SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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COMMUNITY CARE OF AMERICA INC

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 23, 1996

COMMUNITY CARE OF AMERICA, INC.
(Exact name of registrant as specified in its charter)

Delaware	0-26502	52-1823411
State or other jurisdiction of incorporation)	(Commission file number)	(IRS Employer Identification No.)

3050 North Horseshoe Drive, Suite 260, Naples, Florida 34104
(Address of principal executive offices)

Registrant's telephone number including area code: (941) 435-0085

Not Applicable
(Former name or former address, if changed since last report)

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Item 5. Other Events

On December 27, 1996 the Company obtained a $15,000,000 secured line of credit with Daiwa Securities of America, Inc. to replace the existing secured line of credit with NationsBank. The $15,000,000 secured line of credit is for a three year term and is secured through the assignment of certain Company receivables to the lender.

The Company engaged Integrated Health Services, Inc. ("IHS") under a management agreement to assist in the provision of certain financial, accounting, MIS, reimbursement and ancillary services for a term of five years commencing on January 1, 1997. The Company believes that this will provide access to more sophisticated and responsive systems at a lower cost enabling the Company to reduce its overhead. Additionally, the Company entered into a subordinated revolving credit agreement with IHS Financial Holdings, Inc., a subsidiary of IHS, pursuant to which, as of January 13, 1997, the Company may borrow up to $5,000,000 for additional working capital. The Company issued to IHS warrants to purchase an aggregate of 9.9% of its outstanding common stock in connection with the $5 million credit line. The exercise price of half the warrants will be at current fair market value and will expire in two years. The exercise price of the rest of the warrants will be at double the current fair market value and will expire in five years. The current fair market value will be determined based upon the average of the high and low trading price of the Company's common stock for the next two full trading days. The Company has granted IHS registration rights relating to the warrants. Two of the Company's directors are also directors of IHS and one is IHS's Chairman, chief executive officer and largest stockholder.

The Company expects a loss in its fourth quarter, as a result of write-offs, non-recurring charges, and adjustments, which the Company estimates could aggregate between $8 and $14 million, before giving effect to income tax benefits. The Company is evaluating the potential write off of the deferred offering costs related to its stock offering which was not completed in 1996, alternative courses of action with respect to the previously announced Memorial transaction which could result in a write-off, as well as non- recurring charges and adjustments. Finalization of these matters is pending a review with the Audit Committee of the Board of Directors and the Company's independent auditors.

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The Board of Directors has appointed a search committee to seek two qualified replacements to fill the vacancies created by the December 1996 resignations of Rohit Desai and Damon Ball, both of Desai Capital Management, Inc., neither of whom resigned due to any expressed disagreement with the Company relating to operations, policies or practices.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of business acquired: Not applicable.

(b) Pro Forma financial information: Not applicable.

(c) Exhibits:

Regulation S-K Exhibit Number	Description
4.1	Healthcare Receivables Purchase And Transfer Agreement dated December 23, 1996 among Community Care of America, Inc. and Each Of The Providers Named In The Agreement and CCA Funding, LLC.
4.2	Loan And Security Agreement dated December 23, 1996 between CCA Funding, LLC and Daiwa Healthco-2, LLC.
4.3	Assignment Of Healthcare Receivables Purchase And Transfer Agreement As Collateral Security.
4.4	Amended and Restated Revolving Credit Agreement dated as of December 27, 1996 between Community Care of America, Inc. and Integrated Health Services, Inc.
4.5	Subordinated Note dated December 27, 1996 between Community Care of America, Inc. and Integrated Health Services, Inc. in the principal sum of $5,000,000.
4.6	Warrant Acquisition Agreement dated as of January 13, 1997 between Community Care of America, Inc. and Integrated Health Services, Inc., including Form of Series A Warrants, Form of Series B Warrant and Registration Rights Agreement.

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99.0	Management Agreement dated as of December 27, 1996 between Community Care of America, Inc. and Integrated Health Services, Inc.

SIGNATURE

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMUNITY CARE OF AMERICA, INC.

Date: January 13, 1997

By: /s/ David H. Fater
David H. Fater
Executive Vice President and
Chief Financial Officer

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HEALTHCARE RECEIVABLES
PURCHASE AND TRANSFER
AGREEMENT

Dated as of December 23, 1996

Among

COMMUNITY CARE OF AMERICA, INC.
as Primary Servicer

and

EACH OF THE PROVIDERS NAMED HEREIN
as Providers

and

CCA FUNDING LLC,
as Purchaser

ALL THE RIGHT, TITLE AND INTEREST OF THE PURCHASER IN AND TO, ALL BENEFITS OF THE PURCHASER UNDER AND ALL MONIES DUE OR TO BECOME DUE TO THE PURCHASER UNDER OR IN CONNECTION WITH, THIS AGREEMENT HAVE BEEN ASSIGNED TO DAIWA HEALTHCO-2 LLC, AS COLLATERAL SECURITY FOR ANY AND ALL THE OBLIGATIONS OF THE PURCHASER PURSUANT TO A LOAN AND SECURITY AGREEMENT DATED AS OF DECEMBER 23, 1996 BETWEEN THE PURCHASER AND DAIWA HEALTHCO-2 LLC

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Exhibit X	Interface Between Providers and Master Servicer
Exhibit XI-A	Form of Opinion of Providers' Counsel with Respect to the Patient Consent Form
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Healthcare Receivables Purchase and transfer Agreement

Dated as of December __, 1996

COMMUNITY CARE OF AMERICA, INC., a Delaware corporation (together with its corporate successors and assigns, the "Primary Servicer"), each of the parties named on Schedule V hereto and as such Schedule V may be amended from time to time pursuant to Section 5.19 herein (each a "Provider" and collectively the "Providers"), and CCA FUNDING LLC, a Delaware limited liability company (together with its successors and assigns, the "Purchaser"), agree as follows:

PRELIMINARY STATEMENTS. Certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I to this Agreement. References herein and in the Exhibits and Schedules hereto to the "Agreement" refer to this Agreement, as amended, restated, modified or supplemented from time to time in accordance with its terms (the "Agreement").

Each Provider wishes to sell or contribute to the Purchaser on a continuing basis all of its healthcare receivables. The Purchaser is prepared to purchase or to accept the contribution of such healthcare receivables on the terms and subject to the conditions set forth herein. Accordingly, the parties agree as follows:

ARTICLE I

COMMITMENTS; AMOUNTS AND TERMS OF THE PURCHASES AND CONTRIBUTIONS

SECTION 1.01. Sale, Contribution and Purchase of Receivables. On each Transfer Date until the Facility Termination Date and on the terms and conditions set forth herein, each Provider agrees to sell, without recourse except to the extent expressly provided herein, or contribute to the Purchaser, and the Purchaser agrees to purchase or accept such contribution of, all of such Provider's Accounts.

SECTION 1.02. Receivable Information and Transferred Batch Determination.

(a) On each Batching Day after the Initial Transfer Date, the Servicer, on behalf of the Providers, shall provide the Master Servicer by Transmission the information listed on Exhibit VI hereto (as such Exhibit may be modified by the Purchaser from time to time, the "Receivable Information") with respect to new Accounts that it has determined constitute Eligible Receivables (the "Proposed Eligible Receivables") and with respect to new Accounts that it has determined do not constitute Eligible Receivables. Each Transmission of Receivable Information shall constitute an offer by each Provider to sell, or, at such Provider's option, contribute, the Proposed Eligible Receivables set forth in the Transmission.

(b) All Proposed Eligible Receivables for which Receivable Information has been received by the Master Servicer between the prior Batching Time and the current Batching Time

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shall be reviewed by the Daiwa Group. On or prior to each Transfer Date, the Purchaser or the Program Manager shall prepare a list of those Proposed Eligible Receivables that the Purchaser will purchase on the Transfer Date (a "Purchased Batch", and together with the remaining Proposed Eligible Receivables that will not be purchased and instead will be contributed to the Purchaser, the "Transferred Batch"), together with an explanation stating that the identified Proposed Eligible Receivables not included in the Purchased Batch are not Eligible Receivables and the basis thereof.

SECTION 1.03. The Transfers. (a) On each Transfer Date, subject to satisfaction of the applicable conditions set forth in Exhibit II hereto, the Purchaser shall pay to the Providers in same day funds, at the Primary Servicer Account, an amount equal to the Purchase Price of the Purchased Batch.

(b) Effective on each Transfer Date, in consideration of the Purchase Price and other good and valuable consideration, each Provider hereby sells, contributes and assigns to the Purchaser and the Purchaser hereby purchases and accepts, as absolute owner, the Transferred Batch purchased and/or contributed on such Transfer Date.

SECTION 1.04. Collection and Payment Procedures.

(a) Collections on the Transferred Batch. The Purchaser shall be entitled with respect to each Transferred Batch, (i) to receive all Collections on such Transferred Batch, and (ii) to have and to exercise any and all rights (x) to collect, record, track and take all actions to obtain Collections with respect to each Batch Receivable payable by Persons other than Governmental Entities, and (y) to the extent permitted by law and in a manner consistent with all applicable laws and regulations, to collect, record, track and take all actions to obtain Collections with respect to each Batch Receivable payable by Governmental Entities.

(b) Collections Not Part of Transferred Batch. On each Settlement Date, and provided that the Providers shall have (i) paid all amounts then due and owing to the Purchaser under this Agreement, and (ii) successfully sent by Transmission to the Master Servicer all information required with respect to the Batch Receivables for the immediately preceding Settlement Period, the Purchaser shall pay or turn over, as the case may be, to the Primary Servicer any and all cash collections or other cash or non-cash proceeds received by the Purchaser during the immediately preceding Settlement Period with respect to Accounts that are not part of any Transferred Batch.

(c) Distributions on each Settlement Date. On each Settlement Date and with respect to each Transferred Batch, Total Collections shall be distributed to the Purchaser.

SECTION 1.05. Allocation of Servicer Responsibilities. (a) Tracking of purchases, Collections and other transactions pertaining to each Transferred Batch shall be administered by the Master Servicer in a manner consistent with the terms of this Agreement. The responsibilities of the Providers to the Master Servicer have been set forth in Exhibit X attached hereto. The Providers shall cooperate fully with the Master Servicer in establishing and maintaining the Transmission of the Receivable Information, including, without limitation, the matters described in Exhibit X, and

shall provide promptly to the Master Servicer such other information necessary or desirable for the administration of Collections on the Batch Receivables as may be requested from time to time.

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(b) The Purchaser hereby appoints each Provider as its agent for the administration and servicing obligations set forth in Exhibit VIII hereto with respect to the Accounts sold or transferred by each such Provider to the Purchaser hereunder (the "Primary Servicer Responsibilities"), and each Provider hereby accepts such appointment and agrees to perform the Primary Servicer Responsibilities. Each of the Providers hereby contracts its Primary Servicer Responsibilities to the Primary Servicer and appoints the Primary Servicer to act as Servicer hereunder, provided, however, that such contracting and appointment shall not relieve any Provider from any of its duties, responsibilities, liabilities and obligations resulting or arising hereunder. The Primary Servicer hereby accepts such appointment as Servicer and agrees to perform the Primary Servicer Responsibilities on behalf of the Providers. Each of the Providers, the Servicer and the Purchaser hereby acknowledge that the Servicer's appointment is subject to and limited by DH-2's appointment of the Purchaser as its agent for performance of the Primary Servicer Responsibilities under the Loan Agreement and DH-2's rights thereunder to replace the Purchaser (which replacement may be effectuated through the outplacement to a qualified and experienced third-party of all back office duties, including billing, collection and processing responsibilities, and access to all personnel, hardware and software utilized in connection with such responsibilities). The Purchaser may, at any time following the occurrence of a Servicer Termination Event (and shall, without requirement of notice to any party, upon a Servicer Termination Event resulting from the events described in clauses (g) or (j) of Exhibit V hereto) appoint another Person to succeed the Servicer as its agent for performance of the Primary Servicer Responsibilities (which appointment may be effectuated through the outplacement to a qualified and experienced third-party of all back office duties, including billing, collection and processing responsibilities, and access to all personnel, hardware and software utilized in connection with such responsibilities). The Purchaser may, at any time following the occurrence of one or more Servicer Termination Events (and may, without requirement of notice to any party, upon one or more Servicer Termination Events resulting from the events described in clauses (g) or (j) of Exhibit V hereto) affecting the Providers that have sold or contributed to the Purchaser more than 25% of the Batch Receivables (whether or not purchased) in the prior ninety days (or the number of days from the date of this Agreement to such date, if less than ninety days) (in each case, a "Group-Wide Servicer Termination Event"), designate the Master Servicer or any other Person to succeed the Servicer as its agent for performance of the Primary Servicer Responsibilities.

(c) As compensation for the performance of the Primary Servicer Responsibilities, the Primary Servicer (or the successor Servicer who performs such Primary Servicer Responsibilities) shall be entitled to a Primary Servicing Fee with respect to each Purchased Batch; provided, that the Primary Servicing Fee shall be payable solely, to the extent received, from a similar fee payable by DH-2 to the Purchaser, and, to the extent not received, the Servicer hereby waives its right to receive it.

ARTICLE II

GENERAL PAYMENT MECHANICS; GOVERNMENTAL ENTITIES PAYMENT MECHANICS; EOB'S; MISDIRECTED PAYMENTS

SECTION 2.01. General Payment Mechanics. (a) On or prior to the Initial Transfer Date each of the Primary Servicer, the Providers, the Purchaser, and DH-2 shall have entered into the Depositary Agreement and shall have caused the Lockbox Bank to establish the Purchaser Lockbox, the Purchaser Lockbox Account, the Provider Ancillary Lockbox, and the Provider Ancillary Lockbox Account.

(b) Each Provider shall prepare, execute and deliver to each Insurer, with copies to the Purchaser, on or prior to the Initial Transfer Date, a Notice to Insurers addressed to each Insurer who is proposed to be a payor of Receivables, which Notice to Insurers shall provide that, effective the Initial Transfer Date, all checks and EOB's from Insurers on account of Receivables shall be sent

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to the Purchaser Lockbox and all wire transfers on account of Receivables shall be wired directly into the Purchaser Lockbox Account.

(c) Each Provider covenants and agrees that, on and after the Initial Transfer Date, all invoices (and, if provided by such Provider, return envelopes) shall, (i) if to be sent to Insurers, set forth only the address of the Purchaser Lockbox as a return address for payment of Receivables and delivery of EOB's, and only the Purchaser Lockbox Account with respect to wire transfers for payment of Receivables, and (ii) if to be sent to private payors, set forth only the address of the Provider Ancillary Lockbox as a return address for payment of such Receivables and delivery of EOB's, and only the Provider Ancillary Lockbox Account with respect to wire transfers for payment of such Receivables. Each Provider hereby further covenants and agrees to instruct and notify each of the members of its accounting and collections staff to provide identical information in communications with Persons other than Governmental Entities with respect to Collections, wire transfers and EOB's.

SECTION 2.02. Governmental Entities Payment Mechanics. (a) On or prior to the Initial Transfer Date, each of the Primary Servicer, the Providers, the Purchaser, and DH-2 shall have entered into the Depositary Agreement, and the Providers shall have caused the Lockbox Bank to establish the Provider Government Lockbox and the Provider Government Lockbox Account. Each Provider shall prepare, execute and deliver to the Purchaser on or prior to the Initial Transfer Date, Notices to Governmental Entities addressed to each Governmental Entity or its fiscal intermediary who is proposed to be a payor of Receivables, which Notices to Governmental Entities shall provide that all checks and EOB's from Governmental Entities on account of Receivables shall be sent to the Provider Government Lockbox and all wire transfers on account of Receivables shall be wired directly into the Provider Government Lockbox Account.

(b) Each Provider covenants and agrees that, on and after the Initial Transfer Date, all invoices to be sent to Governmental Entities (and, if provided by such Provider, return envelopes)

shall set forth only the address of the Provider Government Lockbox as a return address for payment of Receivables and delivery of EOB's, and only the Provider Government Lockbox Account with respect to wire transfers for payment of Receivables. Each Provider further covenants and agrees to instruct and notify each of the members of its accounting and collections staff to provide identical information in communications with Governmental Entities with respect to Collections, wire transfers and EOB's.

SECTION 2.03. Misdirected Payments; EOB's. (a) In the event that a Provider receives an EOB or a Misdirected Payment in the form of a check, such Provider shall immediately send such Misdirected Payment by overnight delivery service to the appropriate Purchaser Lockbox or Provider Lockbox, as the case may be, together with the EOB and the envelope in which such payment was received. In the event a Provider receives a Misdirected Payment in the form of cash or wire transfer, such Provider shall immediately wire transfer the amount of such Misdirected Payment directly into the Purchaser Lockbox Account. All Misdirected Payments and EOB's shall be sent promptly upon receipt thereof, and in no event later than the close of business, on the first Business Day after receipt thereof.

(b) If a Misdirected Payment in the form of a check is received by the Purchaser more than six days after the postmark date on the envelope enclosing a check from the Obligor (or, if no such envelope is sent to the Purchaser Lockbox Account by a Provider, more than six days after the date of such check or wire transfer with respect thereto), then the Providers shall pay interest on such Misdirected Payment to the Purchaser from such sixth subsequent day to and including the date such check is received in the Purchaser Lockbox Account, at a rate equal to the LIBO Rate then in effect under the Loan Agreement (or the maximum rate legally permitted if less than such rate).

(c) Each Provider hereby agrees and consents to the Purchaser taking such actions as are reasonably necessary to ensure that future payments from the

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Obligor of a Misdirected Payment shall be made in accordance with the Notice previously delivered to such Obligor, including, without limitation, to the maximum extent permitted by law, (i) any member of the Daiwa Group executing on a Provider's behalf and delivering to such Obligor a new Notice, and (ii) any member of the Daiwa Group contacting such Obligor by telephone to confirm the instructions previously set forth in the Notice to such Obligor. Upon the Purchaser's request, a Provider shall promptly (and in any event, within two Business Days from such request) take such similar actions as the Purchaser may request.

SECTION 2.04. Unidentified Payments; Purchaser's Right of Presumption. Each of the Providers and the Purchaser agrees and consents that the Daiwa Group may apply any payment it receives from an Obligor or any other payor against a Purchased Batch if the Daiwa Group is unable in good faith (after making reasonable attempts to contact the applicable Provider) to determine from the information in the EOB whether such payment relates to a Purchased Batch.

SECTION 2.05. No Rights of Withdrawal. None of the Providers nor the Purchaser shall have any rights of direction or withdrawal with respect to amounts held in the Purchaser Lockbox Account.

ARTICLE III

REPRESENTATIONS AND WARRANTIES; COVENANTS; EVENTS OF TERMINATION

SECTION 3.01. Representations and Warranties; Covenants. Each Provider makes, on the Initial Transfer Date and on each subsequent Transfer Date, the representations and warranties on and as of such dates, and hereby agrees to perform and observe the covenants, set forth in Exhibits III and IV, respectively, hereto.

SECTION 3.02. Group-Wide Events of Termination; Events of Termination. (a) If any Group-Wide Event of Termination shall occur and be continuing, the Purchaser may, by notice to the Primary Servicer on behalf of each of the Providers (which notice shall be deemed to have been given to each Provider), take either or both of the following actions: (x) declare the Facility Termination Date to have occurred (except with respect to the Group-Wide Event of Termination in clause (g) of Exhibit V, in which case the Facility Termination Date shall be deemed to have occurred automatically and without notice), and (y) without limiting any rights hereunder, terminate the appointment of the Servicer to perform any or all of the Primary Servicer Responsibilities and replace the Servicer in the manner set forth in Section 1.05(b). Upon any such declaration or designation, the Purchaser shall have, in addition to the rights and remedies which it may have under this Agreement, all other rights and remedies provided after default under the UCC and under other applicable law, which rights and remedies shall be cumulative.

(b) If an Event of Termination shall occur and be continuing, the Purchaser may terminate the appointment of the Primary Servicer to perform any or all of the Primary Servicer Responsibilities in the manner set forth in Section 1.05(b), and, with respect to an individual Provider that does not constitute a Group-Wide Event of Termination, the Purchaser, in its sole discretion, may require the immediate removal of such Provider from the program and, on or prior to the effective date of such removal, (x) all Receivables contributed by such Provider to the Purchaser shall be re-purchased by such Provider as if such Receivables were Denied Receivables and payment in full shall have been received by the Purchaser, or (y) all rights and obligations in respect of Receivables contributed by such Provider to the Purchaser shall be transferred to another Provider. Such Provider shall also withdraw as a member of the Purchaser; provided, however, that such Provider's capital account as a member of the Purchaser shall not be paid out until the date of termination of this Agreement as set forth in Section 5.07 herein.

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ARTICLE IV

INDEMNIFICATION;
GRANT OF SECURITY INTEREST

SECTION 4.01. Indemnification and Set-Off Rights for Denied Receivables. (a) If a breach of any of the representations or warranties contained herein relating to a Purchased Receivable shall be discovered at any time (each, a "Denied Receivable"), the Provider that sold or contributed such Denied Receivable shall, on the next Settlement Date, repurchase such Denied Receivable from the Purchaser at the Repurchase Price.

(b) For ease of administration, the Purchaser shall be entitled to presume that the failure of any Purchased Receivable (or portion thereof) to be paid in full on or after the 180th day following the Last Service Date thereof is the result of a breach of a representation or warranty contained herein with respect to such Purchased Receivable, unless the Purchaser shall have actual knowledge to the contrary (such as, by way of example, actual knowledge of the financial inability of an Obligor to pay its obligations represented by a Receivable). In the event the Purchaser receives the Repurchase Price for any such Purchased Receivable and it is thereafter determined that the failure of such Purchased Receivable to be paid in full was not the result of a breach of representation or warranty contained herein, the parties hereto shall make an appropriate adjustment by increasing the Purchase Price of any Purchased Batch to be purchased on or after such date.

(c) Upon receipt by (or on behalf of) the Purchaser of the Repurchase Price with respect to any Denied Receivable, the Purchaser shall be deemed to have reassigned and resold to the applicable Provider such Denied Receivable without any representation, warranty or recourse whatsoever, and thereafter neither the Purchaser nor any member of the Daiwa Group shall have any further servicing or other obligation to such Provider with respect to such Denied Receivable.

(d) From time to time at the request of a Provider, the Purchaser shall deliver to such Provider (at such Provider's sole cost and expense) such documents, assignments, releases and instruments of termination as such Provider may reasonably request to evidence the reconveyance by the Purchaser of a Denied Receivable pursuant to the terms of Section 4.01(c).

SECTION 4.02. Indemnities by the Providers. Without limiting any other rights that the Purchaser, the Program Manager, the Master Servicer or any of their respective Affiliates (together with their respective officers, directors, shareholders and lenders, each, an "Indemnified Party") may have hereunder or under applicable law, each Provider hereby agrees jointly and severally to indemnify each Indemnified Party from and against any and all claims, losses and liabilities (including, without limitation, reasonable attorneys' fees) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from any of the following:

(a) the sale of any Receivable which purports to be part of a Purchased Batch but which is not, at the date of such sale, the type of Receivable described in subsection (j) of Exhibit III to this Agreement;

(b) any representation or warranty made or deemed made by any Provider (or any of its officers) under or in connection with this Agreement and not relating to a Purchased Receivable which shall have been incorrect in any material respect when made;

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(c) the failure by any Provider or any Batch Receivable to comply with any applicable law, rule or regulation with respect to any Batch Receivable;

(d) the failure to vest in the Purchaser a perfected ownership interest in each Receivable included in a Transferred Batch and the Collections in respect thereof, free and clear of any Liens;

(e) any dispute, claim, set-off or defense to the payment, in whole or in part, of any Receivable (including, without limitation, a defense based on such Receivable not being a legal, valid and binding obligation) or any other claim resulting from the services or merchandise related to such Receivable or the furnishing or failure to furnish such services or merchandise or relating to collection activities with respect to such Receivable (if such collection activities were performed by any Provider or any of its Affiliates acting as Servicer), provided, however, this clause (e) shall not be deemed to include any dispute, claim, set-off or defense to the payment of any Receivable (i) arising out of the financial inability of an Obligor to pay its obligations represented by such Receivable including, without limitation, a discharge in bankruptcy, or (ii) arising after the sale of such Receivable to the Purchaser hereunder and arising solely as a result of actions taken by any member of the Daiwa Group;

(f) a failure of any Provider, including, without limitation, the Primary Servicer's actions on behalf of the Providers under Section 1.05(b) of this Agreement with respect to Primary Servicer Responsibilities, to perform its duties or obligations in accordance with the provisions hereof or to perform its duties or obligations hereunder; or

(g) the commingling by any Provider of Collections at any time with other funds of such Provider, provided, however, that in all events there shall be excluded from the foregoing indemnification any claims, losses or liabilities resulting solely from the gross negligence or willful misconduct of an Indemnified Person or which constitutes recourse for an uncollectible Purchased Receivable.

Such Indemnified Person shall notify the Primary Servicer, on behalf of the Providers, of such claim, provided that the failure to so notify shall not affect or invalidate the indemnity granted pursuant to this Section 4.02.

SECTION 4.03. Right of Set-Off. Unless a Provider notifies the Purchaser in writing that it desires to pay on the date when due the Repurchase Price under Section 4.01 or any Indemnified Amounts under Section 4.02 and such Provider makes such payment to the Purchaser in immediately available funds on such date, each such Provider hereby irrevocably instructs the Purchaser to set-off the full amount of the Repurchase Price or the Indemnified Amounts, as the case may be, against the Purchase Price of any Purchased Batch to be purchased on or after such date. No further notification, act or consent of any nature whatsoever is required prior to the right of the Purchaser to exercise such right of set-off, provided, however, the Purchaser or a member of the Daiwa Group shall notify the Primary Servicer on behalf of such Provider that a set-off pursuant to this Section 4.03 occurred, the amount of such set-off and a description of the Denied Receivable or Indemnified Amounts, as the case may be. The Purchaser shall exercise its right to set-off hereunder to the extent funds are available prior to making a demand for indemnification under Section 4.02

SECTION 4.04. Grant of Security Interest. (a) As collateral security for each Provider's existing and future (i) obligations to repurchase Denied Receivables under Section 4.01 hereof, (ii) indemnification obligations to the Purchaser under Section 4.02 hereof, and (iii) obligations to pay costs and expenses under Section 5.05 hereof, each Provider hereby grants to the Purchaser a first priority lien on and security interest in and right of set-off against, all of the Accounts owned or held by the Providers.

