS. Borrower and each guarantor of this Note hereby waive demand, presentment for payment, protest, notice of protest and notice of nonpayment, and all pleas of division and discussion, and severally agree that their obligations and liabilities to Lender hereunder shall be on a "solidary" or "joint and several" basis. Borrower and each guarantor further severally agree that discharge or release of any party who is or may be liable to Lender for the indebtedness represented hereby, or the release of any collateral directly or indirectly securing repayment hereof, shall not have the effect of releasing any other party or parties, who shall remain liable to Lender, or of releasing any other collateral that is not expressly released by Lender. Borrower and each guarantor additionally agree that Lender's acceptance of payment other than in accordance with the terms of this Note, or Lender's subsequent agreement to extend or modify such repayment terms, or Lender's failure or delay in exercising any rights or remedies granted to Lender, shall likewise not have the effect of releasing Borrower or any other party or parties from their respective obligations to Lender, or of releasing any collateral that directly or indirectly secures repayment hereof. In addition, any failure or delay on the part of Lender to exercise any of the rights and remedies granted to Lender shall not have the effect of waiving any of Lender's rights and remedies. Any partial exercise of any rights and/or remedies granted to Lender shall furthermore not be construed as a waiver of any other rights and remedies, it being Borrower's intent and agreement that Lender's rights and remedies shall be cumulative in nature. Borrower and each guarantor further agree that, should any default event occur or exist under this Note, any waiver or forbearance on the part of Lender to pursue the rights and remedies available to Lender, shall be binding upon Lender only to the extent that Lender specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of Lender as to one default event shall not be construed as a waiver or forbearance as to any other default. Borrower and each guarantor of this Note further agree that any late charges provided for under this Note will not be charges for deferral of time for payment and will not and are not intended to compensate Lender's for a grace or cure period, and no such deferral, grace or cure period has or will be granted to Borrower in return for the imposition of any late charge. Borrower recognizes that Borrower's failure to make timely payment of amounts due under this Note will result in damages to Lender, including but not limited to Lender's loss of the use of amounts due, and Borrower agrees that any late charges imposed by Lender hereunder will represent reasonable compensation to Lender for such damages. Failure to pay in full any installment or payment timely when due under this Note, whether or not a late charge is assessed, will remain and shall constitute an Event of Default hereunder.

SUCCESSORS AND ASSIGNS LIABLE. Borrower's and each guarantor's obligations and agreements under this Note shall be binding upon Borrower's and each guarantor's respective successors, heirs, legatees, devisees, administrators, executors and assigns. The rights and remedies granted to Lender under this Note shall inure to the benefit of Lender's successors and assigns, as well as to any subsequent holder or holders of this Note.

CAPTION HEADINGS. Caption headings in this Note are for convenience purposes only and are not to be used to interpret or define the provisions of this Note.

SEVERABILITY. If any provision of this Note is held to be invalid, illegal or unenforceable by any court, that provision shall be deleted from this Note and the balance of this Note shall be interpreted as if the deleted provision never existed.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's successors, heirs, legatees, devisees, administrators, executors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Business First Bank 8440 Jefferson Hwy., Suite 101 Baton Rouge, LA 70809.

APPLICABLE LENDING LAW. To the extent not preempted by federal law, this business or commercial loan is being made under the terms and provisions of La R.S. 9:3509, et seq.

PROMISSORY NOTE
(Continued)

Loan No: 37001078

Page 3

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS.

BORROWER:

PROGRESSIVE ACUTE CARE OAKDALE, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Oakdale, L.L.C.

By: Wayne D. Thompson
Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE WINN, L.L.C.

PROGRESSIVE ACUTE CARE, LLC, Manager of Progressive Acute Care Winn, L.L.C.

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Wayne D. Thompson, Authorized Individual of
Progressive Acute Care, LLC

PROGRESSIVE ACUTE CARE AVOYELLES, L.L.C.

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