(b) Each Provider agrees to execute, and hereby authorizes the Purchaser to file, one or more financing statements or continuation statements or amendments thereto or assignments thereof in respect of the lien created pursuant to this

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Section 4.04 which may at any time be required or, in the opinion of the Purchaser, be desirable, and to do so without the signature of such Provider where permitted by law.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Amendments, etc. (a) No amendment or waiver of any provision of this Agreement or consent to any departure therefrom by a party hereto shall be effective unless in writing signed by the Primary Servicer, the Providers, the Purchaser, and DH-2 as assignee of all of the Purchaser's rights and remedies hereunder, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Purchaser, the Primary Servicer or a Provider to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

(b) The parties hereto agree to make any change, modification or amendment to this Agreement as may be requested by Duff & Phelps Credit Rating Co. or any other rating agency

then rating the healthcare finance program of DH-2, so long as any such change, modification or amendment does not materially adversely affect the parties hereto.

SECTION 5.02. Notices, etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which may include facsimile communication) and shall be faxed or delivered, (i) to each party hereto, at its address set forth under its name on the signature pages hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto (each Provider hereby acknowledges and agrees that notices to or for the benefit of a Provider may be delivered to the Primary Servicer and such delivery to the Primary Servicer shall be deemed to be received by each such Provider), and (ii) to the Program Manager and the Master Servicer at the addresses set forth on Schedule I attached hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), and notices and communications sent by other means shall be effective when received.

SECTION 5.03. Assignability. (a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

(b) Subject to Section 5.03(b) of the Loan Agreement, this Agreement and the Purchaser's rights and obligations herein (including without limitation, ownership of the Purchased Receivables in each Purchased Batch, the Purchaser Lockbox and Purchaser Lockbox Account and rights in relation to the Provider Lockboxes and the Provider Lockbox Accounts) shall be assignable by the Purchaser and its successors and assigns. Each Provider hereby acknowledges that the Purchaser is granting to DH-2, which is further granting to its lenders, a security interest in this Agreement and all of the Purchaser's rights, title and interests hereunder (including, without limitation, the Purchased Receivables, each Provider's obligations hereunder, the Purchaser Lockbox and Purchaser Lockbox Account, and rights in relation to the Provider Lockboxes and the Provider Lockbox Accounts).

(c) No Provider may assign its rights or obligations hereunder or any interest herein without the prior written consent of the Purchaser and DH-2.

SECTION 5.04. Further Assurances. The Providers shall, at their cost and expense, upon the request of the Purchaser, duly execute and deliver, or cause to be duly executed and delivered, to the Purchaser such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Purchaser to carry out more effectively the provisions

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and purposes of this Agreement.

SECTION 5.05. Costs, Expenses and Termination Fee. In addition to the rights of indemnification granted under Section 4.02 hereof, the Providers agree to pay on demand all reasonable costs and expenses in connection with the preparation, execution and delivery of this Agreement and any waiver, modification, supplement or amendment hereto, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser and the members of the Daiwa Group, and all costs and expenses, if any (including reasonable counsel fees

and expenses), of the Purchaser, its Affiliates and the members of the Daiwa Group in connection with the enforcement of this Agreement. The Providers further agree to pay on the Initial Transfer Date (and with respect to costs and expenses incurred following the Initial Transfer Date, within seven days of demand therefor) (a) all reasonable costs and expenses incurred by the Purchaser or its agent in connection with periodic audits of the Receivables, (b) all reasonable costs and expenses incurred by the Master Servicer or the Program Manager to accommodate any significant coding or data system changes made by a Provider that would affect the transmission or interpretation of data received through the interface, and (c) all reasonable costs and expenses incurred by the Purchaser for additional time (calculated at a rate of $100 per hour) and material expenses of the Master Servicer resulting from a lack of cooperation or responsiveness of any Provider or the Primary Servicer to agreed-upon protocol and schedules with the Master Servicer; provided, that such Provider or the Primary Servicer has been informed of the alleged lack of cooperation or responsiveness and has been provided an opportunity to correct such problems.

In the event that any Facility Termination Date is declared (or is deemed to have occurred) pursuant to Section 3.02 of this Agreement, the Providers shall pay to the Purchaser an early termination fee in an amount equal to 1.25% of the Revolving Commitment (as defined in the Loan Agreement) then in effect pursuant to the Loan Agreement.

SECTION 5.06. Confidentiality. (a) Each Provider, the Primary Servicer and the Purchaser hereby acknowledge that this Agreement, the Loan Agreement and the documents delivered hereunder, thereunder or in connection with, including, without limitation, any information relating to any member of the Daiwa Group, contains confidential and proprietary information. Unless otherwise required by applicable law, each of the Providers, the Primary Servicer and the Purchaser hereby agrees to maintain the confidentiality of this Agreement (and all drafts and other documents delivered in connection therewith including, without limitation, any information relating to any member of the Daiwa Group delivered hereunder or under the Loan Agreement) in communications with third parties and otherwise and to take all reasonable action to prevent the unauthorized use or disclosure of and to protect the confidentiality of such confidential information; provided, that, such confidential information may be disclosed to (i) the Providers' and Purchaser's legal counsel and auditors, (ii) the Program Manager, DH-2, the Primary Servicer, each member of the Daiwa Group, investors in and creditors of DH-2, appropriate rating agencies with respect to DH- 2, and each of their respective legal counsel and auditors, (iii) any Person, if such information otherwise becomes available to such Person or publicly available through no fault of any party governed by this Section 5.06, (iv) any Governmental Entity requesting such information, and (v) to any other Person with the written consent of the applicable party, which consent shall not be unreasonably withheld, and provided further that the Providers shall not disclose such confidential information to any financial adviser not a party to this Agreement except with the consent of the Program Manager. Notwithstanding the foregoing, it is understood that the Primary Servicer is a publicly traded company and, as such, may be required to disclose this transaction and the terms thereof by a filing with the Securities and Exchange Commission or by the issuance of a press release.

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(b) Each of the Providers, the Primary Servicer and the Purchaser understands and agrees that the other or the Daiwa Group may suffer irreparable harm if the obligations under this Section 5.06 are breached and that monetary damages shall be inadequate to compensate the injured party for such breach. Accordingly, each of the Providers, the Primary Servicer and the Purchaser agrees that, in the event of their respective breach of Section 5.06(a), the injured party, in addition and not in limitation of its rights and remedies under law, shall be entitled to a temporary restraining order, preliminary injunction and permanent injunction to prevent or restrain any such breach.

(c) All parties hereto agree to comply with all applicable state or federal statutes or regulations relating to patient medical record confidentiality.

SECTION 5.07. Term and Termination. This Agreement shall continue in full force and effect from the date hereof until the Final Payment Date; provided, however, that while the occurrence of the Final Payment Date shall terminate any security interest of the Purchaser hereunder, it shall not relieve or discharge any of the Providers, the Primary Servicer or the Purchaser of their respective duties, obligations or covenants hereunder with respect to any Transferred Batches transferred prior to the Final Payment Date and not repurchased pursuant to Section 4.01, and all the terms, provisions and conditions of this Agreement shall remain in effect for such purpose until such obligations have been satisfied and performed in full. The Purchaser shall deliver all assignments, certificates, releases, notices and other documents at the Providers' expense, as the Providers may reasonably request to effect such termination.

SECTION 5.08. Sale Treatment. The Providers and the Purchaser have structured the transactions contemplated by this Agreement with respect to each Purchased Batch as a sale and intend that such transactions constitute a sale, and each of the Providers and the Purchaser agree to treat each such transaction as a sale for all purposes, including, without limitation, in their respective books, records, computer files, tax returns (federal, state and local), regulatory and governmental filings (and shall reflect such sale in their respective financial statements). Each Provider will advise all persons inquiring about the ownership of the Batch Receivables that all Batch Receivables have been sold or contributed to the Purchaser. The Providers will pay all taxes (excluding income or franchise taxes), if any, relating to the transactions contemplated under this Agreement, including, without limitation, the sale, transfer and contribution of each Transferred Batch to the Purchaser.

SECTION 5.09. Grant of Security Interest. In the event that, contrary to the mutual intent of the Providers and the Purchaser, any purchase of a Purchased Batch is not characterized as a sale, each Provider shall, effective as of the date hereof, be deemed to have granted (and each Provider hereby does grant) to the Purchaser a first priority security interest in and to any and all Batch Receivables and the proceeds thereof to secure the repayment of all amounts paid to the Providers hereunder with accrued interest thereon, and this Agreement shall be deemed to be a security agreement. With respect to such grant of a security interest, the Purchaser may at its option exercise from time to time any and all rights and remedies available to it under the UCC or otherwise. Each Provider agrees that five days shall be reasonable prior notice to the applicable Provider or to the Primary Servicer on behalf of such Provider of the date of any public or private sale or other disposition of all or any of the Batch Receivables.

SECTION 5.10. No Liability of the Purchaser. Neither this Agreement nor any document executed in connection herewith shall constitute an assumption by the Purchaser of any obligation to an Obligor or a patient of any Provider.

SECTION 5.11. Attorney-in-Fact. Each Provider hereby irrevocably designates and appoints the Purchaser, the Primary Servicer, the Master Servicer and each Person in the Daiwa Group, to the extent permitted by applicable law and regulation, as such Provider's attorneys-in-fact, which

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irrevocable power of attorney is coupled with an interest, with authority to endorse or sign such Provider's name to financing statements and checks (other than payments from Governmental Entities), and, during the continuance of an Event of Termination, to (i) endorse or sign such Provider's name to financing statements, remittances, invoices, assignments, checks (other than payments from Governmental Entities), drafts or other instruments or documents in respect of the Batch Receivables, (ii) notify Insurers to make payments on the Batch Receivables directly to the Purchaser, and (iii) bring suit in such Provider's name and settle or compromise such Batch Receivables as the Purchaser, the Primary Servicer, the Master Servicer or each Person in the Daiwa Group may, in its discretion, deem appropriate.

SECTION 5.12. Entire Agreement; Severability. (a) This Agreement embodies the entire agreement and understanding of the parties concerning the subject matter contained herein. This Agreement supersedes any and all prior agreements and understandings between the parties, whether written or oral.

(b) If any provision of this Agreement shall be declared invalid or unenforceable, the parties hereto agree that the remaining provisions of this Agreement shall continue in full force and effect.

SECTION 5.13. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

SECTION 5.14. WAIVER OF JURY TRIAL, JURISDICTION AND VENUE. THE PARTIES HERETO HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY IN THE EVENT OF ANY LITIGATION WITH RESPECT TO ANY MATTER RELATED TO THIS AGREEMENT, AND HEREBY IRREVOCABLY CONSENT TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN NEW YORK COUNTY, NEW YORK CITY, NEW YORK IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. IN ANY SUCH LITIGATION, THE PARTIES HERETO WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS AND AGREES THAT SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO EACH PROVIDER AT ITS ADDRESS SET FORTH ON THE SIGNATURE PAGE HEREOF. THE PARTIES HERETO SHALL APPEAR IN ANSWER TO SUCH SUMMONS, COMPLAINT OR OTHER PROCESS WITHIN THE TIME PRESCRIBED BY

LAW, FAILING WHICH THE PARTIES FAILING TO SO APPEAR SHALL BE DEEMED IN DEFAULT AND JUDGMENT MAY BE ENTERED BY THE PARTY PROSECUTING THE CLAIM FOR THE AMOUNT OF THE CLAIM AND OTHER RELIEF REQUESTED THEREIN.

SECTION 5.15. Execution in Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

SECTION 5.16. No Proceedings. Each of the Providers hereby agrees that it will not institute against the Purchaser or DH-2 any proceeding of the type referred to in paragraph (g) of Exhibit V so long as any senior indebtedness issued by the Purchaser or DH-2 shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such senior indebtedness shall have been outstanding.

SECTION 5.17. Joint and Several Liability; Providers. Each Provider agrees that each reference to "the Providers" in this Agreement shall be deemed to refer to each such Provider jointly and severally. Each Provider (i) shall be jointly and severally liable for the obligations, duties and covenants under this Agreement and the acts and omissions of each other such Provider including, without limitation, under Article IV hereof, and (ii) jointly and severally makes each representation and warranty under this Agreement; provided however that the breach of an obligation, duty, covenant, representation or warranty by one Provider shall not result in an Event of Termination with respect to any other Provider unless such breach constitutes a Group-Wide Event of Termination.

SECTION 5.18. Survival of Termination. The provisions of Article IV (and the representations and warranties with respect thereto) (other than Section 4.04) and Sections 5.05, 5.06 and 5.16 shall survive any termination of this

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Agreement.

SECTION 5.19. Addition, Removal and Suspension of Providers. (a) Subject to the conditions set forth below, upon 30-days' prior written request from time to time of the Primary Servicer, the Purchaser hereby agrees to the adding of other Persons designated by the Primary Servicer as additional Providers hereunder (each such event, an "Addition"); provided, that, in the reasonable commercial judgment of the Purchaser and its designees and assignees):

(i) no Group-Wide Event of Termination is existing and the proposed Addition shall not cause, or not reasonably be expected to cause, a Group-Wide Event of Termination;

(ii) as of the effective date of such Addition, such applicable conditions precedent set forth in Exhibit II hereto shall have been fulfilled with respect to such Person;

(iii) as of the effective date of such Addition, each applicable representation and warranty set forth in Exhibit III hereto shall be true and correct in all material respects with respect to such Person;

(iv) if such Person is not an Affiliate of the Primary Servicer, the Purchaser shall have determined that such Person will be able to perform the Primary Servicer Responsibilities, or have waived such requirement in writing;

(v) the Purchaser shall have received a certificate from the Master Servicer stating that all computer linkups and interfaces necessary or desirable, in the sole discretion of the Master Servicer, to effectuate the transactions and information transfers under this Agreement with respect to the Addition are fully operational to the satisfaction of the Master Servicer and the Master Servicer shall have received an interface fee for each additional computer interface;

(vi) such Person shall execute such agreements, instruments and documents as the Purchaser may reasonably request, in form and substance satisfactory to the Purchaser to effectuate the Addition, including without limitation (x) an amendment to this Agreement whereby such Person agrees to be bound by the terms of this Agreement, and (y) financing statements covering Receivables that such Person may contribute to the Purchaser;

(vii) the Purchaser and its assigns shall have been provided with such information (whether financial or otherwise) and time necessary and desirable (in the sole discretion of the Purchaser and its assigns) to make the assessments under clauses (i), (ii) and (iii); and

(viii) such Person shall become a member of the Purchaser.

(b) Subject to the conditions set forth below, upon 30-days' prior written request from time to time of the Primary Servicer, the Purchaser hereby agrees to the removal of any Provider designated by the Primary Servicer from time to time (each such event, a "Removal"); provided, that, in the reasonable commercial judgment of the Purchaser (and DH-2 as its assignee):

(i) no Group-Wide Event of Termination is existing and the proposed Removal shall not cause, or not reasonably be expected to cause, a Group-Wide Event of Termination;

(ii) on or prior to the effective date of such Removal (x) all Receivables contributed by such Provider to the Purchaser shall be repurchased by such Provider as if such Receivables were Denied Receivables and payment in full shall have been received by the Purchaser, or (y) all rights and obligations in respect of Receivables contributed by such Provider to the Purchaser shall be transferred to another Provider;

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(iii) after giving effect to such Removal, the aggregate minimum Tangible Net Worth of the remaining Providers hereunder shall (x) equal at least $5,000,000, and (y) not have decreased as a result of the Removal (combined with all other Removals) by greater than 10%;

(iv) such Person shall execute such agreements, instruments and documents as the Purchaser may reasonably request, in form and substance satisfactory to the Purchaser to effectuate the Removal, including without limitation an amendment to this Agreement effectuating such Removal;

(v) the Purchaser and DH-2, as its assignee, have been provided with such information (whether financial or otherwise) and time necessary and desirable (in the sole discretion of the Purchaser and DH-2, as its assignee) to make the assessments under clauses (i), (ii), (iii) and (iv) above; and

(vi) such Person shall withdraw as a member of the Purchaser; provided, however, that such Provider's capital account as a member of the Purchaser shall not be paid out until the date of termination of this Agreement as set forth in Section 5.07 herein.

(c) The Purchaser hereby agrees to the suspension of any Provider designated by the Primary Servicer from time to time (each such event a "Suspension"); provided, that in the reasonable commercial judgment of the Purchaser (and DH-2 as its assignee), no Group-Wide Event of Termination is existing and the proposed Suspension shall not cause, or not reasonably be expected to cause, a Group-Wide Event of Termination. For the period of the Suspension, such suspended Provider shall be deemed not to be a Provider for the purpose hereof or for the purposes of the Loan Agreement. Such Suspension shall cure any breach of a covenant, representation or warranty by such suspended Provider, provided, that such cure shall not be deemed, in and of itself, to cure a Group-Wide Event of Termination and not reasonably be expected to cure a Group-Wide Event of Termination.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PRIMARY SERVICER: COMMUNITY CARE OF AMERICA, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

PROVIDERS: ECA HOLDINGS, INC.

By:
Name:
Title:
Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

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Trade names: See Schedule V attached hereto

COMMUNITY CARE OF NEBRASKA, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

COMMUNITY CARE OF GEORGIA, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

COMMUNITY CARE OF AMERICA OF ALABAMA, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

CCA OF MIDWEST, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

ECA PROPERTIES, INC.

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By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

LULING/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

DUBLIN/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

MARIETTA/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

MACON/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

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COLLEGE PARK/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

GLENWOOD/SCC, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

QUALITY CARE OF COLUMBUS, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

QUALITY CARE OF LYONS, INC.

By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

W.S.T. CARE, INC.

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By:
Name:
Title:

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

Trade names: See Schedule V attached hereto

PURCHASER: CCA FUNDING LLC

By:
Name:
Title: Manager

Address: 3050 North Horseshoe Drive, Suite 260
Naples, Florida 34104
Facsimile Number: (941) 435-0408

EXHIBIT I

DEFINITIONS

As used in the Agreement (including its Exhibits and Schedules), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounts" means all accounts (including, without limitation, all Receivables), general intangibles and other obligations for the payment of money arising out of a Provider's sale of merchandise or rendition of services in the ordinary course of business, whether now existing or hereafter arising, including all rights to reimbursement under any agreements with and payments from Obligors, patients, residents and other Persons, and all proceeds of any of the foregoing.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preliminary statements hereto.

"Batch Receivable" means a Receivable that is included in a Transferred Batch, but excludes a Denied Receivable for which the Repurchase Price has been received by the Purchaser.

"Batching Day" means each Monday of each week, or if such day is not a Business Day, the next preceding Business Day.

"Batching Time" means 11:00 a.m. New York City time, on each Batching Day.

"Business Day" means any day on which banks are not authorized or required to close in New York City or Naples, Florida.

"Capital Lease" means, as applied to any Person, any lease of any Property (whether real, personal or mixed) by that Person as lessee, the obligations of which are required, in accordance with GAAP, to be capitalized on the balance sheet of that Person.

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"CHAMPUS" means the Civilian Health and Medical Program of the Uniformed Service, a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation and established pursuant to 10 USC ss.ss. 1071-1106, and all regulations promulgated thereunder including without limitation (a) all federal statutes (whether set forth in 10 USC ss.ss. 1071-1106 or elsewhere) affecting CHAMPUS; and (b) all rules, regulations (including 32 CFR 199), manuals, orders and administrative, reimbursement and

other guidelines of all Governmental Authorities (including, without limitation, the Department of Health and Human Services, the Department of Defense, the Department of Transportation, the Assistant Secretary of Defense (Health Affairs), and the Office of CHAMPUS, or any Person or entity succeeding to the functions of any of the foregoing) promulgated pursuant to or in connection with any of the foregoing (whether or not having the force of law) in each case as may be amended, supplemented or otherwise modified from time to time.

"Collections" means, with respect to any Batch Receivable or Transferred Batch, all cash collections, wire transfers, electronic funds transfers and other cash proceeds of such Batch Receivable or Transferred Batch, as the case may be, deposited in the Purchaser Lockbox Account, including, without limitation, all cash proceeds of any related security with respect to such Batch Receivable.

"Credit and Collection Policy" means those receivables credit and collection policies and practices of the Providers in effect on the date of the Agreement and described in Schedule II hereto, as modified from time to time with the consent of the Purchaser.

"Daiwa Group" means (i) DH-2, the Program Manager and the Master Servicer and (ii) DH-2's agents and delegates identified from time to time to effectuate this Agreement.

"Debt" means as to any Person (without duplication): (i) all obligations of such party for borrowed money, (ii) all obligations of such party evidenced by bonds, notes, debentures, or other similar instruments, (iii) all obligations of such party to pay the deferred purchase price of property of services (other than trade payables in the ordinary course of business), (iv) all Capital Leases of such party, (v) all Debt of others directly or indirectly Guaranteed (which term shall not include endorsements in the ordinary course of business) by such party, (vi) all obligations secured by a Lien existing on property owned by such party, whether or not the obligations secured thereby have been assumed by such party or are non-recourse to the credit of such party (but only to the extent of the value of such property), and (vii) all reimbursement obligations of such party (whether contingent or otherwise) in respect of letters of credit, bankers' acceptance and similar instruments.

"Defaulted Receivable" means a Batch Receivable (i) as to which the Obligor thereof or any other Person obligated thereon has taken any action, or suffered any event to occur, of the type described in paragraph (g) of Exhibit V or (ii) which, consistent with the Credit and Collection Policy, would be written off the appropriate Provider's books as uncollectible.

"Delinquency Ratio" means, as of the last Business Day of each month, a percentage equal to:

DR / OPP

where:

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DR= The Expected Net Value of all Purchased Receivables which became Delinquent Receivables in the four week period immediately prior to the date of calculation.

OPP= The average Outstanding Purchase Price (calculated as the arithmetic average of all daily balances) of all Purchased Receivables in the four week period immediately prior to the date of calculation.

"Delinquent Receivable" means a Batch Receivable (a) that has not been paid in full on or following the 180th day following the Last Service Date thereof, or (b) that is a Denied Receivable.

"Denied Receivable" has the meaning set forth in Section 4.01 hereto.

"Depositary Agreement" means that certain Depositary Account Agreement, dated the date hereof, among each of the Providers, the Purchaser, DH-2 and the Lockbox Bank, in substantially the form attached hereto as Exhibit XII, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"DH-2" means Daiwa Healthco-2 LLC, a Delaware limited liability company.

"Eligibility Criteria" has the meaning specified in the Loan Agreement as such Eligibility Criteria may be modified from time to time by DH-2 upon written notice to the Provider.

"Eligible Receivables" has the meaning specified in the Loan Agreement.

"Employee Benefit Plan" means any employee benefit plan within the meaning of ss. 3(3) of ERISA maintained by any Provider or any ERISA Affiliate, or with respect to which any of them have any liability.

"EOB" means the explanation of benefit from an Obligor that identifies the services rendered on account of the Batch Receivable specified therein.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity which is under common control with any Provider within the meaning of ERISA or which is treated as a single employer with any Provider under the Internal Revenue Code of 1986, as amended.

"Event of Termination" means any of the events specified in Exhibit V hereto.

"Expected Net Value" means, with respect to any Batch Receivable, the gross unpaid amount of such Receivable on the Transfer Date therefor, times the Net Value Factor.

"Facility Termination Date" means the earlier of (a) 36 months after the Initial Transfer Date (subject to an automatic extension of such date to equal the "Facility Termination Date" under the Loan Agreement) and (b) the occurrence of a Group-Wide Event of Termination and the delivery of notice with respect thereto, if required pursuant to Section 3.02 hereof, unless such event is waived by the Purchaser in writing.

"Final Payment Date" means the first Settlement Date following the Settlement Period in which final collection has been received for all Purchased Receivables or such Purchased Receivables have become Denied Receivables or Defaulted Receivables.

"GAAP" means generally accepted accounting principles in the United States of America, applied on a consistent basis, as set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public

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Accountants and/or in statements of the Financial Accounting Standards Board and/or the rules and regulations of the Securities and Exchange Commission and/or their respective successors and which are applicable in the circumstances as of the date in question.

"Governmental Entity" means the United States of America, any state, any political subdivision of a state and any agency or instrumentality of the United States of America or any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government. Payments from Governmental Entities shall be deemed to include payments governed under the Social Security Act (42 U.S.C. 1395, et seq.), including payments under Medicare, Medicaid, and CHAMPUS/Champva, and payments administered or regulated by HCFA.

"Group-Wide Event of Termination" has the meaning set forth in Exhibit V.

"Group-Wide Providers" has the meaning set forth in Exhibit V.

"Group-Wide Servicer Termination Event" has the meaning set forth in Section 1.05(b).

"Guaranty" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay), or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect the obligee of such Debt or other obligation of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), provided that the term Guaranty shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"HCFA" means the Health Care Financing Administration of the United States Department of Health and Human Services.

"Indemnified Amounts" has the meaning set forth in Section 4.02 hereto.

"Indemnified Party" has the meaning set forth in Section 4.02 hereto.

"Initial Transfer Date" means the date of the initial purchase of Receivables hereunder.

"Insurer" means any Person which in the ordinary course of its business or activities agrees to pay for healthcare goods and services received by individuals, including commercial insurance companies, nonprofit insurance companies (such as Blue Cross, Blue Shield entities), employers or unions which self-insure for employee or member health insurance, prepaid health care organizations, preferred provider organizations and health maintenance organizations. "Insurer" includes insurance companies issuing health, personal injury, workers' compensation or other types of insurance but does not include any individual guarantors.

"Last Service Date" means, with respect to any Receivable, the date set forth on the related invoice or statement as the most recent date on which services or merchandise were provided by the applicable Provider to the related patient.

"LIBO Rate" has the meaning specified in the Loan Agreement.

"Lien" means any lien, mortgage, security interest, tax lien, pledge, hypothecation, assignment, preference, priority, other charge or encumbrance, or any other type of preferential arrangement of any kind or nature whatsoever by

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or with any Person (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

"Loan Agreement" means the Loan and Security Agreement dated as of the date hereof between the Purchaser as borrower and DH-2 as Lender, as such agreement may be modified, supplemented or amended from time to time in accordance with its terms.

"Lockbox Bank" means KeyBank as lockbox bank under the Depositary Agreement.

"Loss-to-Liquidation Ratio" means, as of the last Business Day of each month, a percentage equal to:

$$DR / C$$

where:

DR= The Expected Net Value of all Purchased Receivables which became Defaulted Receivables in the four week period immediately prior to the date of calculation.

C= Collections in the four week period immediately prior to the date of calculation.

"Master Servicer" means RJE Data Processing, Inc., and any other Person then identified by the Program Manager to the Providers, or the Primary Servicer on behalf of the Providers, as being authorized to administer and service Receivables.

"Material Adverse Effect" means any event, condition, change or effect that (a) has a materially adverse effect on the business, Properties, capitalization, liabilities, operations, prospects or financial condition of (i) the Group-Wide Providers, (ii) the Primary Servicer on a consolidated basis, or (iii) the Purchaser, (b) materially impairs the ability of the Primary Servicer, the Group- Wide Providers or the Purchaser to perform its obligations under this Agreement, (c) materially impairs the validity or enforceability of, or materially impairs the rights, remedies or benefits available to the Purchaser under this Agreement, or (d) changes, or could reasonably be expected to change, the characterization and treatment of the sales of Receivables under this Agreement as something other than a true sale.

"Misdirected Payment" means any form of payment in respect of a Batch Receivable made in a manner other than to the Purchaser Lockbox, the Purchaser Lockbox Account, the Provider Lockboxes or the Provider Lockbox Accounts.

"Multiemployer Plan" means a plan, within the meaning of ss. 3(37) of ERISA, as to which any Provider or any ERISA Affiliate contributed or was required to contribute within the preceding five (5) years.

"Net Value Factor" means, initially, 0.85, and thereafter (i) the historical actual final collections received on the Provider's Receivables within 180 days of the Last Service Date of such Receivables, divided by (ii) the gross value of such Receivables.

"New Patient Consent Form" has the meaning set forth in clause (i) of Exhibit II hereto.

"Notice" means a Notice to Governmental Entities or Notice to Insurers, as applicable.

"Notice to Governmental Entities" means a notice letter on a Provider's corporate letterhead in substantially the form attached hereto as Exhibit VII-A.

"Notice to Insurers" means a notice letter on a Provider's corporate

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letterhead in substantially the form attached hereto as Exhibit VII-B.

"Obligor" means the Insurer or Governmental Entity, as applicable, who is responsible for the payment of all or any portion of a Receivable.

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

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Primary Servicer" means Community Care of America, Inc., a Delaware corporation.

"Primary Servicer Account" means account #2090001393229 of the Primary Servicer on behalf of the Providers at First Union National Bank of Florida, ABA #063 0000 21, 125 North Airport Road, Naples, FL 34104, or such other bank account designated by the Primary Servicer by written notice to the Providers, the Master Servicer, the Purchaser and the Program Manager from time to time, as the account for receipt of proceeds on behalf of the Providers.

"Primary Servicer Responsibilities" has the meaning set forth in Section 1.05(b) hereto.

"Primary Servicing Fee" means, with respect to any Purchased Batch, an amount equal to $8 multiplied by the number of Receivables in such Purchased Batch.

"Program Manager" means (i) Daiwa Securities America Inc., or (ii) any other Person then identified by DH-2 to the Primary Servicer as being authorized to provide administrative services with respect to the Purchaser and the Purchaser's purchase, funding and collection of healthcare receivables.

"Property" means property of all kinds, real, personal or mixed, tangible or intangible (including, without limitation, all rights relating thereto), whether owned or acquired on or after the date of this Agreement.

"Proposed Eligible Receivables" has the meaning set forth in Section 1.02 hereto.

"Provider" or "Providers" has the meaning set forth in the preliminary statements hereto.

"Provider Ancillary Lockbox" means the lockbox set forth on Schedule IV hereto to receive checks and EOB's with respect to Receivables payable by private payors.

"Provider Ancillary Lockbox Account" means the account set forth on Schedule IV hereto in the name of the Providers and associated with the Provider Ancillary Lockbox established

and controlled by the Providers to deposit Collections, including Collections received in the Provider Ancillary Lockbox and Collections received by wire transfer, all as more fully set forth in the Depositary Agreement.

"Provider Government Lockbox" means the lockbox set forth on Schedule IV hereto to receive checks and EOB's with respect to Receivables payable by Governmental Entities.

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"Provider Government Lockbox Account" means the account set forth on Schedule IV hereto in the name of the Providers and associated with the Provider Government Lockbox established and controlled by the Providers to deposit Collections, including Collections received in the Provider Government Lockbox and Collections received by wire transfer directly from Governmental Entities, all as more fully set forth in the Depositary Agreement.

"Provider Lockboxes" means, collectively, the Provider Ancillary Lockbox and the Provider Government Lockbox, or, as the context requires, either such lockbox.

"Provider Lockbox Account" means, collectively, the Provider Ancillary Lockbox Account and the Provider Government Lockbox Account, or, as the context requires, either such lockbox account.

"Purchase Price" means, with respect to Receivables in each Purchased Batch, (i) the aggregate Expected Net Value of the Receivables, minus (ii) 5%.

"Purchased Batch" has the meaning set forth in Section 1.02(b) hereto.

"Purchased Receivable" means a Receivable that has been purchased by the Purchaser.

"Purchaser" has the meaning set forth in the preliminary statements hereto.

"Purchaser Lockbox" means the lockbox set forth on Schedule IV hereto to receive checks and EOB's with respect to Receivables payable by Insurers.

"Purchaser Lockbox Account" means the lockbox account set forth on Schedule IV hereto associated with the Purchaser Lockbox established by the Purchaser to deposit Collections, including Collections received in the Purchaser Lockbox and Collections received by wire transfer directly from Insurers, all as more fully set forth in the Depositary Agreement.

"Receivable Information" has the meaning set forth in Section 1.02 hereto.

"Receivables" means all third-party reimbursable portions or third-party directly payable portions of healthcare accounts receivable, owing to a Provider (or in the case of Unbilled Receivables, to be owing), arising out of the rendition of medical, surgical, diagnostic or other professional medical services or nursing home services or the sale of medical products by a Provider,

including all rights to reimbursement under any agreements with and payments from Obligors, together with, to the maximum extent permitted by law, all accounts and general intangibles related thereto, all rights, remedies, guaranties, security interests and Liens in respect of the foregoing, all books, records and other Property evidencing or related to the foregoing and all proceeds of any of the foregoing,

"Repurchase Price" means an amount equal to (x) the Purchase Price of such Denied Receivable, minus (y) any cash received from the Obligor in the Purchaser Lockbox Account with respect to such Denied Receivable, plus (z) interest on such amount calculated at the interest rate then in effect under the Loan Agreement (or the maximum rate legally permitted if less than such rate) on the average outstanding difference between clauses (x) and (y) from and including the Business Day following the Transfer Date of such Denied Receivable to the date the Repurchase Price is received by the Purchaser.

"Servicer" means the Primary Servicer, if it is then authorized to perform the Primary Servicer Responsibilities pursuant to Section 1.05(b), or the Master Servicer, or any other Person then authorized hereunder to perform the Primary Servicer Responsibilities.

"Servicer Termination Event" means any of the events specified in Exhibit IX hereto.

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"Settlement Date" means Tuesday of each week; or if such day is not a Business Day, the next succeeding Business Day; provided, that, if, following the occurrence of an Event of Termination, the Purchaser shall have selected a period shorter than one week as the Settlement Period, the Settlement Date shall mean the 5th Business Day following the end of each such Settlement Period.

"Settlement Period" means the period beginning on Friday of each week and ending on the Friday of the following week; provided, that notwithstanding the foregoing, the first Settlement Period shall be the period from and including the Initial Transfer Date through December 20, 1996; and provided, further, that following the occurrence of an Event of Termination, the Purchaser may from time to time, by notice to the Provider, select a shorter period as the Settlement Period.

"Subsidiary" means, with respect to any Provider, any corporation or entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors (or Persons performing similar functions) of such corporation or entity (irrespective of whether or not at the time, in the case of a corporation, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Provider.

"Tangible Net Worth" means, with respect to any Person at any time, the sum of (i) such Person's capital stock, capital in excess of par or stated value of shares of its capital stock,

retained earnings and any other account which, in accordance with GAAP, constitutes stockholders' equity, less (ii) treasury stock, minus (iii) the book value of all assets classified as intangible under GAAP, including, without limitation, goodwill, deferred taxes, deferred financing costs, trademarks, trade names, patents, copyrights and licenses.

"Total Collections" means, as to each Transferred Batch, the sum of all Collections, Repurchase Prices and Indemnified Amounts, but only to the extent that such Indemnified Amounts are received in lieu of Collections, distributed to and received by the Purchaser with respect thereto.

"Transfer Date" means Tuesday of each week after the Initial Transfer Date, or if such day is not a Business Day, the next succeeding Business Day provided that there shall not be more than one Transfer Date in any single week, and, provided further that, each Transfer Date shall occur simultaneously with each Funding Date as defined in the Loan Agreement.

"Transferred Batch" has the meaning set forth in Section 1.02 hereto.

"Transmission" means, upon establishment of computer interface between the Provider and the Master Servicer in accordance with the specifications established by the Master Servicer, the transmission of Receivable Information through computer interface to the Master Servicer in a manner satisfactory to the Master Servicer.

"UCC" means the Uniform Commercial Code as in effect from time to time in the specified jurisdiction.

"Unbilled Receivable" means a Receivable in respect of which the goods have been shipped, or the services rendered, to the relevant patient, and rights to payment therefor have accrued, but the invoice has not been rendered to the applicable Obligor.

Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

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EXHIBIT II

CONDITIONS OF PURCHASES

1. Conditions Precedent on Initial Transfer Date. The purchase of a Purchased Batch under the Agreement on the Initial Transfer Date is subject to the conditions precedent that the Purchaser shall have received on or before the Initial Transfer Date the following, each (unless otherwise indicated) dated such date, in form and substance satisfactory to the Purchaser:

(a) For each Provider and the Primary Servicer, a certificate issued by the Secretary of State of the state of such entity's (i) organization as to the legal existence and good standing of such entity and (ii) locale of operation, if different from its state of organization, as to the foreign qualification, authorization and good standing of such entity in such locale (all of which certificates shall be dated not more than 20 days prior to the Initial Transfer Date) or an opinion of counsel for such entity to such effect.

(b) For each Provider and the Primary Servicer, certified copies of the charter and by-laws of such entity, certified copies of resolutions of the Board of Directors of such entity approving the Agreement, certified copies of all documents filed to register any assumed names of such entity, and certified copies of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the Agreement.

(c) For each Provider and the Primary Servicer, a certificate of the Secretary or Assistant Secretary of such entity certifying the names and true signatures of the incumbent officers of such entity authorized to sign the Agreement and the other documents to be delivered by it hereunder.

(d) (i) Certified copies of the balance sheets of the Primary Servicer and its Subsidiaries as at December 31, 1995, and for the prior 3 fiscal years and the related statements of income and expense and retained earnings of the Primary Servicer and its Subsidiaries for the fiscal year then ended, certified in a manner acceptable to the Purchaser by independent public accountants acceptable to the Purchaser and demonstrating that there has been no Material Adverse Effect and (ii) unaudited balance sheets of the Primary Servicer and its Subsidiaries for the fiscal quarter ended September 30, 1996 and the related statements of income and expense and retained earnings of the Primary Servicer and its Subsidiaries for such fiscal quarter then ended.

(e) Acknowledgment or time stamped receipt copies of proper financing statements (showing each Provider as debtor/seller, the Purchaser as secured party/purchaser and DH-2 as assignee, and stating that the financing statements are being filed because UCC Section 9-102 does not distinguish between a sale and a secured loan for filing purposes) duly filed on or before the Initial Transfer Date under the UCC of all jurisdictions that the Purchaser may deem necessary or desirable in order to perfect the ownership interests contemplated by the Agreement.

(f) Acknowledgment or time stamped receipt copies of proper financing statements (showing each Provider as debtor and the Purchaser as secured party and DH-2 as assignee with respect to the grant by the Providers of a first priority security interest to the Purchaser in the Providers' Accounts, as contemplated by Section 4.04 of the Agreement) duly filed on or before the Initial Transfer Date under the UCC of all jurisdictions that the Purchaser may deem necessary or desirable in order to perfect such security interest.

(g) Completed requests for information, dated on or before the Initial

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Transfer Date, listing all effective financing statements filed in the jurisdictions referred to in subsections (e) and (f) above that name each Provider as debtor, together with copies of such other financing statements (none of which shall cover any Receivables).

(h) Releases of, and acknowledgment copies of proper termination statements (Form UCC-3), if any, necessary to evidence the release of all security interests, ownership and other rights of any Person previously granted by any Provider in its Accounts.

(i) Favorable opinions of such local counsels for the Providers as the Daiwa Group requests, substantially in the form attached hereto as Exhibit XI-A, and including a new form of patient consent form to be used by the Providers in such locales (the "New Patient Consent Forms"), and as to such other matters as the Daiwa Group requests.

(j) A favorable opinion of Blass & Driggs, counsel for the Primary Servicer and the Providers, substantially in the form attached hereto as Exhibit XI-B.

(k) Payment of $150,000 which sum is equal to the advisory fee payable by the Purchaser to Daiwa Securities America Inc.

(l) Payment of all reasonable attorneys' fees and disbursements incurred by the Purchaser and the Daiwa Group.

(m) A duly executed Depositary Agreement, together with evidence satisfactory to the Purchaser that the Purchaser Lockbox, the Provider Lockboxes, the Purchaser Lockbox Account and the Provider Lockbox Accounts have been established.

(n) Copies of all Notices required pursuant to Article II of the Agreement, together with evidence satisfactory to the Purchaser that such Notices have been or will be delivered to the addressees thereof.

(o) A copy of each new form of invoice from each Provider showing the proper Provider Lockbox or Purchaser Lockbox as the remittance address.

(p) A copy of all of the Providers' existing forms of patient consents which were signed by each patient for which the currently existing Receivables were created, as well as a copy of each New Patient Consent Form to be signed by each patient for which a Receivable will be

created on or after the Initial Funding Date, which consents authorize certain demographic and medical information with respect to such patient to be disclosed by each Provider to its servicing agents and by such servicing agents to any third party obligors thereon, certified by an officer of each Provider, or the Primary Servicer on behalf of the Providers, as being true, complete, correct and the only consent forms presently in effect.

2. Conditions Precedent on All Transfer Dates. Each purchase of a Purchased Batch on a Transfer Date (including the Initial Transfer Date) shall be subject to the further conditions precedent that the Provider and the Purchaser shall have agreed upon the terms of such purchase and also that:

(a) Each Provider shall have delivered to the Purchaser or the Master Servicer, as the case may be, on or prior to such Transfer Date, in form and substance satisfactory to the Purchaser:

(i) completed Receivable Information with respect to each Proposed Eligible Receivable (such Receivable Information having been delivered on or prior to the most recent Batching Time preceding such Transfer Date), together with such additional information as may reasonably be requested by the Purchaser or the Master Servicer; and

(ii) to the extent not previously provided, executed Notices to each Obligor responsible for the payment of any of the Batch Receivables to be purchased on such Transfer Date, directing such Obligors to make payment to the

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address and account designated in the Notices, as set forth in Article II hereof, together with evidence that such Notices have been delivered to such Obligors.

(b) On each such Transfer Date the following statements shall be true (and acceptance of the proceeds of such purchase by the Primary Servicer on behalf of the Providers shall be deemed a representation and warranty by each Provider that such statements are then true):

(i) the representations and warranties contained in Exhibit III are correct on and as of the date of such purchase as though made on and as of such date except to the extent made with respect to an earlier date, and

(ii) no event has occurred and is continuing, or would result from such purchase, that constitutes a Group-Wide Event of Termination or that would constitute a Group-Wide Event of Termination but for the requirement that notice be given or time elapse or both.

(c) The Purchaser shall have received such other approvals, opinions or documents as it may reasonably request.

EXHIBIT III

REPRESENTATIONS AND WARRANTIES

Each of the Providers and the Primary Servicer represents and warrants as follows:

(a) It is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation as set forth on Schedule V hereto, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by it of the Agreement and the other documents to be delivered by it thereunder, (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (1) its charter or by-laws, (2) any law, rule or regulation applicable to it, (3) any contractual restriction binding on or affecting it or its Property, or (4) any order, writ, judgment, award, injunction or decree binding on or affecting it or its Property, and (iv) do not result in or require the creation of any Lien upon or with respect to any of its Properties, other than the interest created by the Agreement. The Agreement has been duly executed and delivered by it. It has furnished to the Purchaser a correct and complete copy of its certificate of incorporation and by-laws, including all amendments thereto.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Entity is required for the due execution, delivery and performance by it of the Agreement or any other document to be delivered thereunder.

(d) The Agreement constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other laws relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or law).

(e) It has all power and authority, and has all permits, licenses, accreditations, certifications, authorizations, approvals, consents and agreements of all Insurers, Governmental Entities, accreditation agencies and any other Person (including without limitation, accreditation by the appropriate Governmental Entities and industry accreditation agencies and accreditation and certifications as a provider of healthcare services eligible to receive payment and compensation and to participate under Medicare, Medicaid, CHAMPUS/Champva, Blue Cross/Blue Shield and other equivalent programs), necessary or required for it (i) to own the assets (including Receivables) that it now owns, (ii) to carry

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on its business as now conducted, except where failure to have such permits, licenses, agreements with third-party payors, accreditation and certifications (including, without limitation, accreditation by the appropriate Governmental Entities and industry accreditation agencies and accreditation and certifications as a provider of healthcare services eligible to receive payment and compensation and to participate under Medicare, Medicaid, CHAMPUS/Champva, Blue Cross/Blue Shield and other equivalent programs) would not have a Material Adverse Effect.

(f) It has not been notified by any Insurer, Governmental Entity or instrumentality, accreditation agency or any other Person, during the immediately preceding 24 month period, that such party has rescinded or not renewed, or is reasonably likely to rescind or not renew, any such permit, license, accreditation, certification, authorization, approval, consent or agreement granted to it or to which it is a party except as disclosed in Schedule III hereto.

(g) As of the Initial Transfer Date, all conditions precedent set forth in Exhibit II have been fulfilled or waived in writing by the Purchaser, and as of each Transfer Date, the conditions precedent set forth in paragraph 2 of such Exhibit II shall have been fulfilled or waived in writing by the Purchaser.

(h) The balance sheets of the Primary Servicer and its Subsidiaries as at December 31, 1995, and as at September 30, 1996 and the related statements of income and expense, cash flows and retained earnings of the Primary Servicer and its Subsidiaries for the fiscal periods then ended, copies of which have been furnished to the Purchaser, fairly present the financial condition of the Primary Servicer and its Subsidiaries as at such date and the results of the operations of the Primary Servicer and its Subsidiaries for the period ended on such date, all in accordance with GAAP, and since December 31, 1995 there has been no change resulting in a Material Adverse Effect.

(i) There is no pending or, to the Primary Servicer's knowledge, threatened action or proceeding or injunction, writ or restraining order affecting the Primary Servicer or any of its Subsidiaries before any court, Governmental Entity or arbitrator which could reasonably be expected to result in a Material Adverse Effect, and the Primary Servicer or any Subsidiary is not currently the subject of, and has no present intention of commencing, an insolvency proceeding or petition in bankruptcy.

(j) Each Provider is the legal and beneficial owner of the Receivables in each Transferred Batch free and clear of any Lien (other than any Lien on Accounts that is expressly subordinated in writing to the Lien created hereunder in a manner acceptable to the Purchaser, in its sole discretion); upon each purchase or contribution of a Transferred Batch, the Purchaser shall acquire valid ownership of each Receivable in such Transferred Batch and in the Collections with respect thereto prior to all other Liens thereon. No effective financing statement or other instrument similar in effect covering any Receivable or the Collections with respect thereto is on file in any recording office, except those filed in favor of the Purchaser, DH-2 or any permitted assignee of DH-2 relating to the Agreement, and no competing notice or notice inconsistent with the transactions contemplated in the Agreement remains in effect with respect to any Obligor.

(k) All Receivable Information, information provided in the application for the program effectuated by the Agreement, and each other document, report and Transmission provided by the Primary Servicer or any Provider to the Daiwa Group is or shall be accurate in all material respects as of its date and as of the date so furnished, and no such document contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

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(l) The principal place of business and chief executive office of each Provider and the office where such Provider keeps its records concerning the Receivables are located at the respective address referred to on the signature pages of the Agreement and there have been no other such locations for the four immediately prior months.

(m) Each purchase of a Purchased Batch will constitute a purchase or other acquisition of notes, drafts, acceptances, open accounts receivable or other obligations representing part or all of the sales price of merchandise, insurance or services within the meaning of Section 3(c)(5) of the Investment Company Act of 1940, as amended.

(n) Each Receivable included in a Purchased Batch is, as of the Transfer Date of such Purchased Batch, an Eligible Receivable.

(o) The provisions of the Agreement create, on the Initial Transfer Date, legal and valid liens in all of the Accounts owned or held by the Providers (other than the Batch Receivables that have been sold to the Purchaser pursuant to the provisions of the Agreement) in the Purchaser's favor, and when all proper filings and other actions necessary to perfect such liens have been completed, will constitute a perfected and continuing lien on all of the Accounts owned or held by the Providers (other than the Batch Receivables that have been sold to the Purchaser pursuant to the provisions of the Agreement), having priority over all other liens on such Accounts of the Providers, enforceable against each Provider and all third parties.

(p) All required Notices have been prepared and delivered to each applicable Governmental Entity and Insurer, and all invoices now bear only the appropriate remittance instructions for payment direction to the Purchaser Lockbox, the Purchaser Lockbox Account, the appropriate Provider Lockbox or the appropriate Provider Lockbox Account, as the case may be.

(q) No Provider has changed its principal place of business or chief executive office in the last five years.

(r) The exact name of each Provider is as set forth on the signature pages of the Agreement and, except as set forth on such signature page, such Provider has not changed its name in the last five years and, except as set forth opposite such Provider's name on Schedule V hereto, during such period such Provider has not used, nor does such Provider now use, any other fictitious, assumed or trade name.

(s) The Provider Lockbox Accounts are the only lockbox accounts maintained by the Providers with respect to Eligible Receivables.

(t) With respect to itself or any of its Subsidiaries, since the Transfer Date prior to the making of this representation, there exists no event which has or is reasonably likely to have a Material Adverse Effect.

(u) It is not in violation under any applicable statute, rule, order, decree or regulation of any court, arbitrator or governmental body or agency having jurisdiction over any Provider which could have a Material Adverse Effect.

(v) It has filed on a timely basis all tax returns (federal, state and local) required to be filed and has paid, or made adequate provision for payment of, all taxes, assessments and other governmental charges due from it, unless contested in good faith by appropriate proceedings. No tax lien has been filed and is now effective against it or any of its Properties, except any Lien in respect of taxes and other charges not yet due or contested in good faith by appropriate proceedings. To its knowledge, there are no pending investigations of it by any taxing authority or any pending but unassessed tax liability of it.

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It does not have any obligation under any tax sharing agreement.

(w) It is solvent and will not become insolvent after giving effect to the transactions contemplated by this Agreement; it has not incurred debts or liabilities beyond its ability to pay; it will, after giving effect to the transaction contemplated by this Agreement, have an adequate amount of capital to conduct its business in the foreseeable future; the sales of Receivables hereunder are made in good faith and without intent to hinder, delay or defraud its present or future creditors.

(x) The Provider Government Lockbox is the only post office box and the Provider Government Lockbox Account is the only lockbox account maintained by the Providers for Receivables, the Obligors of which are Governmental Entities; and no direction of any Provider is in effect directing Obligors to remit payments on Proposed Eligible Receivables or Batch Receivables other than to the applicable Purchaser Lockbox, Purchaser Lockbox Account, Provider Lockbox, or Provider Lockbox Account.

(y) Each pension plan or profit sharing plan to which it is a party has been fully funded in accordance with its obligations as set forth in such plan.

(z) To its knowledge, there are no pending civil or criminal investigations by any Governmental Entity involving it or its officers or directors and neither it nor any of its officers or directors has been involved in, or the subject of, any civil or criminal investigation by any Governmental Entity.

(aa) The primary business of each Provider is the provision of healthcare services, merchandise and/or equipment.

(bb) The assets of each Provider are free and clear of any liens in favor of the Internal Revenue Service, any Employee Benefit Plan or the PBGC other than inchoate tax liens resulting from an assessment of such Provider.

(cc) With respect to each Employee Benefit Plan of it, including to its knowledge as to any Multiemployer Plan, such Employee Benefit Plan has complied and been administered in accordance with its terms and in substantial compliance with all applicable provisions of ERISA and the Internal Revenue Code of 1986, as amended; neither it nor any ERISA Affiliate has been notified

by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA; and it has no material unpaid liability for any Employee Benefit Plan.

(dd) None of the Proposed Eligible Receivables or Batch Receivables constitutes or has constituted an obligation of any Subsidiary, parent or other Person which is its Affiliate.

(ee) The Obligor of each Proposed Eligible Receivable and each Batch Receivable has not been the Obligor of any Defaulted Receivables in the past 12 months (other than, for the purpose of this clause, as a result of good faith disputes).

(ff) No transaction contemplated under this Agreement requires compliance with any bulk sales act or similar law.

(gg) It has, or has the right to use, valid provider identification numbers and licenses to generate the Receivables.

(hh) It shall treat each sale of Receivables hereunder as a sale for federal and state income tax, reporting and accounting purposes and shall treat each contribution of Receivables hereunder as a contribution for federal and state income tax, reporting and accounting purposes.

(ii) It is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G, T, U, or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any

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extension of credit under this Agreement will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

(jj) With respect to each Transferred Batch, each Provider shall receive, for its own capital account, its proportional share (based on such Provider's portion of the Receivables contributed to the Purchaser) of the aggregate Expected Net Value of the Transferred Batch.

(kk) Each Receivable that is an Unbilled Receivable will be, or has been, billed to the Obligor of such Receivable within 45 days of the Last Service Date.

(ll) Commencing January 1, 1997, only the New Patient Consent Forms are being obtained from each patient and resident receiving services from the Providers.

EXHIBIT IV

COVENANTS

Until the later of the Facility Termination Date and the Final Payment Date, each Provider agrees as follows:

(a) Compliance with Laws, etc. It will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its corporate existence, rights, franchises, qualifications, and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such existence, rights, franchises, qualifications, and privileges would not result in a Material Adverse Effect.

(b) Offices, Records and Books of Account. It will keep its principal place of business and chief executive office and the office where it keeps its records concerning the Receivables at the address set forth under its name on the signature pages to the Agreement or, upon 30 days' prior written notice to the Purchaser, at any other locations in jurisdictions where all actions reasonably requested by the Purchaser or otherwise necessary to protect and perfect the Purchaser's interest in the Receivables have been taken and completed. It shall keep its books and accounts in accordance with generally accepted accounting principles and shall make a notation on its books and records, including any computer files, to indicate which Receivables have been sold to the Purchaser and the security interest of the Purchaser in its Accounts not sold to the Purchaser. It shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables and related contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for collecting all Batch Receivables (including, without limitation, records adequate to permit the daily identification of each Batch Receivable and all Collections of and adjustments to each existing Batch Receivable) and for providing the Receivable Information.

(c) Performance and Compliance with Contracts and Credit and Collection Policy. It will, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the contracts related to the Batch Receivables, and timely and fully comply in all material respects with the Credit and Collection Policy in regard to each Batch Receivable and the related contract, and it shall maintain, at its expense, in full operation each of the bank accounts and lockboxes required to be maintained under the Agreement. It shall not do anything to impede or interfere with the collection by the Purchaser or the Master Servicer, on behalf of the Purchaser, of the Batch Receivables.

(d) Notice of Breach of Representations and Warranties. It shall promptly (and in no event later than one Business Day following actual knowledge thereof) inform the Purchaser and the Master Servicer of any breach of covenants or

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representations and warranties hereunder, including, without limitation, upon discovery that a Receivable ceases to be an Eligible Receivable.

(e) Sales, Liens, etc. It will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Liens upon or with respect to, its Accounts, or upon or with respect to any account to which any Collections of any Batch Receivable are sent, or assign any right to receive income in respect thereof except (i) it may grant a Lien on Accounts that is expressly subordinated in writing to the Lien created hereunder in a manner acceptable to DH-2, in its sole discretion and (ii) those Liens in favor of the Purchaser, DH-2 or any assignee of DH-2 relating to the Agreement.

(f) Extension or Amendment of Batch Receivables. It shall not amend, waive or otherwise permit or agree to any deviation from the terms or conditions of any Batch Receivable except in accordance with the Credit and Collection Policy.

(g) Change in Business or Credit and Collection Policy. It will not make any change in the Credit and Collection Policy or make any change in the character of its business that, in either event, could result in a Material Adverse Effect. It will not make any other material changes in the Credit and Collection Policy without the prior written consent of the Purchaser.

(h) Audits and Visits. It will, at any time and from time to time during regular business hours as requested by the Purchaser, permit the Purchaser, or its agents or representatives (including the Master Servicer), (i) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in its possession or under its control relating to Batch Receivables including, without limitation, the related contracts, and (ii) to visit its offices and properties for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to Batch Receivables or its performance hereunder or under the contracts with any of its officers or employees having knowledge of such matters. It shall permit the Master Servicer to have at least one agent or representative physically present in its administrative office during normal business hours to assist it in performing its obligations under the Agreement, including its obligations with respect to the collection of Batch Receivables pursuant to Article I of the Agreement.

(i) Change in Payment Instructions. It will not terminate the Provider Lockboxes, the Provider Lockbox Accounts, the Purchaser Lockbox or the Purchaser Lockbox Account, or make any change or replacement in the instructions contained in any invoice, Notice or otherwise, or regarding payments with respect to Receivables to be made to it, the Purchaser or the Master Servicer, except upon the prior and express direction of the Program Manager or the Purchaser.

(j) Reporting Requirements. It will provide to the Purchaser (in multiple copies, if requested by the Purchaser) the following:

(i) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Primary Servicer, consolidated balance sheets of the Primary Servicer and its Subsidiaries as of the end of such quarter and consolidated statements of income, cash flows and retained earnings of the Primary Servicer and its Subsidiaries for the period commencing at the beginning of the current fiscal year and

ending with the end of such quarter, certified by the chief financial officer of the Primary Servicer;

(ii) as soon as available and in any event within 90 days after the end of

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each fiscal year of the Primary Servicer, a copy of the audited consolidated financial statements (together with explanatory notes thereon) and the auditor's report letter for such year for the Primary Servicer and its Subsidiaries, containing financial statements for such year audited by KPMG Peat Marwick LLP or other independent public accountants acceptable to the Purchaser;

(iii) as soon as available and in any event within 45 days after the end of each fiscal quarter of the Primary Servicer, an officer's certificate as to its performance under and compliance with this Agreement during the preceding quarter;

(iv) on or before the 15th of each month, monthly and year-to-date statistical and financial reports, including volume and time business reports (to be requested by the Purchaser) and unaudited consolidated profit and loss reports, from the chief financial officer of the Primary Servicer;

(v) promptly and in any event within ten days after the occurrence of each Event of Termination or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Termination, a statement of the chief financial officer of the Primary Servicer setting forth details of such Event of Termination or event, and the action that it or such applicable Provider has taken and proposes to take with respect thereto;

(vi) promptly after the sending or filing thereof, copies of all reports and registration statements that the Primary Servicer or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange and official statements that the Primary Servicer or any Subsidiary files with respect to the issuance of tax-exempt indebtedness and after an Event of Termination or Servicer Termination Event, copies of all reports (if any) that the Primary Servicer or any Subsidiary sends to any of its security holders;

(vii) promptly after the filing or receiving thereof, copies of all reports and notices that the Primary Servicer or any Affiliate files under ERISA with the Internal Revenue Service or the PBGC or the U.S. Department of Labor or that the Primary Servicer or any Affiliate receives from any of the foregoing or from any Multiemployer Plan to which the Primary Servicer or Affiliate is or was, within the preceding five years, a contributing employer, in each case in respect of the assessment of withdrawal liability or an event or condition which could, in the aggregate, result in the imposition of liability on the Primary Servicer and/or any such Affiliate in excess of $10,000;

(viii) at least ten Business Days prior to any change in any Provider's name, a notice setting forth the new name and the proposed effective date thereof;

(ix) promptly (and in no event later than one Business Day following actual knowledge or receipt thereof), written notice in reasonable detail, of (w) any Lien asserted or claim made against a Batch Receivable, (x) the occurrence of a Servicer Termination Event, (y) the occurrence of any other event which could have a Material Adverse Effect on the value of a Batch Receivable or on the interest of the Purchaser in a Batch Receivable or (z) the results of any cost report or similar audits being conducted by any federal, state or county Governmental Entity or its agents or designees;

(x) at least 30 days prior to the commencement of each fiscal year, a consolidated and consolidating operating plan (together with a complete statement of the assumptions on which such plan is based) of the Primary Servicer and its Subsidiaries approved by its Board of Directors, which shall include monthly budgets for the prospective year in reasonable detail acceptable to the Purchaser and will integrate operating profit and cash flow projections and personnel, capital expenditures, and facilities plans;

(xi) promptly upon receipt thereof, a copy of any management letter or written report submitted to the Primary Servicer by independent certified public accountants with respect to the Subsidiaries, business, condition (financial or otherwise), operations, prospects, or Properties of the Primary Servicer;

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(xii) no later than five (5) days after the commencement thereof, written notice of all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting any Provider which, if determined adversely to such Provider, could have a Material Adverse Effect;

(xiii) promptly after the furnishing thereof, copies of any statement or report furnished by a Provider to any other party pursuant to the terms of any indenture, loan, or credit or similar agreement and not otherwise required to be furnished to the Purchaser pursuant to this Agreement;

(xiv) as soon as possible and in any event within five (5) days after becoming aware of the occurrence thereof, written notice of any matter that could reasonably be expected to result in a Material Adverse Effect;

(xv) as soon as available, (A) one copy of each financial statement, report, notice or proxy statement sent by the Primary Servicer or any of its Subsidiaries to its stockholders generally, (B) and one copy of each regular, periodic or special report, registration statement, or prospectus filed by the Primary Servicer or any Subsidiary with any securities exchange or the Securities and Exchange Commission or any successor agency or the Bankruptcy Court, and (C) all press releases and other statements made available by the Primary Servicer to the public concerning developments in the business of the Primary Servicer or any Subsidiary;

(xvi) within the sixty (60) day period prior to the end of each fiscal year of the Primary Servicer, a report satisfactory in form to the Purchaser, listing all material insurance coverage maintained as of the date of such report by the Primary Servicer and its Subsidiaries and all material insurance planned to be maintained by the Primary Servicer and its Subsidiaries in the subsequent fiscal year; and

(xvii) such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Primary Servicer or any Subsidiary as the Purchaser may from time to time reasonably request.

(k) Notice of Proceedings; Overpayments. The Primary Servicer shall promptly notify the Master Servicer in the event of any action, suit, proceeding, dispute, set-off, deduction, defense or counterclaim that is or may be asserted by an Obligor with respect to any Batch Receivable. The Primary Servicer shall cause each Provider to make any and all payments to the Obligors necessary to prevent the Obligors from offsetting any earlier overpayment to any Provider against any amounts the Obligors owe on any Batch Receivables.

(l) Officer's Certificate. On the date the financial statements referred to in clause (ii) above are to be delivered in each fiscal year after the Initial Transfer Date, the chief financial officer of each Provider shall deliver a certificate to the Purchaser, stating that, as of such date, (i) all representations and warranties are true and correct, (ii) the conditions precedent set forth in paragraph 2 of Exhibit II have been fulfilled or waived in writing by the Purchaser, and (iii) no Group-Wide Event of Termination exists and is continuing.

(m) Further Instruments, Continuation Statements. Each Provider shall, at its expense, promptly execute and deliver all further instruments and documents, and take all further action that the Program Manager or the Purchaser may reasonably request, from time to time, in order to perfect, protect or more fully evidence the full and complete transfer of ownership of the Batch Receivables, or to enable the Purchaser or the Program Manager to exercise or enforce the rights of the Purchaser hereunder or under the Batch Receivables. Without limiting the generality of the foregoing, each Provider will upon the request of the Program Manager execute and file such UCC financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be, in the opinion of the Program Manager, necessary or appropriate. Each Provider hereby authorizes the Program Manager or its designees, upon two Business Days' notice, to file one or more financing or continuation statements and amendments thereto and assignments

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thereof, relative to all or any of the Batch Receivables now existing or hereafter arising without the signature of such Provider where permitted by law. If a Provider fails to perform any of its agreements or obligations under the Agreement, the Program Manager may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Program Manager incurred in connection therewith shall be payable by the Providers.

(n) Taxes. The Providers shall pay any and all taxes relating to the transactions contemplated under this Agreement, including but not limited to the sale, transfer and assignment of each Batch Receivable.

(o) Deviation from Terms of Batch Receivable, etc. No Provider shall, without the prior written consent of the Purchaser:

(i) other than in connection with the repurchase of a Denied Receivable, compromise, adjust, extend, satisfy, subordinate, rescind, set off, waive, amend, or otherwise modify, or permit or agree to any deviation from, the terms and conditions of any Batch Receivable, or materially or adversely amend, modify or waive any term or condition of any contract related thereto;

(ii) (x) amend, modify, supplement or delete in any way or to any extent any provision for uncollectible accounts and free care applicable to any Batch Receivable or (y) amend, modify or supplement in any way or to any extent any financial category or change in any way or to any extent the manner in which any financial category is treated or reflected in a Provider's records;

(iii) materially or adversely alter or modify (x) its claims processing system, or (y) its third party billing system, as applicable; or

(iv) change, modify or rescind any direction contained in any invoice or previously delivered Notice.

(p) Purchaser's Ownership of Batch Receivables. It shall not prepare or permit to be prepared any financial statements which shall account for the transactions contemplated hereby in a manner which is, or in any other respect account for the transactions contemplated hereby in a manner which is, inconsistent with the Purchaser's ownership of the Batch Receivables.

(q) Merger, Consolidation. It shall not merge with or into or consolidate with or into, another Person, or convey, transfer, lease or otherwise dispose of all or substantially all of its assets (whether now owned or hereafter acquired).

(r) No "Instruments". It shall not take any action which would allow, result in or cause any Transferred Batch or Batch Receivable to be evidenced by an "instrument" within the meaning of the UCC of the applicable jurisdiction.

(s) Master Servicer Certificate. On or before the thirtieth calendar day after the Initial Transfer Date, the Purchaser shall receive a certificate from the Master Servicer stating that all computer linkups and interfaces necessary or desirable, in the judgment of the Master Servicer, to effectuate the transactions and information transfers contemplated hereunder, are fully operational to the satisfaction of the Master Servicer.

(t) Implementation of New Patient Consent Forms. As soon as possible after the Initial Transfer Date and in any event no later than December 31, 1996, the Purchaser shall receive a certificate from an officer of each Provider stating

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that the New Patient Consent Forms are the only forms being used by such Provider and that all reasonable steps have been and are being taken to obtain New Patient Consent Forms from patients and residents currently being provided services by such Provider.

(u) Deviation from New Patient Consent Form. No Provider shall, without the prior written consent of the Purchaser, substitute, alter, modify or change in any way the New Patient Consent Form applicable to it.

(v) Implementation of New Invoices. Each Provider shall take all reasonable steps to ensure that all invoices rendered or dispatched on or after the Initial Transfer Date contain only the remittance instructions required under Article II of this Agreement.

(w) Assumed Name Certificates. On or before December 31, 1996, the Purchaser shall receive copies of all certificates filed by the Providers in each applicable jurisdiction regarding the use of each of the trade names set forth opposite each Provider's name on Schedule V attached hereto.

EXHIBIT V

EVENTS OF TERMINATION

Each of the following shall be an "Event of Termination" with respect to each individual Provider and, if any Event of Termination relates either (in each case, a "Group-Wide Event of Termination") to the Primary Servicer or to Providers responsible in the aggregate for the sale or contribution to the Purchaser of more than 25% of the Batch Receivables (whether or not purchased) in the prior 90 days (or the number of days from the date of the Agreement to the date of such Event of Termination, if less than 90 days) ("Group-Wide Providers"), such Event of Termination shall relate to each Provider:

(a) The Servicer, in its capacity as agent for the Purchaser pursuant to Section 1.05(b), shall fail to perform or observe any term, covenant or agreement included in the Primary Servicer Responsibilities (other than a Servicer Termination Event resulting from the events described in paragraph (g) of this Exhibit) and such failure shall remain unremedied for fifteen (15) days, or the Servicer or any Provider shall fail to make when due any payment or deposit to be made by it under the Agreement.

(b) Any Provider or the Servicer (i) fails to transfer any servicing rights and obligations with respect to the Batch Receivables to any successor designated pursuant to Section 1.05(b) of the Agreement, (ii) fails to make any payment required under the Agreement (unless such payment obligation has been fulfilled in full pursuant to the Purchaser's set-off rights under Section 4.03 of the Agreement) or (iii) sends a "Revocation Order" (as defined in the Depositary Agreement) or makes any change or replacement in the "Standing Revocable Instruction" (as defined in the Depositary Agreement).

(c) Any representation or warranty (other than those representations and warranties (i) with respect to the purchase of Receivables that are covered by paragraph (f) of this Exhibit and (ii) with respect to Batch Receivables, the Repurchase Price with respect thereto is paid to the Purchaser in the manner set forth in Article IV of this Agreement within five Business Days following demand therefor) made or deemed made by a Provider under or in connection with the Agreement or any information or report delivered by a Provider pursuant to the Agreement shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered.

(d) Any Provider fails to perform or observe any other term, covenant or agreement contained in the Agreement on its part to be performed or observed and any such failure shall remain unremedied for three Business Days after the earlier of (i) the discovery thereof by such Provider and (ii) written notice thereof shall have been given to such Provider or the Primary Servicer by the Purchaser; unless such Provider is removed as a Provider in accordance with Section 5.19(b) after the earlier of clauses (i) and (ii).

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(e) Any Provider or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any of its Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof.

(f) Any purchase of a Purchased Batch pursuant to the Agreement shall for any reason (other than pursuant to the terms hereof) fail or cease to create or fail or cease to be a valid and perfected ownership interest in each Batch Receivable in such Purchased Batch and the Collections with respect thereto free and clear of all Liens (other than Liens referred to in clauses (i) and (ii) of paragraph (e) of Exhibit IV) unless, as to any such Batch Receivable, the Repurchase Price with respect thereto is paid to the Purchaser in the manner set forth in Article IV of the Agreement within five Business Days following demand therefor.

(g) Any Provider or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against a Provider or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its Property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its Property) shall occur; or a Provider or any of its Subsidiaries shall take any action to authorize any of the actions set forth above in this paragraph (g).

(h) As of any date of determination, any Provider is found to have been overpaid by Governmental Entities by 8% or more during any period covered by an audit conducted by the HCFA and such overpayment is not repaid within 30 days of the earlier of receipt of a notice by, or the knowledge of, such Provider.

(i) There shall have occurred any Material Adverse Effect since September 30, 1996.

(j) A Provider or the Primary Servicer shall have consummated, or have entered into any transaction which shall result in the consummation of (i) the merger or consolidation of such

Provider or the Primary Servicer, (ii) the acquisition of all or a substantial portion of the assets of any Person, (iii) the transfer, sale, assignment, lease

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or other disposition of all or a substantial portion of such Provider's or the Primary Servicer's assets or Properties, (iv) a change in the general nature of such Provider's or the Primary Servicer's business, or (v) the sale of a controlling interest, directly or indirectly, in such Provider or the Primary Servicer.

(k) Judgments or orders for payment of money (other than judgments or orders in respect of which adequate insurance is maintained for the payment thereof) against the Providers in excess of $500,000 in the aggregate remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 30 days or more.

(l) Any governmental authority (including, without limitation, the Internal Revenue Service or the PBGC) files a notice of a Lien against the assets of a Provider other than a Lien (i) that is limited by its terms to assets other than Receivables and (ii) that does not result in a Material Adverse Effect.

(m) Any Provider does not maintain, keep, and preserve all of its Properties necessary or useful in the proper conduct of its business in good repair, working order, and condition (ordinary wear and tear excepted) and make all necessary repairs, renewals, replacements, betterments, and improvements thereof.

(n) Any Provider does not pay or discharge at or before maturity or before becoming delinquent (i) all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its Property, and (ii) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its Property.

(o) Any Provider does not keep insured by financially sound and reputable insurers all Property of a character usually insured by corporations engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against by such corporations and carry such other insurance as is usually carried by such corporations. Each policy referred to in this Subsection (o) shall provide that it will not be canceled, amended, or reduced except after not less than thirty (30) days' prior written notice to the Purchaser and DH-2 and shall also provide that the interests of the Purchaser shall not be invalidated by any act or negligence of a Provider. Any Provider does not advise the Purchaser promptly of any policy cancellation, reduction, or amendment. Any insurance policy for property, casualty, liability and business interruption coverage for a Provider does not name DH-2 as assignee of the Purchaser as loss payee (as the Purchaser's interests may appear) or an additional insured, as appropriate.

(p) Any Provider does not maintain proper books of record and account in which full, true and correct entries in conformity with GAAP are made of all dealings and transactions in relation to its business and activities.

(q) Any Provider does not comply in all material respects with (i) any document directly relating to the responsibilities of such Provider under the Agreement or (ii) any agreement, contract, or instrument that results in a Material Adverse Effect.

(r) Any Provider does not comply with all minimum funding requirements and all other material requirements of ERISA, if applicable, so as not to give rise to any liability thereunder.

(s) Any Provider engages in any line or lines of business activity other than the businesses in which it is engaged on the date hereof.

(t) The Loss-to-Liquidation Ratio in any four consecutive calendar weeks to exceeds 5%.

(u) The Delinquency Ratio in any four consecutive calendar weeks to exceeds 10%.

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(v) An "Event of Default" (as defined in the Loan Agreement) shall occur under the Loan Agreement.

(w) Any provision of this Agreement shall for any reason cease to be valid and binding on a Provider or a Provider shall so state in writing.

EXHIBIT VI

RECEIVABLE INFORMATION

The following information shall, as appropriate, be provided by each Provider to the Master Servicer with respect to each Batch Receivable, together with such other information and in such form as may reasonably be requested from time to time by the Master Servicer and as, in accordance with applicable law, may be disclosed and/or released to the Master Servicer (the "Receivable Information"):

(i) patient demographic information;

(ii) insured party demographic and other policy-related information;

(iii) Provider services classification information (i.e., D.R.G. and other like information established by the Provider from time to time to classify services rendered at the Provider's institution);

(iv) Obligor required information (i.e., information provided in the ordinary course of business to any specified Obligor or any other information required to be provided to an Obligor pursuant to any agreement, contract or other arrangement with such Obligor); and

(v) billing information (i.e., all information provided by the Provider on invoices to Obligors and any other information required to be provided pursuant to the Credit and Collection Policy and, to the extent the Transmission will not be via computer interface, including a copy of the admitting face sheet, HCFA Form and a detailed copy of the bill).

EXHIBIT VII-A

FORM OF NOTICE TO GOVERNMENTAL ENTITIES

[Letterhead of the applicable Provider]

[Date]

[Name and Address
of Governmental Entity]

Re: Change of Account and Address

To Whom it May Concern:

Please be advised that we have opened a new bank account at _____________ and a post-office box with respect to such bank account. Accordingly, until further notice, we hereby request that:

(1) All wire transfers be made directly into our account at:

======================

Account #_______________

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ABA #_____________________
Confirm Phone Number: _______________
Attention: ___________________

(2) All Explanations of Benefits, remittance advices and other forms of payment, including checks, be made to our post office box located at:

=================

Reference: Account #____________

Thank you for your cooperation in this matter.

[Applicable Provider]

By:____________________
[Authorized Officer]

EXHIBIT VII-B

FORM OF NOTICE TO INSURERS

[Letterhead of the applicable Provider]

[Date]

[Name and Address
of Insurer]

Re: Change of Account and Address

To Whom it May Concern:

Please be advised that we (the "Provider") are selling and contributing to CCA Funding LLC (the "Purchaser"), an affiliated company, our existing and future receivables payable by you to us; and the Purchaser is assigning the aforementioned existing and future arising receivables as collateral to Daiwa Healthco-2 LLC (the "Lender"). Accordingly, you are hereby directed to make:

(1) All wire transfers directly to the following account:

=======================

Account #_______________
ABA #_____________________
Confirm Phone Number: _______________
Attention: ___________________

(2) All Explanation of Benefits, remittance advices and other forms of payment, including checks, to the following address:

======================
Reference: DAIWA HEALTHCO-2 LLC

The foregoing directions shall apply to all existing receivables payable to us and (until further written notice) to all receivables arising in the future and may not be revoked except by a writing executed by the Purchaser.

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Please acknowledge your receipt of this notice by signing the enclosed copy of this letter and returning it in the enclosed envelope.

Thank you for your cooperation in this matter.

[Applicable Provider]

By:___________________
[Authorized Officer]

CCA FUNDING LLC

By:___________________
[Authorized Officer]

Receipt Acknowledged:
[Name of Insurer]

By: ___________________
Title:

EXHIBIT VIII

PRIMARY SERVICER RESPONSIBILITIES

Each Provider shall be responsible for the following administration and servicing obligations (the "Primary Servicer Responsibilities") which shall be performed by the Primary Servicer on behalf of the Providers until such time as a successor servicer shall be designated and shall accept appointment pursuant to Section 1.05(b) of the Agreement:

(a) Servicing Standards and Activities. Each Provider agrees to administer and service the Batch Receivables sold or contributed by such Provider in each Transferred Batch (i) to the extent consistent with the standards set forth in clauses (b) (i) through (iv) below, with the same care that it exercises in administering and servicing similar receivables for its own account, (ii) within the parameters of services set forth in paragraph (b) of this Exhibit VIII, as such parameters may be modified by mutual written agreement of the Purchaser and the Providers, (iii) in compliance at all times with applicable law and with the agreements, covenants, objectives, policies and procedures set forth in the Agreement, and (iv) in accordance with industry standards for servicing healthcare receivables unless such standards conflict with the procedures set forth in paragraph (b) of this Exhibit VIII in which case the provisions of paragraph (b) shall control. The Providers shall establish and maintain electronic data processing services for monitoring, administering and collecting the Batch Receivables in accordance with the foregoing standards and shall, within three (3) Business Days of the deposit of any checks, other forms of cash deposits, EOB's or other written matter into a Lockbox, post such information to its electronic data processing services.

(b) Parameters of Primary Servicing. The Primary Servicer Responsibilities shall be performed within the following parameters:

(i) Subject to the review and authority of the Purchaser and except as otherwise provided herein, each Provider shall have full power and authority to take all actions that it may deem necessary or desirable, consistent in all material respects with its existing policies and procedures with respect to the administration and servicing of accounts receivable, in connection with the administration and servicing of Batch Receivables. Without limiting the

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generality of the foregoing, each Provider shall, in the performance of its servicing obligations hereunder, act in accordance with all legal requirements and subject to the terms and conditions of the Agreement. Each Provider agrees that the Primary Servicing Fee has been calculated to cover all costs and expenses incurred in the performance of its servicing obligations hereunder and no other reimbursement of costs and expenses shall be payable to the Servicer.

(ii) A Provider shall not be entitled to sue to enforce or collect any Batch Receivable without the prior written consent of the Purchaser unless such Provider shall have repurchased such Batch Receivable in accordance with the Agreement.

(iii) No Provider shall change in any material respect its existing policies and procedures with respect to the administration and servicing of accounts receivable (including, without limitation, the amount and timing of write-offs) without the prior written consent of the Purchaser.

(iv) Each Provider will be responsible for the monitoring and collection of the Batch Receivables, including, without limitation, contacting Obligors that have not made payment on their respective Batch Receivables within the customary time period for such Obligor, and resubmitting any claim rejected by an Obligor due to incomplete information.

(v) If a Provider determines that a payment with respect to a Batch Receivable has been received directly by a patient or any other Person, such Provider shall promptly advise the Purchaser, and the Purchaser shall be entitled to presume that the reason such payment was made to such patient or other Person was because of a breach of representation or warranty in the Agreement with respect to such Batch Receivable (such as, by way of example, the forms related to such Batch Receivable not being properly completed so as to provide for direct payment by the Obligor to such Provider), unless such Provider shall demonstrate that such is not the case. In the case of any such Batch Receivable which is determined not to be a Denied Receivable, each Provider shall promptly demand that such patient or other Person remit and return such funds. If such funds are not promptly received by the applicable Provider, such Provider shall take all reasonable steps to obtain such funds.

(vi) Notwithstanding anything to the contrary contained herein, no Provider may amend, waive or otherwise permit or agree to any deviation from the terms or conditions of any Batch Receivable in any material respect without the prior consent of the Purchaser.

(c) Aged Term Servicing. The parties hereby agree that at such time as any Batch Receivable is unpaid for more than 120 days after the Last Service Date, the applicable Provider shall, upon the request of the Purchaser, turn over all of its Primary Servicer Responsibilities under this Agreement with respect to such Batch Receivable to a successor servicer selected by the Purchaser, and such servicer shall thereafter service such Batch Receivable.

(d) Termination of Primary Servicer Responsibilities; Cooperation. Upon the occurrence of a Servicer Termination Event, the Purchaser may, by written notice, terminate each Provider's Primary Servicer Responsibilities, in which event the Providers shall immediately transfer to a successor servicer designated by the Purchaser all records, computer access and other information as shall be necessary or desirable, in the judgment of such successor servicer, to perform such responsibilities. The Providers shall otherwise cooperate fully with such successor servicer.

(e) Primary Servicing Fee. Upon the transfer of servicing with respect to any Purchased Receivable pursuant to this Agreement, the Providers shall no longer be paid the Primary Servicing Fee relating to such Purchased Receivables, which will be paid to the successor Person performing the Primary Servicer Responsibilities.

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EXHIBIT IX

SERVICER TERMINATION EVENTS

Each of the following shall be a "Servicer Termination Event":

(a) An event has occurred and is continuing that constitutes an Event of Termination or that would constitute an Event of Termination but for the requirement that notice be given or time elapse or both.

(b) The Servicer is not performing, or becomes unable (in the commercially reasonable determination of the Purchaser) to perform, fully the Primary Servicer Responsibilities set forth in Exhibit VIII hereof.

(c) A Provider is unable to maintain the Transmission interface described in Exhibit X to the complete satisfaction of the Master Servicer, or the electronic information servicing capabilities of a Provider are not functioning for a period of more than three consecutive Business Days.

(d) Any Provider has sent multiple Transmissions to the Master Servicer in a manner that is not in compliance with the specifications set forth in Exhibit X hereof.

(e) The Purchaser, in its sole judgement, which judgment shall be commercially reasonable, is not satisfied with the performance by any Provider of the Primary Servicer Responsibilities or the Servicer on behalf of the Providers with respect to the Batch Receivables.

(f) If, at any date, the aggregate Expected Net Value of all Delinquent Receivables that became Delinquent during the prior 3 months is in excess of 20% of the aggregate Expected Net Value of all Receivables sold by the Providers to the Purchaser during the prior 3 months (regardless of whether the Denied Receivables are repurchased by the Providers pursuant to Article IV of the Agreement).

(g) As of any date after the Initial Transfer Date, (i) the dollar-weighted average days outstanding with respect to all outstanding Batch Receivables on such date and on the same day of each of the two preceding calendar months (or if there is no corresponding day in any such preceding month, the last day of such month) is greater than 65 days, or (ii) the average over the preceding 90- day period of the dollar-weighted average days outstanding with respect to all outstanding Batch Receivables on each day during such period is greater than 60 days.

(i) As of any date, after the Initial Transfer Date more than 25% of all outstanding Batch Receivables (excluding Denied Receivables) are aged more than 120 days but less than 180 days from the respective Last Service Dates of such Batch Receivables.

(j) As of any date, Collections on all Batch Receivables that have been liquidated or written off during the then most recent 13 week period, are less than 50% of the aggregate gross value (billed amount) of such Batch Receivables.

EXHIBIT X

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INTERFACE BETWEEN MASTER SERVICER AND THE PROVIDERS

1. The Master Servicer will convey appropriate data requirements and instructions to the Providers to establish a computer interface between the Providers' systems and the Master Servicer's receivables monitoring system. The interface will permit the Master Servicer to receive electronically the Providers' accounts receivable data, including the Receivable Information, billing data and collection and other transaction data relating to the Receivables.

2. The Providers shall give the Master Servicer and the Purchaser at least ten Business Days' notice of any coding changes or electronic data processing system modifications made by any Provider which could affect the Master Servicer's processing or interpretation of data received through the interface.

3. The Master Servicer shall have no responsibility to return to a Provider any information which the Master Servicer receives pursuant to the computer interface.

4. Each Provider will prepare daily accounts receivable data files of all transaction types for all of the Providers' sites that are included in the funding program. The weekly cutoff will occur at a predetermined time each week, and the weekly cutoff date for all of the sites must occur at exactly the same time. The cutoff date that will be selected will be at the end of business for a specific day of the week, or in other words, at the end of the Providers' transaction posting process for that day. Each Provider will temporarily maintain a copy of the accounts data files in the event that the data is degraded during transmission, and needs to be re-transmitted.

   The Master Servicer will be responsible for the management of the hardware, communications and software used in the funding transaction.

5. The Master Servicer's data center will receive the Receivable files, and immediately confirm that the files have been passed without degradation of data by balancing the detailed items to the control totals that accompany the files. Any problems in this process will be immediately reported to the Providers so that the Receivable file can be re-transmitted, if necessary.

6. Once the receipt of the Receivable data has been confirmed, the Master Servicer will perform certain tests and edits to ensure that each Receivable meets the specified eligibility criteria for purchase by the Purchaser. Compliance with concentration limits will be verified and the Master Servicer will notify the Program Manager to initiate a Receivable purchase using the Receivable file received. Upon the successful completion of a purchase, the Master Servicer will generate a one-line trial balance (listing all purchased accounts) confirming the Receivables that have been purchased. A copy of the trial balance will be forwarded to each

Provider, to the Primary Servicer, to the Purchaser and to the Program Manager to confirm the purchase.

7. The Providers' sites will continue to post daily transactions to their respective Receivable files. The Providers' Receivable files for each of the eligible sites will include all transactions posted through that day. The Providers will create a transaction report and a Receivable file for each of the eligible sites. The transaction report will contain all transactions posted to the respective site Receivable file for the specified period (and will indicate the respective site and the number of items and total dollars on each transaction report for control purposes). The Receivable file will contain balances that reflect the transactions posted on the Providers' systems through the end of business of the specified period.

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Each Provider will transmit the billing, transaction, and the most current Receivable data files to the Master Servicer's data center according to the established schedule. The Providers and the Primary Servicer should, again, maintain the backup of each of these files in the event that a re-transmission is necessary.

8. The Master Servicer's data center will confirm that the files have been received intact, and will immediately communicate any problems to the Providers in order to initiate a re- transmission. The Master Servicer will then post the transaction files to the accounts receivable for the previously purchased accounts that the Master Servicer is maintaining, and consequently update the affected balances. Upon completion of the posting process, the Master Servicer will generate summary reports of the posting process that the Program Manager will use to complete various funding activities. The Master Servicer summary reports will reference the Providers' transaction codes and activity to codes that are common to the funding program.

9. The Master Servicer will then compare the updated accounts balances on the Master Servicer's system to the corresponding account balances reflected on the Receivable file. The Master Servicer expects that the balances for the funded Receivables will be congruent, and any discrepancies will be immediately examined and resolved through the cooperative effort of the Master Servicer and the Provider. The Master Servicer shall produce discrepancy reports (e.g., "Funding Only" or "Out of Balance" reports) and the Providers shall respond promptly to such reports.

10. Once the reconciliation process has been completed and any discrepancies between the Master Servicer and the Providers' Receivable files resolved through the discrepancy report process described in paragraph 9 above, the Master Servicer will then process the Receivable file and advise the Purchaser that it may purchase any new Receivable that is eligible. The Master Servicer will then proceed through exactly the same process described in paragraph 6 above.

[ADD ATTACHMENT 1 WITH INTERFACE DATA]

EXHIBIT XI-A

FORM OF OPINION OF PROVIDERS' COUNSELS
WITH RESPECT TO THE PATIENT CONSENT FORMS

RJE Data Processing, Inc.
2513 West Peterson
Chicago, Illinois 60659

Daiwa Healthco-2 LLC
c/o Lord Securities Corporation
2 Wall Street
New York, NY 10005

Ladies and Gentlemen:

As [special local] counsel to COMMUNITY CARE OF AMERICA, INC. (the "CCA"), a Delaware corporation and to [each of the Providers listed on Schedule 1 attached hereto] (the "Providers"), we have examined the following in connection with the proposed sale by the Providers of certain healthcare receivables (the "Receivables") to CCA FUNDING LLC (the "Purchaser") and the assignment of those Receivables by the Purchaser to DAIWA HEALTHCO-2 LLC ("DH-2"):

(a) A copy of the Healthcare Receivables Purchase and Transfer Agreement (the "RPA") among CCA, the Providers and the Purchaser;

(b) A copy of the Loan and Security Agreement (the "LSA") between the

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Purchaser and DH-2 (terms not otherwise defined herein shall have the meanings provided in the RPA);

(c) A sample of the Receivables proposed to be sold by the Providers and assigned by the Purchaser;

(d) Each patient consent form used by each Provider (the "Patient Consent Form"), copies of which are attached hereto as Exhibit A; and

(e) Such other documents, statutes, regulations and materials as we have deemed necessary to deliver the opinion set forth herein.

This opinion is being delivered pursuant to clause 1(i) of the conditions precedent listed on Exhibit II of the RPA.

Based upon the foregoing examination, we are of the opinion that the Patient Consent Forms are sufficient to permit the lawful disclosure and/or release of relevant medical information

and documents which have been redacted to remove patient-specific diagnostic and procedural information or diagnosis to the Purchaser, DH-2, any third-party servicer acting for the Purchaser or DH-2 pursuant to the RPA or LSA (whether such servicer is performing the Primary Servicer Responsibilities or providing data processing services with respect to the Receivables, and including without limitation the Master Servicer), and any person guarantying such servicer's obligations.

In order to disclose and/or release the full complement of information regarding services rendered to a patient or resident in [name of locale], the Provider should obtain a patient consent form in the form attached hereto as Exhibit B (the "New Patient Consent Form") from each new and existing patient and resident. Subject to the proper completion and execution of such New Patient Consent Form by each patient and resident, we are of the opinion that the New Patient Consent Form is sufficient to permit the lawful disclosure and/or release of medical information and documents to the Purchaser, DH-2, any third-party servicer acting for the Purchaser or DH-2 pursuant to the RPA or LSA (whether such servicer is performing the Primary Servicer Responsibilities or providing data processing services with respect to the Receivables, and including without limitation the Master Servicer), and any person guarantying such servicer's obligations.

Very truly yours,

EXHIBIT XI-B

FORM OF OPINION OF PROVIDER'S AND PURCHASER'S COUNSEL
WITH RESPECT TO CERTAIN CORPORATE MATTERS

[TO BE ATTACHED]

EXHIBIT XII

FORM OF DEPOSITARY AGREEMENT

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[TO BE ATTACHED]

SCHEDULE I

ADDRESSES FOR NOTICE

If to the Program Manager:

Daiwa Securities America Inc.
Financial Square
32 Old Slip
New York, New York 10005-3538
Attention: Chief Financial Officer
Tel: (212) 612-6290
Fax: (212) 612-7122

If to the Master Servicer:

RJE Data Processing, Inc.
2513 West Peterson
Chicago, Illinois 60659
Attention: Jack Callahan, President
Tel: (312) 561-6966
Fax: (312) 878-6355

SCHEDULE II

CREDIT AND COLLECTION POLICY

[TO BE ATTACHED]

SCHEDULE III

LICENSE REVOCATIONS

The following facilities have been decertified from the Medicaid and Medicare Programs during the past 24 months:

(1) Community Care of America at Toledo (Toledo, Iowa)

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Community Care of America voluntarily decertified this facility from both the Medicare and Iowa state Medicaid programs on March 8, 1996. The company has been recertified to participate in both programs effective September 20, 1996 and November 20, 1996 respectively.

(2) Community Care of America at Council Bluffs North (Council Bluffs, Iowa) This facility was decertified from both the Medicare and Iowa state Medicaid programs on April 17, 1996. The company has been recertified to participate in both programs effective July 1, 1996.

SCHEDULE IV

LOCKBOX INFORMATION

Provider Ancillary Lockbox:

CCA - Self-pay
Post Office Box 710278
Cincinnati, Ohio 45271-0278

Provider Ancillary Lockbox Account:

CCA - Self-pay
Account #00109-98906
KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

Provider Government Lockbox:

CCA - Governmental
Post Office Box 710275
Cincinnati, Ohio 45271-0275

Provider Government Lockbox Account:

CCA - Governmental
Account #00109-98891
KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

Purchaser Lockbox:

Post Office Box 710276
Cincinnati, Ohio 45271-0276

Purchaser Lockbox Account:

Account # 50020-61106
KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

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SCHEDULE V

LIST OF THE PROVIDERS

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Provider	Trade Names	State of Incorporation
ECA Holdings, Inc.		Delaware
	Active Care	
	Community Care of America at Canon City	
	Community Care of America at Delta	
	Community Care of America at Grand Junction	
	Community Care of America at Paonia	
	Community Care of America at Prospect Lake	
	Family Physicians Health	
	La Villa Grande	
	Springs Village Care Center	
	Community Care of America at Clarinda	
	Community Care of America at Mediapolis	
	Community Care of America at Muscatine	
	Community Care of America at Toledo	
	Community Care of America at Winterset	
	Community Care of America at Council Bluffs North	
	Community Care of America at Council Bluffs South	
	Community Care of America at Pacific Junction	
	Community Care of America at Glenwood	
	Community Care of America at Brighton Place	
	Community Care of America at Smith Center	
	Community Care of America at Highland Park	
	Community Care of America at Arma	
	Community Care of America at Central Topeka	
	Community Care of America at Ellinwood	
	Community Care of America at Tarkio	
	Community Care of America at Oak Grove	
	Community Care of America at Grand Island	
	Community Care of America at Laramie	
	Community Care of America at Saratoga	
	Community Care of America at Worland	
CCA of Midwest, Inc.		Delaware
	Community Care of America at Palmer	

Provider	Trade Names	State of Incorporation
Community Care of Nebraska, Inc.		Delaware
	Community Care of America at Ainsworth	
	Community Care of America at Ashland	
	Community Care of America at Aurora	
	Community Care of America at Blue Hill	
	Community Care of America at Central City	
	Community Care of America at Edgar	
	Community Care of America at Exeter	
	Community Care of America at Gretna	
	Community Care of America at Sutherland	
	Community Care of America at Utica	
	Community Care of America at Waverly	
Community Care of Georgia, Inc.		Delaware
	Smith Hospital	
Community Care of America of Alabama, Inc.		Delaware
	Family Care Medical Center of Arcadia	
	Georgiana Doctor's Hospital	
	Greensboro Health Care Center	
	Livingston Nursing Home	
	Reliable Home Health Services, d/b/a Georgiana Home Health Agency	
	Rural Health Clinic, d/b/a Georgiana Health Clinic	
	H.P. Kinsey, M.D., sole proprietorship d/b/a The Evergreen Clinic	

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	Southgate Village Voreis Clinic	
ECA Properties, Inc.	Grandview Manor	Delaware
Luling/SCC, Inc.	Community Care of America at Luling	Georgia
Dublin/SCC, Inc.	Community Care of America at Dublin	Georgia
Marietta/SCC, Inc.	Community Care of America at Marietta	Georgia
Macon/SCC, Inc.	Community Care of America at Macon	Georgia
College Park/SCC, Inc.	Community Care of America at College Park	Georgia
Glenwood/SCC, Inc.	Community Care of America at Connor	Georgia
Quality Care of Columbus, Inc.	Community Care of America at Columbus	Nebraska
Quality Care of Lyons, Inc.	Community Care of America at Lyons	Nebraska
W.S.T. Care, Inc.	Community Care of America at Milford	Nebraska

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LOAN AND SECURITY AGREEMENT

Dated as of December 23, 1996

Between

CCA FUNDING LLC
as Borrower

and

DAIWA HEALTHCO-2 LLC
as Lender

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LOAN AND SECURITY AGREEMENT, dated as of December __, 1996, between CCA FUNDING LLC, a Delaware limited liability company (together with its successors and assigns, the "Borrower") and DAIWA HEALTHCO-2 LLC, a Delaware limited liability company (together with its successors and assigns, the "Lender"), agree as follows:

Certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I to this Agreement. References herein and in the Exhibits and Schedules hereto to the "Agreement" refer to this Agreement, as amended, restated, modified or supplemented from time to time in accordance with its terms.

The Borrower (i) is a Delaware limited liability company owned by CCA and the Providers, (ii) has acquired heathcare receivables from the Providers pursuant to the RPA or by contribution to the capital of the Borrower, as determined from time to time by the Borrower and the Providers, and (iii) wishes to borrow funds from the Lender on a continuing and revolving basis secured by healthcare receivables acquired from the Providers.

The Lender is prepared to make revolving loans secured by such healthcare receivables on the terms and subject to the conditions set forth herein.

Accordingly, the parties agree as follows:

ARTICLE I.
COMMITMENT; AMOUNTS AND TERMS OF THE REVOLVING ADVANCES

ss. 1.01. Revolving Advances. (a) The Lender agrees to lend to the Borrower, subject to and upon the terms and conditions herein set forth, on any Funding Date, such amounts as may be requested by the Borrower (each such borrowing, a "Revolving Advance" and the outstanding principal balance of all Revolving Advances from time to time, the "Revolving Loan").

(b) Each Revolving Advance shall be in a minimum amount of $100,000 or an integral multiple thereof and shall be made on the date specified in the Written Notice or telephonic notice confirmed in writing as described in Section 1.03 hereof.

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ss. 1.02. Revolving Commitment and Borrowing Limit. (a) The aggregate unpaid principal amount of the Revolving Advances outstanding at any time shall not exceed an amount equal to the lesser of (i) $15,000,000 (such amount, or such greater amount after giving effect to an increase pursuant to the provisions of Section 1.02(d) hereof, the "Revolving Commitment"), and (ii) the Borrowing Base as of such time (the lesser of (i) and (ii) being the "Borrowing Limit").

(b) Subject to the limitations of Article II hereof, the Borrower may borrow, repay (without premium or penalty) and reborrow the Revolving Loan. The Revolving Loan shall not exceed in aggregate principal amount at any one time outstanding, and the Lender shall not have any obligation to make any Revolving Advance which shall result in the Revolving Loan being in excess of, the Revolving Commitment.

(c) If at any time the outstanding principal amount of the Revolving Loan exceeds the Borrowing Limit at such time, the Borrower shall promptly, in accordance with Article II hereof, eliminate such excess by paying an amount equal to such excess until such excess is eliminated in full.

(d) The Borrower may request that the Lender increase the Revolving Commitment, and the Lender, in its sole discretion upon such request, may decide to increase the Revolving Commitment, provided that the Revolving Commitment, as so increased, shall in no event exceed $20,000,000. Each such increase shall be in an amount equal to $1,000,000 or an integral multiple of $1,000,000 in excess thereof and the Borrower shall, upon the effective date of such increase, pay to the Lender a fee in an amount equal to 1.00% of any such increase.

(e) The Borrower may elect to decrease the Revolving Commitment; provided, that (i) such decrease shall be in an amount equal to $1,000,000 or an integral multiple of $1,000,000 in excess thereof and the Borrower shall, upon the effective date of such decrease, pay to the Lender an amount equal to 1.25% of any such decrease, and (ii) following the delivery of such decrease request, the Borrower shall not request any increase pursuant to Section 1.02(d).

ss. 1.03. Notice of Borrowing; Borrower's Certificate. Whenever the Borrower desires to make a borrowing of a Revolving Advance, the Borrower shall give the Lender not later than 11:00 a.m. (New York time), on the day of a proposed Revolving Advance prior Written Notice or telephonic notice from an Authorized Representative confirmed promptly in writing (which notice shall be irrevocable) of its desire to make a borrowing of a Revolving Advance on a Funding Date. Each notice of borrowing under this Section 1.03 shall be substantially in the form of Exhibit VII-B hereto (each a "Borrower's Certificate") and specify the date on which the Borrower desires to make a borrowing of a Revolving Advance (which in each instance shall be a Funding Date), the amount of such borrowing, and shall attach the most recent Borrowing Base Certificate to the Borrower's Certificate to be delivered by the Borrower to the Lender and set forth the Borrowing Base provided therein.

ss. 1.04. Termination of Revolving Commitment. On the Maturity Date, the Revolving Commitment shall be cancelled automatically. In addition, prior to the Maturity Date, the Borrower may terminate the Revolving Commitment pursuant to Section 5.07(b). Upon such cancellation, the Revolving Advances (together with all other Lender Debt) shall become, without further action by any Person, immediately due and payable together with all accrued interest thereon to such date plus any fees, premiums, charges or costs provided for hereunder.

ss. 1.05. Interest and Non-Utilization Fee. (a) During the Special Period or at any time the Revolving Loan is greater than the Basic Borrowing Amount, the Borrower shall pay interest on the unpaid principal amount of each Revolving Advance made to it outstanding from time to time on each Interest Payment Date (i) on the Basic Borrowing Amount (or any lesser principal amount outstanding from time to time), at an interest rate per annum equal to the LIBO Rate for the Interest Period in effect for such Revolving Advance plus 2.00%, and (ii) on any principal amount outstanding in excess of the Basic Borrowing Amount, at an interest rate per annum equal to the

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LIBO Rate for the Interest Period in effect for such Revolving Advance plus (x) 3.50% plus, during the Special Period, (y) (1) 0.50% multiplied by (2) the number of monthly anniversaries to have occurred since the Initial Funding Date.

(b) Interest Following the Expiration of the Special Period. Following the expiration or termination of the Special Period and provided that the Revolving Loan is equal to or less than the Basic Borrowing Amount, the Borrower shall pay interest on the unpaid principal amount of each Revolving Advance made to it outstanding from time to time (i) on each Interest Payment Date, and (ii) on the Maturity Date (whether by acceleration or otherwise) upon demand, in each case at an interest rate per annum equal to the LIBO Rate for the Interest Period in effect for such Revolving Advance plus 2.00%.

(c) Default Interest. Notwithstanding anything to the contrary contained herein, while any Event of Default is continuing, interest on the Revolving Advances shall be payable on demand at a rate per annum equal to two percentage points (2.00%) in excess of the rate then otherwise applicable to any Revolving Advance.

(d) LIBO Rate Determination. The Lender, upon determining the LIBO Rate shall promptly notify by telephone (confirmed promptly in writing) or in writing the Borrower of such rates. Such determination shall, in the absence of manifest error, be conclusive and binding upon the Borrower.

(e) Non-Utilization Fee. The Borrower shall pay to the Lender on the first Funding Date of each month a fee (the "Non-Utilization Fee") equal to 0.375% per annum on the average amount, calculated on a daily basis, by which the Revolving Commitment exceeded the outstanding amount of the Revolving Loan during the prior Month.

ss. 1.06. Renewals. (a) The Borrower may, from time to time following the Initial Funding Date and prior to the Maturity Date, renew all or a portion of its outstanding Revolving Advances so long as the aggregate principal balance of the portion of the Revolving Advance made to the Borrower being renewed, if any, is $100,000 or an integral multiple of $100,000 in excess of $100,000; provided, however, that the Borrower shall not be entitled to renew any Revolving Advance, or portion thereof unless all accrued interest on the Revolving Advance renewed through the date of such renewal shall have been paid in full.

(b) Each renewal by the Borrower of an outstanding Revolving Advance or portion thereof shall be made on notice to the Lender given not later than 11:00 a.m. (New York time) on the date at least two Business Days' prior to the last day of the Interest Period just ending for such Revolving Advance. Each notice (which notice shall be irrevocable) by the Borrower of the renewal of a Revolving Advance or portion thereof, shall be in writing or by telephone from an Authorized Representative of the Borrower confirmed promptly in writing and shall specify the amount of such renewal of the Revolving Advance or portion thereof. Notwithstanding the above, the Borrower shall not be entitled to renew a Revolving Advance or a portion thereof, if at the time of the selection of such renewal there shall exist a Default or an Event of Default.

(c) Any Revolving Advance or portion thereof as to which the Lender shall not have received a proper notice of renewal as provided in Section 1.06(b) hereof or notice of payment or prepayment by 3:00 p.m. (New York time) at least three Business Days prior to the last day of the Interest Period just ending for such Revolving Advance shall (whether or not any Default or Event of Default has occurred) shall either be paid in full or if not paid in full, at the Lender's sole and absolute discretion, may be converted, in whole or in part, to a new Revolving Advance on the last day of the Interest Period.

ss. 1.07. Computation of Interest. (a) Interest on the Revolving Loan and fees and other amounts calculated by the Lender on the basis of a rate per annum shall be computed on the basis of actual days elapsed over a 360-day year.

(b) Whenever any payment to be made hereunder or under any other Document shall be stated to be due and payable on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in computing interest on such payment; provided, however, that if such extension would cause a payment of a Revolving Advance to be made, or the last day of such Interest Period for a Revolving Advance to occur, in the next following Month, such payment shall be made and the last day of such Interest Period shall occur on the next preceding Business Day.

ss. 1.08. Procedures for Payment. (a) Each payment hereunder shall be made not later than 12:00 noon (New York City time) on the day when due in lawful

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money of the United States of America to the Lender without counterclaim, offset, claim or recoupment of any kind and free and clear of, and without deduction for, any present or future withholding or other taxes, duties or charges of any nature imposed on such payments or prepayments by or on behalf of any Governmental Body thereof or therein, except for Excluded Taxes. If any such taxes, duties or charges are so levied or imposed on any payment to any Lender, the Borrower will make additional payments in such amounts as may be necessary so that the net amount received by the Lender, after withholding or deduction for or on account of all taxes, duties or charges, including deductions applicable to additional sums payable under this Section 1.08, will be equal to the amount provided for herein. Whenever any taxes, duties or charges are payable by the Borrower with respect to any payments hereunder, the Borrower shall furnish promptly to the Lender information, including certified copies of official receipts (to the extent that the relevant governmental authority delivers such receipts), evidencing payment of any such taxes, duties or charges so withheld or deducted. If the Borrower fails to pay any such taxes, duties or charges when due to the appropriate taxing authority or fail to remit to the Lender the required information evidencing payment of any such taxes, duties or charges so withheld or deducted, the Borrower shall indemnify the Lender for any incremental taxes, duties, charges, interest or penalties that may become payable by the Lender as a result of any such failure.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Borrower agrees to pay any present or future stamp or documentary taxes, any intangibles tax or any other sales, excise or property taxes, charges or similar levies now or hereafter assessed that arise from and are attributable to any payment made hereunder or from the execution, delivery of, or

otherwise with respect to, this Agreement or other Documents and any and all recording fees relating to any Documents securing any Lender Debt ("Other Taxes").

(c) The Borrower shall indemnify the Lender for the full amount of any taxes, duties or charges other than Excluded Taxes and Other Taxes (including, without limitation, any taxes other than Excluded Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 1.08) duly paid or payable by the Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Indemnification payments shall be made within 30 days from the date the Lender makes written demand therefor.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 1.08 shall survive the payment in full of principal and interest hereunder and under the Notes indefinitely.

ss. 1.09. Indemnities. (a) The Borrower hereby agrees to indemnify the Lender on demand against any loss or expense which the Lender or its branch or Affiliate may sustain or incur as a consequence of: (i) any default in payment or prepayment of the principal amount of any Revolving Advance made to it or any portion thereof or interest accrued thereon, as and when due and payable (at the due date thereof, by irrevocable notice of payment or prepayment, or otherwise); (ii) the effect of the occurrence of any Event of Default upon any Revolving Advance made to it; (iii) the payment or prepayment of the principal amount of any Revolving Advance made to it or any portion thereof, on any day other than the last day of an Interest Period or the payment of any interest on any Revolving Advance made to it, or portion thereof, on a day other than an Interest Payment Date for such Revolving Advance; or (iv) the failure by the Borrower to accept or make a borrowing of a Revolving Advance or a renewal of a Revolving Advance after it has requested such borrowing, conversion or renewal; in each case including, but not limited to, any loss or expense sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Revolving Advance or any portion thereof. The Lender shall provide to the Borrower a statement, supported when applicable by documentary evidence, explaining the amount of any such loss or expense it incurs, which statement shall be conclusive absent manifest error.

(b) The Borrower hereby agrees to indemnify and hold harmless the Lender and its Affiliates, directors, officers, agents, representatives, counsel and employees and each other Person, if any, controlling them or any of its Affiliates within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20(a) of the Exchange Act (each an "Indemnified Party"), from and against any and all losses, claims, damages, costs, expenses (including reasonable counsel fees and disbursements) and liabilities which may be incurred by or asserted against such Indemnified Party with respect to or arising out of the commitments hereunder to make the Revolving Advances, or the financings contemplated hereby, the other Documents, the Collateral (including,

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without limitation, the use thereof by any of such Persons or any other Person, the exercise by the Lender of rights and remedies or any power of attorney with respect thereto, and any action or inaction of the Lender under and in accordance with any Security Document), the use of proceeds of any financial accommodations provided hereunder, any investigation, litigation or other proceeding brought or threatened relating thereto, or the role of any such Person or Persons in

connection with the foregoing whether or not they or any other Indemnified Party is named as a party to any legal action or proceeding ("Claims"). The Borrower will not, however, be responsible to any Indemnified Party hereunder for any Claims to the extent that a court having jurisdiction shall have determined by a final nonappealable judgment that any such Claim shall have arisen out of or resulted solely from (a)(i) actions taken or omitted to be taken by such Indemnified Party by reason of the bad faith, willful misconduct or gross negligence of any Indemnified Party, or (ii) in violation of any law or regulation applicable to such Indemnified Party (except to the extent that such violation is attributable to any breach of any representation, warranty or agreement by or on behalf of the Borrower, CCA, any Provider or any of their respective designees, in each case, as determined by a final nonappealable decision of a court of competent jurisdiction), or (b) a successful claim by CCA or any Provider against such Indemnified Party ("Excluded Claims"). Further, should any employee of the Lender, in connection with such employee's employment by the Lender, be involved in any legal action or proceeding in connection with the transactions contemplated hereby (other than relating to an Excluded Claim), the Borrower hereby agrees to pay to the Lender such per diem compensation as the Lender shall request for each employee for each day or portion thereof that such employee is involved in preparation and testimony pertaining to any such legal action or proceeding. The Indemnified Party shall give the Borrower prompt Written Notice of any Claim setting forth a description of those elements of the Claim of which such Indemnified Party has knowledge. The Lender, as an Indemnified Party shall be permitted hereunder to select counsel to defend such Claim at the expense of the Borrower and, if such Indemnified Party shall decide to do so, then all such Indemnified Parties shall select the same counsel to defend such Indemnified Parties with respect to such Claim; provided, however, that if any such Indemnified Party shall in its reasonable opinion consider that the retention of one joint counsel as aforesaid shall result in a conflict of interest, such Indemnified Party may, at the expense of the Borrower, select its own counsel to defend such Indemnified Party with respect to such Claim. The Indemnified Parties and the Borrower and their respective counsel shall cooperate with each other in all reasonable respects in any investigation, trial and defense of any such Claim and any appeal arising therefrom.

ss. 1.10. Telephonic Notice. Without in any way limiting the Borrower's obligation to confirm in writing any telephonic notice of a borrowing, conversion or renewal, the Lender may act without liability upon the basis of telephonic notice believed by the Lender in good faith to be from an Authorized Representative of the Borrower prior to receipt of written confirmation.

ss. 1.11. Maximum Interest. (a) No provision of this Agreement or any Note shall require the payment to any Lender or permit the collection by any Lender of interest in excess of the maximum rate of interest from time to time permitted (after taking into account all consideration which constitutes interest) by laws applicable to the Lender Debt and binding on any Lender (such maximum rate being the Lender's "Maximum Permissible Rate").

(b) If the amount of interest computed without giving effect to this Section 1.11 and payable on any interest payment date in respect of the preceding interest computation period would exceed the amount of interest computed in respect of such period at the Maximum Permissible Rate, the amount of interest payable to the Lender on such date in respect of such period shall be computed at the Maximum Permissible Rate.

(c) If at any time and from time to time: (i) the amount of interest payable to any Lender on any interest payment date shall be computed at the Maximum Permissible Rate pursuant to the preceding subsection (b); and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to the Lender would be less than the amount of interest payable to the Lender computed at the Maximum Permissible Rate, then the amount of interest payable to the Lender in respect of such subsequent interest computation period shall continue to be computed at the Maximum Permissible Rate

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until the amount of interest payable to the Lender shall equal the total amount of interest which would have been payable to the Lender if the total amount of interest had been computed without giving effect to the preceding subsection (b).

ARTICLE II.
COLLECTION AND DISTRIBUTION

ss. 2.01. Collections on the Receivables. The Lender shall be entitled with respect to all Accounts, (i) to receive and to hold as collateral all Accounts and all Collections on Accounts in accordance with the terms of the Depositary Agreement, and (ii) to have and to exercise any and all rights (x) to collect, record, track and, during the continuance of an Event of Default, take all actions to obtain Collections with respect to all Accounts payable by non-Governmental Entities, and (y) to the extent permitted by law and in a manner consistent with all applicable laws and regulations, record, track and take all actions to obtain Collections with respect to all Accounts payable by Governmental Entities.

ss. 2.02. Distribution of Funds. On each Funding Date, and provided, that (i) no Event of Default is continuing, and (ii) the Borrower shall have successfully sent by Transmission to the Master Servicer all information required with respect to the Receivables for the period since the immediately prior Funding Date, the Lender shall distribute any and all Collections received since the immediately prior Funding Date, together with interest thereon (at the Overnight Rate established from time to time) from the date of receipt until the Funding Date so distributed as follows: FIRST, to the Lender, an amount in cash equal to the Fee and Interest Shortfall, if any, until such amount has been paid in full; SECOND, to the Lender, an amount in cash equal to the payment, if any, of principal on the Revolving Loan due and payable on such Funding Date, until such amount has been paid in full; THIRD, to the Lender, an amount in cash equal to the payment of any other Lender Debt due and payable on such Funding Date, if any, until such amount has been paid in full; and FOURTH, to the Borrower, all remaining amounts of Collections, together with interest thereon (at the Overnight Rate established from time to time) from the date of receipt until the Funding Date so distributed.

ss. 2.03. Distribution of Funds at the Maturity Date or Upon an Event of Default. At the Maturity Date or upon the occurrence and during the continuance of an Event of Default, subject to the rights and remedies of the Lender pursuant to Section 3.02 hereof, the Lender shall distribute any and all Collections to the Lender as follows: FIRST, to the Lender, an amount in cash equal to any and all accrued fees and collection costs as set forth in Section 5.05, until such amount has been paid in full; SECOND, to the Lender, an amount in cash equal to all accrued and unpaid interest on the Revolving Loans (at the rate established under Section 1.05(b)) until such amount has

been funded in full; THIRD, to the Lender, an amount in cash equal to the principal amount of the Revolving Loan, until such amount is paid in full; FOURTH, to the Lender, an amount in cash equal to the payment of any other Lender Debt due and payable on such Funding Date, until such amount has been paid in full; and FIFTH, to the Borrower, all remaining amounts of Collections.

ss. 2.04. Distributions to the Borrower Generally. Distributions to the Borrower on each Funding Date shall be deposited in an account designated by the Borrower in writing to the Program Manager from time to time.

ss. 2.05. Avoidance of Breakage Costs. So long as no Default or Event of Default is continuing, the Lender shall not apply out of the Collections, unless requested in writing by the Borrower, any payment of principal to any portion of a Revolving Loan until the last day of the respective Interest Period thereof or the earlier maturity of such portion of such Revolving Loan by acceleration or otherwise.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES; COVENANTS;
EVENTS OF DEFAULT

ss. 3.01. Representations and Warranties; Covenants. The Borrower makes on the Initial Funding Date and on each subsequent Funding Date, the representations and warranties set forth in Exhibit III hereto, and hereby agrees to perform and observe the covenants set forth in Exhibit IV hereto.

ss. 3.02. Events of Default; Remedies. (a) If any Event of Default shall occur and be continuing, the Lender may, by notice to the Borrower, take either or both of the following actions: (x) declare the Maturity Date to have occurred, and (y) without limiting any rights hereunder, replace the Borrower to

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in its performance of any or all of the "Primary Servicer Responsibilities" under the RPA (which replacement may be effectuated through the outplacement to a qualified and experienced third-party of all back office duties, including billing, collection and processing responsibilities, and access to all personnel, hardware and software utilized in connection with such responsibilities); provided, that, with respect to the Event of Default in clause (g) of Exhibit V, the Maturity Date shall be deemed to have occurred automatically and without notice. Upon any such declaration or designation, the Lender shall have, in addition to the rights and remedies which it may have under this Agreement, all other rights and remedies provided after default under the UCC and under other applicable law, which rights and remedies shall be cumulative.

(b) Right of Set-Off. The Borrower hereby irrevocably authorizes and instructs the Lender to set-off the full amount of the any Lender Debt due and payable against (i) any Collections, or (ii) the principal amount of any Revolving Advance to be financed on or after such date. No further notification, act or consent of any nature whatsoever is required prior to the right of the Lender to exercise such right of set-off; provided, however, a member of the Lender Group

shall notify the Borrower that a set-off pursuant to this Section 3.02 occurred, the amount of such set-off and a description of the Lender Debt that was due and payable.

ss. 3.03. Attorney-in-Fact. The Borrower hereby irrevocably designates and appoints the Lender, the Master Servicer and each other Person in the Lender Group, to the extent permitted by applicable law and regulation, as the Borrower's attorneys-in-fact, which irrevocable power of attorney is coupled with an interest, with authority, upon the continuance of an Event of Default (and to the extent not prohibited under applicable law and regulations) to (i) endorse or sign the Borrower's name to financing statements, remittances, invoices, assignments, checks (other than payments from Governmental Entities), drafts or other instruments or documents in respect of the Receivables and the Receivables, (ii) notify Insurers to make payments on the Receivables directly to the Lender, and (iii) bring suit in the Borrower's name and settle or compromise such Receivables as the Lender or the Master Servicer may, in its discretion, deem appropriate.

ARTICLE IV.
SECURITY

ss. 4.01. Grant of Security Interest. (a) As collateral security for the Borrower's obligations to pay the Lender Debt when due and payable hereunder, the Borrower hereby grants to the Lender a first priority Lien on and security interest in and right of set-off against all of the rights, title and interest of the Borrower in and to (i) the RPA, (ii) to the maximum extent permitted by law, the Provider Lockboxes and the Provider Lockbox Accounts, (iii) all of the Borrower's Accounts whether now owned or hereafter acquired, (iv) any and all amounts held in any accounts maintained at KeyBank in respect of any of the foregoing or in compliance with any terms of this Agreement, (v) any and all amounts held in any accounts maintained at First Union National Bank of Florida in respect of any of the foregoing or in compliance with any terms of this Agreement, and (vi) all proceeds of the foregoing. This Agreement shall be deemed to be a security agreement as understood under the UCC.

(b) The Borrower agrees to execute, and hereby authorizes the Lender to file, one or more financing statements or continuation statements or amendments thereto or assignments thereof in respect of the Lien created pursuant to this Section 4.01 which may at any time be required or, in the opinion of the Lender, be desirable, and to do so without the signature of the Borrower where permitted by law.

ARTICLE V.
MISCELLANEOUS

ss. 5.01. Amendments, etc. (a) No amendment or waiver of any provision of this Agreement or consent to any departure therefrom by a party hereto shall be effective unless in a writing signed by the Lender and the Borrower and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Lender or the Borrower to exercise, and no delay in exercising, any right hereunder

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shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

(b) The parties hereto agree to make any change, modification or amendment to this Agreement as may be requested by Duff & Phelps Credit Rating Co. or any other rating agency then rating the healthcare financing program of the Lender, so long as any such change, modification or amendment does not materially adversely affect the parties hereto.

ss. 5.02. Notices, etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which may include facsimile communication) and shall be faxed or delivered, (i) to each party hereto (and DH-2 hereby agrees that notices to or for its benefit may be delivered to the Program Manager and such delivery to the Program Manager shall be deemed received by DH-2), at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a Written Notice to the other parties hereto, and (ii) to the Program Manager and the Master Servicer at the addresses set forth on Schedule I attached hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), and notices and communications sent by other means shall be effective when received.

ss. 5.03. Assignability. (a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

(b) Without the prior consent of CCA (acting on behalf of the Providers) and the Borrower (which consent shall not be unreasonably withheld), the Lender may not assign this Agreement and the Lender's rights, title and interest and obligations contained herein (including its security interest in the Receivables) (collectively, "Lender Position"); provided, that (i) the Lender may assign the Lender Position to another limited purpose bankruptcy-remote entity sponsored and managed by the Program Manager which does not result in any increased costs or liabilities to the Borrower or diminution of the Borrower's rights hereunder and which agrees in writing in a manner reasonably acceptable to the Borrower to be bound by and perform all of the Lender's obligations hereunder, and (ii) the Borrower hereby acknowledges that the Lender is granting Daiwa Finance Corporation a security interest in the Lender's Position, including without limitation, this Agreement.

(c) The Borrower may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Lender.

ss. 5.04. Further Assurance. The Borrower shall, at its cost and expense, upon the request of the Lender, duly execute and deliver, or cause to be duly executed and delivered, to the Lender such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Lender to carry out more effectively the provisions and purposes of this Agreement.

ss. 5.05. Costs and Expenses; Collection Costs. (a) The Borrower agrees to pay on demand (i) all reasonable non-legal costs and expenses in connection with the preparation, execution and delivery of this Agreement; (ii) the reasonable fees and out-of-pocket expenses of counsels for the Lender and its Affiliates in connection with this transaction; and (iii) all reasonable costs and expenses, if any (including reasonable counsel fees and expenses), of the Lender and its Affiliates in connection with any waiver, modification, supplement or amendment hereto, or the enforcement of this Agreement. The Borrower further agrees pay on the Initial Funding Date (and with respect to costs and expenses incurred following the Initial Funding Date, within seven days of demand therefor) (a) all reasonable costs and expenses incurred by the Lender or its agent in connection with periodic audits of the Receivables which audits, other than after an Event of Default, shall occur no more frequently than annually, (b) all reasonable costs and expenses incurred by the Master Servicer or the Program Manager to accommodate any significant coding or data system changes made by the Borrower that would affect the transmission or interpretation of data received through the interface, and (c) all reasonable costs and expenses incurred by the Lender for additional time (calculated at a rate of $100 per hour) and material expenses of the Master Servicer resulting from a lack of cooperation or responsiveness of the Borrrower to agreed-upon protocol and schedules with the Master Servicer; provided, that the Borrower has been informed of the alleged

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lack of cooperation or responsiveness and has been provided the opportunity to correct such problems.

(b) In the event that the Lender shall retain an attorney or attorneys to collect, enforce, protect, maintain, preserve or foreclose its interests with respect to this Agreement, any other Documents, any Lender Debt, any Receivable or the Lien on any Collateral or any other security for the Lender Debt or under any instrument or document delivered pursuant to this Agreement, or in connection with any Lender Debt, the Borrower shall pay all of the reasonable costs and expenses of such collection, enforcement, protection, maintenance, preservation or foreclosure, including reasonable attorneys' fees, which amounts shall be part of the Lender Debt, and the Lender may take judgment for all such amounts. The attorney's fees arising from such services, including those of any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel in any way or with respect to or arising out of or in connection with or relating to any of the events or actions described in this Section 5.05 shall be payable by the Borrower to the Lender on demand (with interest accruing from the earlier of two Business Days following (i) the date of such demand, and (ii) the date that the Borrower became aware of the incurrence of such cost), and shall be additional obligations under this Agreement. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: recording costs, appraisal costs, paralegal fees, costs and expenses; accountants' fees, costs and expenses; court costs and expenses; photocopying and duplicating expenses; court reporter fees, costs and expenses; long distance telephone charges; air express charges; telegram charges; telecopier charges; secretarial overtime charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal services.

ss. 5.06. onfidentiality. (a) The Borrower and the Lender hereby acknowledge that this Agreement and documents delivered hereunder or under the RPA including, without limitation, any information relating to the Borrower, the Lender or the Providers contain confidential and proprietary information. Unless otherwise required by applicable law, the Borrower and the Lender

each hereby agrees to maintain the confidentiality of this Agreement (and all drafts and other documents delivered in connection therewith including, without limitation, any information relating to the Borrower, the Lender or the Providers delivered hereunder or under the RPA) in communications with third parties and otherwise and to take all reasonable action to prevent the unauthorized use or disclosure of and to protect the confidentiality of such confidential information; provided, that, such confidential information may be disclosed to (i) the Borrower's legal counsel and auditors and to the Provider under the RPA and their investors and creditors, and their respective legal counsel and auditors, (ii) the Program Manager, the Person then fulfilling the "Primary Servicer Responsibilities" under the RPA, each member of the Lender Group, investors in and creditors of DH-2, appropriate rating agencies with respect to DH-2, and each of their respective legal counsel and auditors, (iii) any Person, if such information otherwise becomes available to such Person or publicly available through no fault of any party governed by this Section 5.06, (iv) any Governmental Entity requesting such information and (v) any other Person with the written consent of the other party, which consent shall not be unreasonably withheld, and provided further that the Borrower and the Providers shall not disclose such confidential information to any financial adviser not a party to this Agreement, except with the consent of Lender, which will not be unreasonably withheld.

(b) The Borrower understands and agrees that the Lender may suffer irreparable harm if the Borrower breaches its obligations under Section 5.06(a) herein and that monetary damages shall be inadequate to compensate the Lender for such breach. Accordingly, the Borrower agrees that, in the event of a breach by the Borrower of Section 5.06(a), the Lender, in addition and not in limitation of its rights and remedies under law, shall be entitled to a temporary restraining order, preliminary injunction and permanent injunction to prevent or restrain any such breach.

(c) Lender hereby agrees to, and shall take reasonable steps to cause each member of the Lender Group to, comply with all applicable laws regarding confidential patient information it receives in connection with the transactions described in this Agreement.

ss. 5.07. Term and Termination; Early Termination Fee. (a) The obligations of the Lender under this Agreement shall continue in full force and effect from the date hereof until the Maturity Date. Upon the payment in full of all Lender Debt, the Lender shall take all actions and deliver all assignments, certificates, releases, notices and other documents, at the Borrower's expense, as the Borrower may reasonably request to effect such termination.

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(b) The Borrower may terminate this Agreement at any time prior to the Maturity Date upon (i) lapse of not less than ten days' prior Written Notice (which shall be irrevocable) to the Lender of default of the commitment by the Lender pursuant to Article I hereof to make Revolving Advances and (ii) payment in full of all Lender Debt, including all applicable fees, charges, premiums and costs, all as provided hereunder, and in such occurrence of clauses (i) and (ii) the commitment hereunder shall be deemed to be terminated.

(c) Upon the termination of this Agreement (for any reason other than the default hereof by the Lender) prior to the Scheduled Maturity Date, the Borrower shall pay to the Lender an early termination fee amount equal to 1.25% of the Revolving Commitment then in effect.

(d) The termination of this Agreement shall not affect any rights of the Lender or any obligations of the Borrower arising on or prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all Lender Debt incurred on or prior to such termination have been paid and performed in full.

(e) Upon the giving of notice of a Default or an Event of Default of this Agreement, all Lender Debt shall be due and payable on the date of Default or the Event of Default specified in such notice. Upon the (i) the termination of all commitments and obligations of the Lender, and (ii) the indefeasible payment in full of all Lender Debt, the Lender shall, at the Borrower's request and sole cost and expense, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such termination.

(f) The Liens and rights granted to the Lender hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement, until all of the Lender Debt has been indefeasibly paid in full in cash.

(g) All indemnities representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof unless otherwise provided.

(h) Notwithstanding the foregoing, if after receipt of any payment of all or any part of the Lender Debt, the Lender is for any reason compelled to surrender such payment to any Person or entity because such payment is determined to be void or voidable as a preference, an impermissible setoff, a diversion of trust funds or for any other reason, this Agreement shall continue in full force (except that the Revolving Commitment of the Lender shall have been terminated), and the Borrower shall be liable to, and shall indemnify and hold the Lender harmless for the amount of such payment surrendered until the Lender shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Lender in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Lender's rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

ss. 5.08. No Liability of Lender. (a) Neither this Agreement nor any document executed in connection herewith shall constitute an assumption by the Lender of any obligation to an Obligor or a patient of the Borrower.

(b) Notwithstanding any other provision herein, no recourse under any obligation, covenant, agreement or instrument of the Lender contained herein or with respect hereto shall be had against any Related Person whether arising by breach of contract, or otherwise at law or in equity (including any claim in tort), whether express or implied, it being understood that the agreements and other obligations of the Lender herein and with respect hereto are solely its corporate

obligations; provided, however, nothing herein above shall operate as a release of any liability which may arise as a result of such Related Person's gross negligence or willful misconduct. The provisions of this Section 5.08 shall survive the termination of this Agreement.

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ss. 5.09. Entire Agreement; Severability. (a) This Agreement embodies the entire agreement and understanding of the parties concerning the subject matter contained herein. This Agreement supersedes any and all prior agreements and understandings between the parties, whether written or oral.

(b) If any provision of this Agreement shall be declared invalid or unenforceable, the parties hereto agree that the remaining provisions of this Agreement shall continue in full force and effect.

ss. 5.10. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF).

ss. 5.11. WAIVER OF JURY TRIAL, JURISDICTION AND VENUE. THE PARTIES HERETO HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY IN THE EVENT OF ANY LITIGATION WITH RESPECT TO ANY MATTER RELATED TO THIS AGREEMENT, AND HEREBY IRREVOCABLY CONSENT TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN NEW YORK COUNTY, NEW YORK CITY, NEW YORK IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. IN ANY SUCH LITIGATION, THE PARTIES HERETO WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS AND AGREE THAT SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO THE PARTIES HERETO AT THEIR ADDRESSES SET FORTH ON THE SIGNATURE PAGE HEREOF. THE PARTIES HERETO SHALL APPEAR IN ANSWER TO SUCH SUMMONS, COMPLAINT OR OTHER PROCESS WITHIN THE TIME PRESCRIBED BY LAW, FAILING WHICH THE PARTY FAILING TO SO APPEAR SHALL BE DEEMED IN DEFAULT AND JUDGMENT MAY BE ENTERED BY THE PARTY PROSECUTING THE CLAIM FOR THE AMOUNT OF THE CLAIM AND OTHER RELIEF REQUESTED THEREIN.

ss. 5.12. Execution in Counterparts. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

ss. 5.13. No Proceedings. The Borrower hereby agrees that it will not institute against the Lender any proceeding of the type referred to in clause (g) of Exhibit V so long as any senior indebtedness issued by the Lender shall be outstanding or there shall not have elapsed one

year plus one day since the last day on which any such senior indebtedness shall have been outstanding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER: CCA FUNDING LLC

By:
Name:
Title: Manager

Address: 3050 N. Horseshoe Drive, Suite 260
Naples, FL 33942
Attention: Mr. David H. Fater
Facsimile Number: (941) 435-0408

LENDER: DAIWA HEALTHCO-2 LLC

By:
Name:
Title:

c/o Lord Securities Corporation
Two Wall Street

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New York, NY 10005
Attention: Andrew L. Stidd
Facsimile Number: (212) 346-9012

EXHIBIT I.

DEFINITIONS

As used in the Agreement (including its Exhibits and Schedules), the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounts" means any and all accounts (including, without limitation, all Receivables), general intangibles and other obligations owing or to be owing to the Borrower for the payment of money arising out of any sale of medical products or rendition of medical, surgical, diagnostic or other professional medical services in the ordinary course of business by any Provider (including, without limitation, under any tradenames of such Provider), whether now existing or hereafter arising, including all rights to reimbursement under any agreements with and payments from Obligors, patients, residents or other Persons and all proceeds of any of the foregoing.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble hereto.

"A/R Fee" means the account receivable tracking fee, due on the first Business Day of each Month, in an amount equal to:

AORA x TD / 360 x ARP

where:

AORA	= The average outstanding amount of the Revolving Loan for the prior Month, calculated as the arithmetic average of all daily balances
TD	= The actual amount of days in such prior Month
ARP	= The applicable A/R Fee Percentage, determined by reference to the AORA for the prior Month, as follows:

AORA for the Prior Month	A/R Fee Percentage

less than or equal to $3,000,000 0.60% greater than $3,000,000 but less than or equal to $5,000,000 0.55% greater than $5,000,000 but less than or equal to $7,000,000 0.50% greater than $7,000,000 but less than or equal to $10,000,000 0.45% greater than $10,000,000 but less than or equal to $15,000,000 0.40% greater than $15,000,000 but less than or equal to $20,000,000 0.35% greater than $20,000,000 0.30%;

provided that if this Agreement shall be terminated on a day other than the first Business Day of a Month, such A/R Fee for such period from the last day of the prior Month to the date of termination shall be calculated as above by substituting such final period for the term "Month" hereinabove.

"Authorized Representative" shall mean each Person designated from time to time, as appropriate, in a Written Notice by the Borrower to the Lender for the purposes of giving notices of borrowing, conversion or renewal of Revolving Advances, which designation shall continue in force and effect until terminated

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in a Written Notice to the Lender.

"Basic Borrowing Amount" shall mean an amount equal to eighty-five percent (85%) of the Expected Net Value of Eligible Receivables as of such time.

"Borrower" has the meaning set forth in the preamble hereto.

"Borrower's Certificate" has the meaning set forth in Section 1.03.

"Borrower Account" means account #2090001617808 of the Borrower at First Union National Bank of Florida, ABA #063 0000 21, 125 North Airport Road, Naples, FL 34104, or such other bank account designated by the Borrower by Written Notice to the Master Servicer, the Lender and the Program Manager from time to time.

"Borrowing Base" shall mean, (a) during the Special Period, the greater of (i) the Basic Borrowing Amount or (ii) an amount equal to the lesser of (x) $14,500,000 and (y) ninety-four percent (94%) of the Expected Net Value of all Accounts (including receivables of private payors) owned by the Borrower which meet the criteria set forth in clauses (a) through (d), (f) through (m), and (p) of the Eligibility Criteria hereunder, and solely for the purposes of this clause (ii)(y), "Obligor" shall include private payors; and, (b) at any time following the expiration of the Special Period, an amount equal to the Basic Borrowing Amount; in each case and at all times as determined by reference to and as set forth in the most recent Borrowing Base Certificate delivered to the Lender by the Borrower as of such time pursuant to Exhibit IV, Clause (j)(i).

"Borrowing Base Certificate" shall mean a certificate (which may be sent by Transmission), substantially in the form set forth in Exhibit VII-A hereto, which shall provide the most recently available information (including updated information) with respect to the Eligible Receivables of the Borrower (segregated by the classes set forth in the definition of "Net Value Factor") that is set forth in the general trial balance of each of the Providers, in form and substance satisfactory to the Lender and the Master Servicer.

"Borrowing Base Deficiency" shall mean, as of any date, the positive difference, if any, between (x) the outstanding principal amount of the Revolving Loan, minus (y) the Borrowing Base indicated on the most recent Borrowing Base Certificate.

"Borrowing Limit" has the meaning set forth in Section 1.02.

"Business Day" means any day on which banks are not authorized or required to close in New York City, New York or Naples, Florida.

"CCA" means Community Care of America, Inc., together with its corporate successors and permitted assigns.

"CHAMPUS" means the Civilian Health and Medical Program of the Uniformed Service, a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation and established pursuant to 10 USC ss.ss. 1071-1106, and all regulations promulgated thereunder including without limitation (a) all federal statutes (whether set forth in 10 USC ss.ss. 1071-1106 or elsewhere) affecting CHAMPUS; and (b) all rules, regulations (including 32 CFR 199), manuals, orders and administrative, reimbursement and other guidelines of all Governmental Authorities (including, without limitation, the Department of Health and Human Services, the Department of Defense, the Department of Transportation, the Assistant Secretary of Defense (Health Affairs), and the Office of CHAMPUS, or any Person or entity succeeding to the functions of any of the foregoing) promulgated pursuant to or in connection with any of the foregoing (whether or not having the force of law) in each case as may be amended, supplemented or otherwise modified from time to time.

"Claims" has the meaning set forth in Section 1.09.

"Collections" means all cash collections, wire transfers, electronic funds transfers and other cash proceeds of Accounts deposited in or transferred to the Lender Lockbox Account, including, without limitation, all cash proceeds thereof.

"Credit and Collection Policy" means those receivables credit and collection policies and practices of the Borrower in effect on the date of the Agreement and described in Schedule II hereto, as modified from time to time with the consent of the Lender.

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"Debt" of any Person means (without duplication): (i) all obligations of such party for borrowed money, (ii) all obligations of such party evidenced by bonds, notes, debentures, or other similar instruments, (iii) all obligations of such party to pay the deferred purchase price of property or services (other than trade payables in the ordinary course of business), (iv) all "capital leases" (as defined by GAAP) of such party, (v) all Debt of others directly or indirectly guaranteed (which term shall not include endorsements in the ordinary course of business) by such party, (vi) all obligations secured by a Lien existing on property owned by such party, whether or not the obligations secured thereby have been assumed by such party or are non-recourse to the credit of such party (but only to the extent of the value of such property), and (vii) all reimbursement obligations of such party (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances and similar instruments.

"Default" shall mean an event, act or condition which with the giving of notice or the lapse of time, or both, would constitute an Event of Default.

"Defaulted Receivable" shall mean a Receivable (i) as to which the Obligor thereof or any other Person obligated thereon has taken any action, or suffered any event to occur, of the type described in paragraph (i) of Exhibit V, or (ii) which, consistent with the Credit and Collection Policy, would be written off the appropriate Provider's books as uncollectible.

"Delinquency Ratio" has the meaning set forth in the RPA.

"Delinquent Receivable" shall mean a Receivable (a) that has not been paid in full on or following the 180th day following the Last Service Date thereof, or (b) that is a Denied Receivable.

"Denied Receivable" shall mean any Receivable to which any related representations or warranties have been discovered at any time to have been breached.

"Depositary Agreement" means that certain Depositary Account Agreement, dated the date hereof, among the Providers, CCA, the Borrower, the Lender, and the Lockbox Bank, in substantially the form attached hereto as Exhibit VIII, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"Distribution" shall mean any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any capital interest in the Borrower, or return any capital to its members as such, or purchase, retire, defease, redeem or otherwise acquire for value or make any payment in respect of any shares of any class of capital interests in the Borrower or any warrants, rights or options to acquire any such interests, now or hereafter outstanding.

"Documents" shall mean this Agreement, the RPA, the Depositary Agreement, each Borrower's Certificate, each Borrowing Base Certificate and each other document or instrument now

or hereafter executed and delivered to the Lender by or on behalf of the Borrower pursuant to or in connection herewith or therewith.

"Eligible Receivables" means Receivables that satisfy the Eligibility Criteria, as determined by the Lender Group.

"Eligibility Criteria" means the criteria and basis for determining whether a Receivable shall be deemed by the Lender Group to qualify as an Eligible Receivable, all as set forth in Exhibit VI hereto, as such Eligibility Criteria may be modified from time to time by the Lender in its good faith discretion upon Written Notice to the Provider.

"Employee Benefit Plan" means any employee benefit plan within the meaning of ss. 3(3) of ERISA maintained by any Provider, the Borrower, any of their respective ERISA Affiliate, or with respect to which any of them have any liability.

"EOB" means the explanation of benefit from an Obligor that identifies the

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services rendered on account of the Receivable specified therein.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any entity which is under common control with the Borrower within the meaning of ERISA or which is treated as a single employer with the Borrower under the Internal Revenue Code of 1986, as amended.

"Event of Default" means any of the events specified in Exhibit V hereto.

"Event of Termination" shall have the meaning set forth in the RPA.

"Excluded Claims" has the meaning set forth in Section 1.09(b)

"Excluded Taxes" shall mean taxes upon or determined by reference to the Lender's net income imposed by the jurisdiction that any such Lender is organized or has its principal or registered office.

"Expected Net Value" means, with respect to any Eligible Receivable, the gross unpaid amount of such Receivable on date of creation thereof, times the Net Value Factor.

"Fee and Interest Shortfall" as of any Funding Date, shall mean the amount, if any, of A/R Fee or interest that is due and payable and has not otherwise been paid in full by the Borrower.

"Funding Date" means Tuesday of each week after the Initial Funding Date, or if such day is not a Business Day, the next succeeding Business Day.

"GAAP" means generally accepted accounting principles in the United States of America, applied on a consistent basis as set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or the rules and regulations of the Securities and Exchange Commission and/or their respective successors and which are applicable in the circumstances as of the date in question.

"Governmental Entity" means the United States of America, any state, any political subdivision of a state and any agency or instrumentality of the United States of America or any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government. Payments from Governmental Entities shall be deemed to include payments governed under the Social Security Act (42 U.S.C. 1395, et seq.), including payments under Medicare, Medicaid and CHAMPUS, and payments administered or regulated by HCFA.

"HCFA" means the Health Care Financing Administration of the United States Department of Health and Human Services.

"Indemnified Party" has the meaning set forth in Section 1.09.

"Initial Funding Date" means the date of the initial Revolving Advance in respect of Receivables hereunder.

"Insurer" means any Person which in the ordinary course of its business or activities agrees to pay for healthcare goods and services received by individuals, including commercial insurance companies, nonprofit insurance companies (such as Blue Cross, Blue Shield entities), employers or unions which self-insure for employee or member health insurance, prepaid health care organizations, preferred provider organizations and health maintenance organizations. "Insurer" includes insurance companies issuing health, personal injury, workers' compensation or other types of insurance but does not include any individual guarantors.

"Interest Payment Date" shall mean the last day of the Interest Period for the applicable Revolving Advance.

"Interest Period" shall mean the period commencing on, as the case may be, the borrowing or conversion date with respect to such Revolving Advance and ending one month thereafter; provided, however, that no Interest Period may be selected that expires later than the Maturity Date; and provided, further, that any Interest Period that begins on the last Business Day of a Month (or on a day for which there is no numerically corresponding day in the Month at the end of such Interest Period) shall, subject to the foregoing proviso, end on the last Business Day of a Month.

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"Last Service Date" means, with respect to any Eligible Receivable, the date set forth on the related invoice or statement as the most recent date on which services or merchandise were provided by a Provider to the related patient.

"Lender" has the meaning set forth in the preamble hereto.

"Lender Debt" means and includes any and all amounts due, whether now existing or hereafter arising, under the Agreement, including, without limitation, any and all principal, interest penalties, fees, charges, premiums, indemnities and costs owed or owing to the Lender, the Program Manager or the Master Servicer by the Provider, any Affiliate of the Provider or any "Lender" under the RPA, arising under or in connection with this Agreement, the RPA or the Depositary Agreement, in each instance, whether absolute or contingent, direct or indirect, secured or unsecured, due or not, arising by operation of law or otherwise, and all interest and other charges thereon, including, without limitation, post-petition interest whether or not such interest is an allowable claim in a bankruptcy.

"Lender Group" means (i) the Lender, the Program Manager and the Master Servicer, and (ii) the Lender's agents and delegates identified from time to time to effectuate this Agreement.

"Lender Lockbox" means the lockbox located at the address set forth on Schedule IV to receive checks and EOB's with respect to Receivables payable by Insurers.

"Lender Lockbox Account" means the account at the Lockbox Bank as set forth on Schedule IV as associated with the Lender Lockbox and established by the Borrower to deposit Collections, including Collections received in the Lender Lockbox and Collections received by wire transfer directly from Insurers, all as more fully set forth in the Depositary Agreement.

"Lender Position" has the meaning set forth in Section 5.03.

"LIBO Rate" means an annualized 30-day interest rate (calculated on the basis of actual days elapsed over a 360-day year) equal to the offered rate that appears on page 3751 of the Telerate Service for the Bank of Tokyo for U.S. dollar deposits of amounts and in funds comparable to the principal amount of such Revolving Advance requested by the Borrower for which the LIBO Rate is being determined with maturities comparable to the 30-day period for which such LIBO Rate will apply as of approximately 10:00 a.m. (New York time) two Business Days prior to the commencement of such Funding Date.

"Lien" means any lien, mortgage, security interest, tax lien, pledge, hypothecation, assignment, preference, priority, other charge or encumbrance, or any other type of preferential arrangement of any kind or nature whatsoever by or with any Person (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

"Lockbox Bank" means KeyBank, as lockbox bank under the Depositary Agreement.

"Loss-to-Liquidation Ratio" means, as of the last Business Day of each Month, a percentage equal to:

DR / C

where:

DR	= The Expected Net Value of all Eligible Receivables which became Defaulted Receivables in the four week period immediately prior to the date of calculation.
C	= Collections on such Eligible Receivables

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in the four week period immediately prior to the date of calculation.

"Master Servicer" means RJE Data Processing, Inc., and any other Person then identified by the Lender to the Borrower as being authorized to administer and service Receivables.

"Maturity Date" means the earlier of (a) the Scheduled Maturity Date, and (b) the occurrence of an Event of Default unless such event is waived by the Lender in writing.

"Material Adverse Effect" means any event, condition, change or effect that (a) has a materially adverse effect on the business, operations or financial condition of (i) CCA on a consolidated basis, (ii) the Borrower, or (iii) any Provider, (b) materially impairs the ability of the Borrower to perform its obligations under this Agreement, (c) materially impairs the ability of CCA, a Provider or the Borrower to perform their respective obligations under the RPA, or (d) materially impairs the validity or enforceability of, or materially impairs the rights, remedies or benefits available to the Lender under this Agreement or (as assignee from the Lender) under the RPA.

"Maximum Permissible Rate" has the meaning set forth inSection 1.11(a).

"Month" means a calendar month.

"Multiemployer Plan" means a plan, within the meaning of ss. 3(37) of ERISA, as to which the Borrower or any ERISA Affiliate contributed or was required to contribute within the preceding five (5) years.

"Net Value Factor" means, initially, as follows:

Obligor	Net Value Factor
Private	98%
Medicare	99%
Medicaid	99%
Medicare Part B	99%
Insurance	98%
VA and Other	98%

as such percentage may be adjusted, upwards or downwards with Written Notice to the Borrower, in the good faith discretion of the Lender but in consultation with the Borrower and CCA, based on historical actual final collections received on the Receivables within the past 180 days.

"Non-Utilization Fee" has the meaning set forth in Section 1.05(d).

"Obligor" means the Insurer or Governmental Entity, as applicable, who is responsible for the payment of all or any portion of a Receivable.

"Other Corporations" means each Provider and each of its direct and indirect parents or subsidiaries other than the Borrower.

"Other Taxes" has the meaning set forth in Section 1.08.

"Overnight Rate" means the interest rate for overnight funds as set by the Lockbox Bank from time to time.

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

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Program Manager" means (i) Daiwa Securities America Inc. or (ii) any other Person then identified by the Lender to the Borrower as being authorized to provide administrative services with respect to the Lender and the Lender's finance, funding and collection of healthcare receivables.

"Property" means property of all kinds, real, personal or mixed, tangible or intangible (including, without limitation, all rights relating thereto), whether owned or acquired on or after the date of this Agreement.

"Provider" means each party listed as a Provider under the RPA, together with its corporate successors and permitted assigns.

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"Provider Ancillary Lockbox" means the lockbox set forth on Schedule IV hereto to receive checks and EOB's with respect to Receivables payable by private payors.

"Provider Ancillary Lockbox Account" means the account set forth on Schedule IV hereto in the name of the Providers and associated with the Provider Ancillary Lockbox established

and controlled by the Providers to deposit Collections, including Collections received in the Provider Ancillary Lockbox and Collections received by wire transfer, all as more fully set forth in the Depositary Agreement.

"Provider Government Lockbox" means the lockbox set forth on Schedule IV hereto to receive checks and EOB's with respect to Receivables payable by Governmental Entities.

"Provider Government Lockbox Account" means the account set forth on Schedule IV hereto in the name of the Providers and associated with the Provider Government Lockbox established and controlled by the Providers to deposit Collections, including Collections received in the Provider Government Lockbox and Collections received by wire transfer directly from Governmental Entities, all as more fully set forth in the Depositary Agreement.

"Provider Lockboxes" means, collectively, the Provider Ancillary Lockbox and the Provider Government Lockbox, or, as the context requires, either such lockbox.

"Provider Lockbox Account" means, collectively, the Provider Ancillary Lockbox Account and the Provider Government Lockbox Account, or, as the context requires, either such lockbox account.

"Receivable Information" has the meaning set forth in the RPA.

"Receivables" means the third-party reimbursable or the third-party directly payable portion of healthcare accounts receivable, owing (or in the case of Unbilled Receivables, to be owing) to the Borrower, arising out of the rendition of medical, surgical, diagnostic or other professional medical services or the sale of medical products by the Provider, including all rights to reimbursement under any agreements with and payments from Obligors, together with, to the maximum extent permitted by law, all accounts and general intangibles related thereto, all rights, remedies, guaranties, security interests and Liens in respect of the foregoing, all books, records and other Property evidencing or related to the foregoing and all proceeds of any of the foregoing.

"Related Person" means any incorporator, stockholder, Affiliate (other than the Program Manager), agent, attorney, officer, director, member, manager, employee or partner of the Lender or its stockholders.

"RPA" means that certain Receivables Purchase and Transfer Agreement, dated as of the date of this Agreement, among CCA, the Providers named therein, and the Borrower, as such agreement may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"Revolving Advance" has the meaning set forth in Section 1.01.

"Revolving Commitment" has the meaning set forth in Section 1.02.

"Revolving Loan" has the meaning set forth in Section 1.01.

"Scheduled Maturity Date" means the date 36 months after the Initial Funding Date.

"Servicer Termination Event" shall have the meaning set forth in the RPA.

"Special Period" shall mean the period commencing on the Initial Funding Date and ending on the earliest to occur of (i) the three month anniversary of the Initial Funding Date, and (ii) the occurrence of any Event of Default, unless such event is waived by the Lender in writing.

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"Tangible Net Worth" with respect to the Borrower, means, at any time, the excess of (i) the Expected Net Value of all Receivables owned and not financed by the Lender, plus cash, plus investments, plus amounts which are owing from the Lender minus (ii) the sum of all accrued unpaid monetary obligations and accrued unpaid fees and expenses payable hereunder or otherwise.

"Transmission" means, upon establishment of computer interface between the Borrower and the Master Servicer in accordance with the specifications established by the Master Servicer, the transmission of Receivable Information through computer interface to the Master Servicer, and prior to such time (not to exceed 60 days from the Initial Funding Date), by facsimile or overnight courier, all in a manner satisfactory to the Master Servicer.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"Unbilled Receivable" means a Receivable in respect of which the goods have been shipped, or the services rendered, to the customer or patient, rights to payment thereon have accrued, but the invoice has not been rendered to the applicable Obligor.

"Written Notice" and "in writing" shall mean any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

Other Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

EXHIBIT II.

CONDITIONS OF REVOLVING ADVANCES

1. Conditions Precedent on Initial Funding Date. The making of the Revolving Advance on the Initial Funding Date is subject to the conditions precedent that the Lender shall have received on or before the Initial Funding Date the following, each (unless otherwise indicated) dated such date, in form and substance satisfactory to the Lender:

(a) A certificate issued by the Secretary of State of the State of Delaware, dated as of a recent date, as to the legal existence and good standing of the Borrower (which certificate may be dated not more than 20 days prior to the Initial Funding Date) or an opinion of counsel for the Borrower to that effect.

(b) Certified copies of the Articles of Organization and Operating Agreement of the Borrower, certified copies of resolutions of the Managers of the Borrower approving this Agreement and certified copies of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement.

(c) A certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered by it hereunder.

(d) A copy of the opening balance sheet of the Borrower as at the Initial Funding Date, certified by the chief financial officer of the Borrower.

(e) Acknowledgment or time-stamped receipt copies of proper financing statements (showing the Borrower as debtor and the Lender as secured party) duly filed on or before the Initial Funding Date under the UCC of all jurisdictions that the Lender may deem necessary or reasonably desirable in order to perfect the ownership interests contemplated by the Agreement.

(f) Releases of, and acknowledgment copies of proper termination statements (Form UCC-3), if any, necessary to evidence the release of all security interests, ownership and other rights of any Person previously granted by Borrower in its Receivables.

(g) A copy of all of the Providers' existing forms of patient consents which were signed by each patient for which the currently existing

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Receivables were created, as well as a copy of each new patient consent form to be signed by each patient for which a Receivable will be created after the Initial Funding Date, which consents authorize certain demographic and medical information with respect to such patient to be disclosed by each Provider to its servicing agents and by such servicing agents to any third party obligors thereon, certified by a Secretary or Assistant Secretary of the Borrower as being true, complete and correct.

(h) A favorable opinion of Blass & Driggs, substantially in the form attached hereto as Exhibit IX-A.

(i) A favorable opinion of Blass & Driggs, counsel for the Borrower, CCA and the Providers, substantially in the form attached hereto as Exhibit IX-B.

(j) The Assignment of Contract with respect to the RPA and assignments of all other documents, lockboxes and lockbox accounts with respect to the RPA, duly executed by the Borrower and acknowledged by CCA and the Providers.

(k) Originally executed copies of the RPA, all other documentation required to be delivered with respect to this Agreement and the RPA, all in form and substance satisfactory to the Lender, which agreements shall be in full force and effect and enforceable in accordance with their respective terms.

(l) Evidence that all of the conditions precedent with respect to each Provider to the initial purchase from such Provider under the RPA have been satisfied or waived.

(m) A duly executed Depositary Agreement, together with evidence satisfactory to the Lender that the Provider Lockboxes and the Provider Lockbox Accounts have been established.

(n) Payment of a facility fee of $150,000 to Daiwa Securities America Inc.

(o) Payment of all reasonable attorneys' fees incurred by the Lender Group plus reasonable disbursements.

(p) Affirmation by Duff & Phelps Credit Rating Co. or an equivalent rating agency acceptable to the Lender of the transactions contemplated hereunder with a minimum rating of AA/BBB-.

(q) Evidence that the capitalization of the Borrower is satisfactory to the Lender.

2. Conditions Precedent on All Funding Dates. Each Revolving Advance on a Funding Date (including the Initial Funding Date) shall be subject to the further conditions precedent that the Borrower and the Lender shall have agreed upon the terms of such Revolving Advance and also that:

(a) the Borrower shall have delivered to the Lender, at least two Business Days prior to such Funding Date, in form and substance satisfactory to the Lender a completed Borrower's Certificate and a Borrowing Base Certificate, together with such additional information as may reasonably be requested by the Lender or the Master Servicer;

(b) on such Funding Date the following statements shall be true (and acceptance of the proceeds of such Revolving Advance shall be deemed a representation and warranty by the Borrower that such statements are then true):

(i) the representations and warranties contained in Exhibits III and VII are correct on and as of the date of such Revolving Advance as though made on and as of such date, and

(ii) no event has occurred and is continuing, or would result from such Revolving Advance or any actions connected therewith, that constitutes a Default or an Event of Default;

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(c) the Lender shall have received such other approvals, opinions or documents as it may reasonably request.

EXHIBIT III.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants as follows:

(a) The Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Borrower of the Agreement and the other documents to be delivered by it thereunder, (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary organizational action, (iii) do not contravene (1) the Borrower's Articles of Organization or Operating Agreement, (2) any law, rule or regulation applicable to the Borrower, (3) any contractual restriction binding on or affecting the Borrower or its Property, or (4) any order, writ, judgment, award, injunction or decree binding on or affecting the Borrower or its Property, and (iv) do not result in or require the creation of any Lien upon or with respect to any of its Properties, other than the security interest created by the Agreement. The Agreement has been duly executed and delivered by the Borrower. The Borrower has previously furnished to the Lender a correct and complete copy of the Borrower's Articles of Organization and Operating Agreement including all amendments thereto.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Entity is required for the due execution, delivery and performance by the Borrower of the Agreement or any other document to be delivered thereunder.

(d) The Agreement constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as limited by bankruptcy, insolvency, moratorium, fraudulent conveyance or other laws relating to the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is sought at equity or law).

(e) The Borrower has all power and authority, and has all permits, licenses, accreditations, certifications, authorizations, approvals, consents and agreements of all Insurers, Governmental Entities, accreditation agencies and any other Person necessary or required for the Borrower (i) to own the assets (including Receivables) that it now owns, (ii) to carry on its business as now conducted, (iii) to execute, deliver and perform the Agreement, and (iv) to receive payments from the Obligors in the manner contemplated in this Agreement.

(f) Except as disclosed in Schedule III, the Providers have not been notified by any Insurer, Governmental Entity or instrumentality, accreditation agency or any other person, during the immediately preceding 12 month period, that such party has rescinded or not renewed, or is reasonably likely to rescind or not renew, any such permit, license, accreditation, certification,

authorization, approval, consent or agreement granted by it to such Provider or to which it and such Provider are parties.

(g) As of the Initial Funding Date, all conditions precedent set forth in Exhibit II have been fulfilled or waived in writing by the Lender, and as of each Funding Date, the conditions precedent set forth in paragraph 2 of such Exhibit II shall have been fulfilled or waived in writing by the Lender.

(h) The opening balance sheet of the Borrower, copies of which have been furnished to the Lender, fairly present the financial condition of the Borrower as at such date all in accordance with GAAP.

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(i) The RPA is in full force and effect and no Event of Termination or Servicer Termination Event (without regard to waivers granted or sought) is continuing thereunder.

(j) There is no pending or, to the Borrower's knowledge, threatened action or proceeding or injunction, writ or restraining order affecting the Borrower or any Provider before any court, Governmental Entity or arbitrator which could reasonably be expected to result in a Material Adverse Effect, or which purports to affect the legality, validity or enforceability of the Agreement, the RPA or any other document executed in connection herewith or therewith, and neither the Borrower nor any Provider is currently the subject of, or has any present intention of commencing, an insolvency proceeding or petition in bankruptcy.

(k) The Borrower is the legal and beneficial owner of the Receivables free and clear of any Lien; the Lender shall acquire a valid security interest in the Receivables and in the Collections with respect thereto subject to no third-party claims of interest thereon. No effective financing statement or other instrument similar in effect covering any Receivables or the Collections with respect thereto is on file in any recording office, except those being terminated on or before the Initial Funding Date and those filed in favor of the Borrower relating to the purchase of the Receivables under the RPA and those in favor of the Lender relating to the Agreement, and no competing notice or notice inconsistent with the transactions contemplated in the Agreement has been sent to any Obligor.

(l) All Receivable Information, information provided in the application for the program effectuated by the Agreement, and each other document, report and Transmission provided by the Borrower to the Lender Group is or shall be accurate in all material respects as of its date and as of the date so furnished, and no such document contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(m) The principal place of business and chief executive office of the Borrower and the office where the Borrower keeps its records concerning the Receivables are located at the address referred to on the signature page of the Agreement and there have been no other such locations for the four immediately prior months.

(n) The provisions of the Agreement create, on the Initial Funding Date, legal and valid Liens in all of the Borrower's Receivables in the Lender's favor and when all proper filings and other actions necessary to perfect such Liens have been completed, will constitute a perfected and continuing Lien on all of the Borrower's Receivables, having priority over all other Liens on such Receivables of the Borrower, enforceable against the Borrower and all third parties.

(o) The Borrower has not changed its principal place of business or chief executive office in the last five years.

(p) The exact name of the Borrower is as set forth on the signature page of the Agreement, and except as notified in writing to the Lender, the Borrower has not changed its name in the last 12 months, and, except as notified in writing to the Lender, the Borrower did not use, nor does the Borrower now use, any fictitious or trade name.

(q) With respect to the Borrower or the Provider, since the Funding Date prior to the making of this representation, there has occurred no event which has or is reasonably likely to have a Material Adverse Effect.

(r) Neither the Borrower nor any Provider is in violation under any applicable statute, rule, order, decree or regulation of any court, arbitrator or governmental body or agency having jurisdiction over the Borrower or any Provider which has or is reasonably likely to have a Material Adverse Effect.

(s) The Borrower has filed on a timely basis all tax returns (federal, state and local) required to be filed and has paid, or made adequate provision for payment of, all taxes, assessments and other governmental charges due from the Borrower. No tax Lien has been filed and is now effective against the Borrower or any of its Properties except any Lien in respect of taxes and other charges not yet due or contested in good faith by appropriate proceedings. To the Borrower's knowledge, there is no pending investigations of the Borrower by any taxing authority or any pending but unassessed tax liability of the Borrower.

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(t) The Borrower is solvent and will not become insolvent after giving effect to the transactions contemplated by this Agreement; the Borrower has not incurred debts or liabilities beyond its ability to pay; the Borrower will, after giving effect to the transaction contemplated by this Agreement, have an adequate amount of capital to conduct its business in the foreseeable future; the sales of Receivables hereunder are made in good faith and without intent to hinder, delay or defraud present or future creditors of the Borrower.

(u) Each Provider maintains only the one Provider Government Lockbox and only the one Provider Government Lockbox Account, each as described on Schedule IV to this Agreement, for Receivables of which the Obligor is a Governmental Entity (except those lockboxes and lockbox accounts terminated or being terminated prior to or on the Initial Funding Date); and no direction is in effect directing Obligors to remit payments on Receivables other than to the

applicable Lender Lockbox, Lender Lockbox Account, Provider Lockbox, or Provider Lockbox Account, each as described on Schedule IV.

(v) The Borrower has no pension plans or profit sharing plans.

(w) There are no pending civil or criminal investigations by any Governmental Entity involving the Borrower, any Provider or any of their respective officers or directors and neither the Borrower, any Provider or any of their respective officers or directors has been involved in, or the subject of, any civil or criminal investigation by any Governmental Entity.

(x) The sole business of the Borrower is as provided in its Operating Agreement.

(y) The assets of the Borrower are free and clear of any Liens in favor of the Internal Revenue Service, any Employee Benefit Plan, any Multiemployer Plan or the PBGC other than inchoate tax Liens resulting from an assessment of any Provider, CCA or the Borrower.

(z) None of the Eligible Receivables constitutes or has constituted an obligation of any Person which is an Affiliate of the Borrower.

(aa) The Obligor of each Proposed Eligible Receivable has not been the Obligor of any Defaulted Receivables in the past 12 months (other than, for the purpose of this clause, as a result of good faith disputes).

(bb) No transaction contemplated under this Agreement requires compliance with any bulk sales act or similar law.

(cc) The Borrower has no Debt except hereunder and under the RPA.

(dd) Each Receivable that is an Unbilled Receivable will be, or has been, billed to the Obligor of such Receivable within 45 days of the Last Service Date.

EXHIBIT IV.

COVENANTS

Until the payment in full of all Lender Debt and the termination of the Revolving Commitment hereunder:

(a) Compliance with Laws, etc. The Borrower will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its corporate existence, rights, franchises, qualifications, and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such existence, rights, franchises, qualifications, and privileges would not result in Material Adverse Effect.

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(b) Offices, Records and Books of Account. The Borrower will keep its principal place of business and chief executive office and the office where it keeps its records concerning the Receivables at the address of the Borrower set forth under its name on the signature page to the Agreement or, upon 30 days' prior Written Notice to the Lender, at any other locations in jurisdictions where all actions reasonably requested by the Lender or otherwise necessary to protect and perfect the Lender's interest in the Receivables have been taken and completed. The Borrower shall keep its books and accounts in accordance with generally accepted accounting principles and shall make a notation on its books and records, including any computer files, to indicate which Receivables have been assigned as security to the Lender and the security interest of the Lender in the Borrower's Accounts not assigned to the Lender. The Borrower shall maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables and related contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for collecting all Receivables (including, without limitation, records adequate to permit the daily identification of each Receivable and all Collections of and adjustments to each existing Receivable) and for providing the Receivable Information.

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Borrower will, at its expense, timely and fully perform and comply (and will cause the applicable Provider or its designee to fully perform and comply) with all material provisions, covenants and other promises required to be observed by it under the contracts related to the Receivables, and timely and fully comply in all material respects with the Credit and Collection Policy in regard to each Receivable and the related contract, and the Borrower shall maintain, at its expense, in full operation each of the bank accounts and lockboxes required to be maintained under the Agreement. The Borrower shall do nothing, nor suffer or permit any other Person, to impede or interfere with the collection by the Lender or the Master Servicer, on behalf of the Lender, of the Receivables.

(d) Notice of Breach of Representations and Warranties. The Borrower shall promptly (and in no event later than five Business Days following actual knowledge thereof) inform

the Lender and the Master Servicer of any breach of covenants or representations and warranties hereunder and under the RPA, including, without limitation, upon discovery of a breach of the criteria set forth in Exhibit VI hereof and thereof.

(e) Debt, Sales, Liens, etc. The Borrower will not incur or assume any Debt or issue any securities except under or as contemplated by this Agreement. The Borrower will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Liens upon or with respect to, the Borrower's Accounts, or upon or with respect to any account to which any Collections are sent, or assign any right to receive income in respect thereof except (i) the Borrower may grant a Lien on Accounts that is expressly subordinated in writing to the Lien created hereunder in a manner acceptable to the Lender, in its sole discretion, and (ii) those Liens in favor of the Lender or any assignee of the Lender relating to the Agreement.

(f) Extension or Amendment of Receivables. The Borrower shall not amend, waive or otherwise suffer or permit a Provider to, or agree to any deviation from the terms or conditions of any Receivable owned by the Borrower in a manner inconsistent with the Credit and Collection Policy.

(g) Change in Business or Credit and Collection Policy. The Borrower will not make any change in the Credit and Collection Policy or make any change in the character of its business that, in either event, is reasonably likely to result in a Material Adverse Effect. The Borrower will not make any other material changes in the Credit and Collection Policy without the prior written consent of the Lender.

(h) Audits and Visits. The Borrower will, from time to time during regular business hours as requested by the Lender, permit the Lender upon reasonable notice, without interfering with the Borrower's or a Provider's business or operations and subject to compliance with applicable law in the case of review of patient information, or its agents or representatives (including the Master Servicer), (i) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Borrower relating to Receivables including, without limitation, the related contracts, and (ii) to visit the offices and properties of the Borrower for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to

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Receivables or the Borrower's performance hereunder or under the contracts with any of the officers or employees of the Borrower having knowledge of such matters. The Borrower shall permit the Master Servicer to have at least one of its agents or representatives physically present in the Borrower's administrative office during normal business hours to assist the Borrower in the collection of Receivables.

(i) Change in Payment Instructions. The Borrower will not terminate the Provider Lockboxes, the Provider Lockbox Accounts, the Lender Lockbox, or the Lender Lockbox Account, or make any change or replacement in the instructions contained in any Notice or otherwise, or regarding payments to be made to the Borrower, the Lender or the Master Servicer, except upon the prior and express direction of the Program Manager or the Lender.

(j) Reporting Requirements. The Borrower will provide to the Lender (in multiple copies, if requested by the Lender) the following:

(i) on Monday of each week (or, if such day is not a Business Day, the immediately following Business Day), a Borrowing Base Certificate;

(ii) as soon as available and in any event within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower, balance sheets of the Borrower as of the end of such quarter and statements of income, cash flows and retained earnings of the Borrower for the period commencing at the beginning of the current fiscal year and ending with the end of such quarter, certified by the chief financial officer of the Borrower, and accompanied by a certificate of an authorized officer of the Borrower detailing its compliance for such fiscal period with the financial covenants contained in this Agreement;

(iii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, balance sheets as of, and statements of income for, such fiscal year, and accompanied by a certificate of an authorized officer of the Borrower detailing its compliance for such fiscal period with the financial covenants contained in this Agreement;

(iv) promptly and in any event within five Business Days after the occurrence of each Event of Default or event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event, and the action that the Borrower has taken and proposes to take with respect thereto;

(v) at least ten Business Days prior to any change in the Borrower's name, a notice setting forth the new name and the proposed effective date thereof;

(vi) promptly (and in no event later than five Business Days following actual knowledge or receipt thereof), Written Notice in reasonable detail, of (x) any Lien asserted or claim made against a Receivable, (y) the occurrence of a Event of Default, including the occurrence of any other event which could have a Material Adverse Effect, or (z) the results of any cost report or similar audits of a Provider being conducted by any federal, state or county Governmental Entity or its agents or designees;

(vii) no later than five (5) Business Days after the commencement thereof, Written Notice of all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting the Borrower which, if determined adversely to the Borrower, could have a Material Adverse Effect;

(viii) as soon as possible and in any event within five (5) Business Days after becoming aware of the occurrence thereof, Written Notice of any matter that could have a Material Adverse Effect;

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(ix) within 90 days after the end of each fiscal year of the Borrower, a certificate of independent certified public accountants stating that to their knowledge no Servicer Termination Event has occurred and exists as of the end of such fiscal year, or if in their opinion such a Servicer Termination Event has occurred and is continuing, a statement as to the nature thereof; and

(x) such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Borrower as the Lender may from time to time reasonably request.

(k) Notice of Proceedings; Overpayments. The Borrower shall promptly notify the Master Servicer (and modify the next Borrowing Base Certificate to be delivered hereunder) in the event of any action, suit, proceeding, dispute, set-off, deduction, defense or counterclaim that is or may be asserted by an Obligor with respect to any Receivable. The Borrower shall make all payments to the Obligors necessary to prevent the Obligors from offsetting any earlier overpayment to the Borrower against any amounts the Obligors owe on any Receivables.

(l) Officer's Certificate. On the date the financial statements referred to in clause (ii) above are to be delivered each fiscal year after the Initial Funding Date, the chief financial officer of the Borrower shall deliver a certificate to the Lender, stating that, as of such date, (i) all representations and warranties are true and correct, (ii) the conditions precedent set forth in paragraph 2 of Exhibit II have been fulfilled or waived in writing by the Lender, and (iii) no Event of Default exists and is continuing.

(m) Further Instruments, Continuation Statements. The Borrower shall, at its expense, promptly execute and deliver all further instruments and documents, and take all further action that the Program Manager or the Lender may reasonably request, from time to time, in order to perfect, protect or more fully evidence the assignment as security of the Receivables, or to enable the Lender or the Program Manager to exercise or enforce the rights of the Lender hereunder or under the Receivables. Without limiting the generality of the foregoing, the Borrower will upon the request of the Program Manager execute and file such UCC financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be, in the opinion of the Program Manager, necessary or appropriate. The Borrower hereby authorizes the Program Manager, upon two Business Days' notice, to file one or more financing or continuation statements and amendments thereto and assignments thereof, relative to all or any of the Receivables now existing or hereafter arising without the signature of the Borrower where permitted by law. If the Borrower fails to perform any of its agreements or obligations under the Agreement, the Program Manager may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the expenses of the Program Manager incurred in connection therewith shall be payable by the Borrower.

(n) Merger, Consolidation. The Borrower shall not merge with or into or consolidate with or into, another Person, or convey, transfer, lease or otherwise dispose of all or substantially all of its assets (whether now owned or hereafter acquired).

(o) No "Instruments". The Borrower shall not take any action which would allow, result in or cause any Eligible Receivable to be evidenced by an "instrument" within the meaning of the UCC of the applicable jurisdiction.

(p) Preservation of Corporate Existence. The Borrower shall preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would materially adversely affect the interests of the Lender or the Program Manager or their ability of to perform their respective obligations hereunder or under the RPA.

(q) RPA. The Borrower will, at its sole expense, timely and fully perform and comply with all provisions, covenants and other promises required to be observed to be observed by it under the RPA, maintain the RPA in full force and effect, enforce the RPA in accordance with its terms, take all such action to such end as may be from time to time reasonably requested by the Lender, and make to any party to the RPA such demands and requests for information and reports or for action as the Borrower is entitled to make thereunder and as may be from time to time reasonably requested by the Lender.

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The Borrower shall not permit any waiver, modification or amendment of the RPA. The Borrower shall not permit any other Person to become a "Provider" under the RPA or permit the removal of any "Provider" thereunder pursuant to Section 5.19 of the RPA without the written consent of the Lender (which consent, unless an Event of Default is continuing hereunder, shall be governed by the conditions set forth in Section 5.19 of the RPA).

(r) Master Servicer Certificate. On or before the thirtieth calendar day after the Initial Funding Date, the Purchaser shall receive a certificate from the Master Servicer stating that all computer linkups and interfaces necessary or desirable, in the judgment of the Master Servicer, to effectuate the transactions and information transfers contemplated hereunder, are fully operational to the satisfaction of the Master Servicer.

SPECIAL COVENANTS
ENTITY SEPARATENESS

Until the payment in full of all Lender Debt and the termination of the Revolving Commitment hereunder:

(i) The Borrower will at all times maintain at least one independent manager who is (x) not a current or former officer, director or employee of an Affiliate of the Borrower or any Other Corporation and who is not a current or former officer or employee of the Borrower and (y) not a stockholder of any Other Corporation or any of their respective Affiliates.

(ii) The Borrower will not direct or participate in the management of any of the Other Corporations' operations.

(iii) The Borrower will at all times be adequately capitalized in light of its contemplated business.

(iv) The Borrower will at all times provide for its own operating expenses and liabilities from its own funds.

(v) Subject to consolidation with CCA for accounting and tax purposes, the Borrower will maintain its assets and transactions separately from those of the Other Corporations and reflect such assets and transactions in financial statements separate and distinct from those of the Other Corporations and evidence such assets and transactions by appropriate entries in books and records separate and distinct from those of the Other Corporations. The Borrower will not hold itself out as being liable, primarily or secondarily, for any obligations of the Other Corporations.

(vi) The Borrower will not maintain any joint account with any Provider or any Other Corporation, or be a party, whether as a co-obligor or otherwise, to any agreement to which any Other Corporation is a party (other than the RPA) or become liable as a guarantor or otherwise with respect to any indebtedness or contractual obligation of any Other Corporation.

(vii) Other than as contemplated under this Agreement or under the RPA and the payment of dividends or distributions to its members, the Borrower will not make any payment or distribution of assets with respect to any obligation of any Other Corporation or grant a Lien on any of its assets to secure any obligation of any Other Corporation.

(viii) The Borrower will not make loans, Revolving Advances or otherwise extend credit to any of the Other Corporations, provided that, the Borrower may issue dividends or distributions to each of its members to the extent otherwise permitted under this Agreement and under applicable law.

(ix) The Borrower will hold regular duly noticed meetings of its members and make and retain minutes of such meetings.

(x) The Borrower will comply in full with the procedures set forth in the RPA with respect to the assignment of all assets from any of the

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Other Corporations.

(xi) The Borrower will not engage in any transaction with any of the Other Corporations or any of their respective subsidiaries, except as permitted or contemplated by the Agreement and as contemplated by the RPA.

(xii) The Borrower will not enter into any transaction with any Affiliate or third party except (a)(x) as permitted or contemplated by this Agreement or the RPA, or (y) investments of cash and cash equivalents with third parties and (b) on terms and conditions which reasonably approximate an arm's length transaction between unaffiliated parties.

(xiii) The Borrower will not amend, modify or supplement its Articles of Organization or Operating Agreement.

(xiv) The Borrower will not have any Subsidiaries.

EXHIBIT V.

EVENTS OF DEFAULT

Each of the following shall be an "Event of Default":

(a) The Borrower shall default in the due and punctual payment of the principal of the Revolving Loan, when and as the same shall become due and payable (except that the Borrower shall have up 15 days to cure such a default with respect to a Borrowing Base Deficiency) whether pursuant to Article II of this Agreement, at maturity, by acceleration or otherwise.

(b) The Borrower shall default in the due and punctual payment of any installment of interest on any of the Revolving Loans or any other Lender Debt or of any fee or expense owing to the Lender pursuant to any of the Documents, when and as such amount of interest, fee or expense shall become due and payable and such default shall continue unremedied for three (3) Business Days.

(c) The Borrower shall default in the performance or observance of any covenant, agreement or provision (other than as described in clause (a) or (b) above) contained in this Agreement or any other Document or in any instrument or document evidencing or creating any obligation, guaranty or Lien in favor of the Lender in connection with or pursuant to this Agreement or any Lender Debt, and, except in the case of the agreements and covenants contained in any Document as to each of which no notice or grace period shall apply, such default continues for a period of thirty days (or, in the case where agreements and covenants contained in any Document provide for a grace period that is less than thirty days, continuance of a default for such shorter period) after the earlier of (i) there has been given Written Notice of such default to any of CCA, the Borrower or the Providers by the Lender or (ii) discovery thereof by the Borrower; or if this Agreement or any other Document or any such other instrument or document shall terminate, be terminated or become void or unenforceable for any reason whatsoever without the written consent of the Agent.

(d) An Event of Termination shall have occurred under the RPA (without regard to waivers granted or sought).

(e) The Borrower shall send a Revocation Order (as defined in the Depositary Agreement) or make any change or replacement in the Standing Revocable Instruction (as defined in the Depositary Agreement).

(f) Any representation or warranty made or deemed made by the Borrower (other than with respect to the eligibility of Receivables as Eligible Receivables hereunder) under or in connection with the Agreement or any information or report delivered by the Borrower (other than with respect to a Provider) pursuant to the Agreement shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered.

(g) The Borrower shall fail to pay any principal of or premium or interest on any of its Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and

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such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof.

(h) This Agreement shall for any reason (other than pursuant to the terms hereof) fail or cease to create or fail or cease to be a valid and perfected security interest in the Receivables and the Collections with respect thereto free and clear of all Liens (other than Liens referred to in clauses (i) and (ii) of paragraph (e) of Exhibit IV).

(i) The Borrower or any Provider shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Provider seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its Property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its Property) shall occur; or the Borrower or any Provider shall take any action to authorize any of the actions set forth above in this paragraph (i).

(j) As of any date of determination, a Provider is found to have been overpaid by Governmental Entities by 8% or more during any period covered by an audit conducted by the HCFA and such overpayment is not repaid within 30 days of the earlier of receipt of a notice by, or the knowledge of, such Provider of a notice of such overpayment.

(k) There shall have occurred any change in the financial condition or operations of the Borrower since September 30, 1996 that has resulted in a Material Adverse Effect.

(l) The Borrower (x) shall have entered into any transaction and not provided prompt Written Notice thereof to the Lender, or (y) shall have consummated, any transaction which shall result in the consummation of (i) the merger or consolidation of the Borrower, (ii) the acquisition of all or a substantial portion of the assets of any Person, (iii) the transfer, sale,

assignment, lease or other disposition of all or a substantial portion of the Borrower's assets or Properties, (iv) a change in the general nature of the Borrower's business, or (v) the sale of a controlling interest, directly or indirectly, in the Borrower.

(m) The Loss-to-Liquidation Ratio in any four week period exceeds 5%.

(n) The arithmetic average of the Loss-to-Liquidation Ratios in any three consecutive four week periods exceeds 3%.

(o) The Delinquency Ratio in any four week period exceeds 10%.

(p) Judgments or orders for payment of money (other than judgments or orders in respect of which adequate insurance is maintained for the payment thereof) in excess of $500,000 in the aggregate against the Borrower remain unpaid, unstayed on appeal, undischarged, unbonded or undismissed for a period of 90 days or more.

(q) Any governmental authority (including, without limitation, the Internal Revenue Service or the PBGC) files a notice of a Lien against (i) any of the Receivables or (ii) assets other than the Receivables involving an aggregate amount in excess of $500,000 which remains unpaid or discharged for a period of 60 days or more.

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(r) The Borrower shall fail to discharge within a period of thirty (30) days after the commencement thereof any attachment, sequestration, forfeiture, or similar proceeding or proceedings involving an aggregate amount in excess of $500,000 against any of its Properties.

(s) The Borrower does not pay or discharge at or before maturity or before becoming delinquent all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its Property, except any taxes, levies, assessments or charges contested in good faith by appropriate proceedings.

(t) The Borrower sells, leases, assigns, transfers, or otherwise disposes of any of its Receivables, except as permitted or contemplated under this Agreement.

(u) The Borrower declares or makes any Distribution, unless both prior and subsequent to the effectiveness of such proposed Distribution, (i) no Event of Default is continuing, including an Event of Default under clause (w) of this Exhibit V hereof, (ii) such Distribution is in full compliance with applicable law, including the law of the State of Delaware as in effect at such time, and (iii) the Borrower and the recipient of such Distribution have taken all necessary and appropriate corporate action to effectuate such Distribution.

(v) The Borrower engages in any business other than solely the businesses of directly or indirectly purchasing Receivables from the Provider and financing in such Receivables to the Lender hereunder and the other transactions permitted or contemplated hereby.

(w) The Borrower shall at any time fail to maintain a Tangible Net Worth of at least 3.0% of the higher of (i) the Revolving Advance Limit, and (ii) the then outstanding amount of the Revolving Loan.

(x) Any representation or warranty made or deemed made by the Provider under or in connection with the RPA or any information or report delivered by the Provider pursuant to the RPA shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered and such misstatement causes a Event of Default under the RPA.

(y) The Borrower shall fail to perform or observe any other term, covenant or agreement contained in the Collateral Account Agreement on its part to be performed or observed.

(z) If, at any date, the aggregate Expected Net Value of all Delinquent Receivables that became Delinquent during the prior 3 months is in excess of 20% of the aggregate Expected Net Value of all Receivables sold by the Borrower to the Lender during the prior 3 months (regardless of whether the Denied Receivables are reassigned by the Borrower pursuant to Article IV of the Agreement).

(aa) As of any date after the Initial Funding Date, (i) the dollar-weighted average days outstanding with respect to all outstanding Eligible Receivables on such date and on the same day of each of the two preceding Months (or if there is no corresponding day in any such preceding month, the last day of such month) is greater than 65 days, or (ii) the average over the preceding 90- day period of the dollar-weighted average days outstanding with respect to all outstanding Eligible Receivables on each day during such period is greater than 60 days.

(bb) As of any date after the Initial Funding Date, more than 25% of all outstanding Eligible Receivables are aged more than 120 days but less than 180 days from the respective Last Service Dates of such Eligible Receivables.

(cc) As of any date, Collections on all Eligible Receivables that have been liquidated or written off during the then most recent 13 week period, are less than 50% of the aggregate gross value (billed amount) of such Eligible Receivables.

EXHIBIT VI.

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ELIGIBILITY CRITERIA

The following shall constitute the eligibility criteria for acceptance of Receivables for financing and inclusion in the Borrowing Base under the Agreement (the "Eligibility Criteria"):

(a) The information provided by the Borrower with respect to each such Receivable is complete and correct and all documents, attestations and agreements relating thereto that have been delivered to the Lender are true and correct. Other than in respect of Unbilled Receivables, the applicable Provider has billed the applicable Obligor and has delivered to such Obligor all requested supporting claim documents with respect to such Receivable and no amounts with respect to such Receivable have been paid as of the date and time of the sale of such Receivable to the Lender. Each such Provider has, or has the right to use, valid provider identification numbers and licenses to generate valid Receivables. All information set forth in the bill and supporting claim documents with respect to such Receivable is true, complete and correct; if additional information is requested by the Obligor, the Borrower (or the applicable Provider) has or will promptly provide the same, and if any error has been made with respect to such information, the Borrower will promptly correct the same and, if necessary, rebill such Receivable.

(b) Each Provider's Medicare and Medicaid cost reports with respect to such Receivable for all cost reporting periods ending on or before the date of the last audited cost report have been examined and audited by (i), as to Medicaid, the applicable state agency or other HCFA- designated agents or agents of such state agency, charged with such responsibility or (ii), as to Medicare, the Medicare intermediary or other HCFA-designated agents charged with such responsibility; and there is no basis for any Governmental Entity to assert an offset against each such Provider.

(c) Each such Receivable (i) is payable, in an amount not less than its Expected Net Value, by the Obligor identified by the applicable Provider as being obligated to do so, (ii) is based on an actual and bona fide rendition of services or sale of goods to the patient by the applicable Provider in the ordinary course of business, (iii) is denominated and payable only in U.S. dollars in the United States, (iv) is (or, in the case of Unbilled Receivables, will be upon billing) an account receivable or general intangible within the meaning of the UCC of the state in which the applicable Provider has its principal place of business, or is a right to payment under a policy of insurance or proceeds thereof, and is not evidenced by any instrument or chattel paper, and (v) shall be subject to a patient consent form approved by the Lender and executed by the applicable patient. There is no payor other than the Obligor identified by the Borrower as the payor primarily liable on such Receivable; provided, however, notwithstanding the foregoing, Receivables billed or to be billed to Medicaid or Medicare for services or goods which were initially the obligation of the patient or customer on a "Medicaid/Medicare pending" basis are eligible to be Eligible Receivables hereunder.

(d) Each such Receivable (i) is not the subject of any action, suit, proceeding or dispute (pending or threatened), setoff, counterclaim, defense, abatement, suspension, deferment, deductible, reduction or termination by the Obligor (except for statutory rights of Governmental Entities that are not pending or threatened), (ii) is not past, or within 60 days of, the statutory limit for collection applicable to the Obligor or is not aged more than 180 days from its Last Service Date, and (iii) was not billed to the Obligor on a date more than 45 days after the Last Service Date.

(e) Each such Receivable is not due from any Governmental Entity based on any cost report settlement or expected settlement.

(f) Neither the Borrower nor any Provider has any guaranty of, letter of credit providing credit support for, or collateral security for, such Receivable, other than any such guaranty, letter of credit or collateral security as has been assigned to the Lender, and any such guaranty, letter of credit or collateral security is not subject to any Lien in favor of any other Person.

(g) The goods or services provided and reflected by such Receivable were medically necessary for the patient, and the patient has received such goods or services.

(h) The fees charged for the goods or services constituting the basis for such Receivable are consistent with the usual, customary and reasonable fees charged by other similar medical goods or service providers for the same or similar goods or services in the applicable Provider's community and in the

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community in which the patient resides.

(i) The Obligor with respect to each such Receivable is (i) not currently the subject of any bankruptcy, insolvency or receivership proceeding, nor is it unable to make payments on its obligations when due, (ii) located in the United States of America, and (iii) one of the following: (x) a Person which in the ordinary course of its business or activities agrees to pay for healthcare services received by individuals, including, without limitation, commercial insurance companies and non-profit insurance companies (such as Blue Cross and Blue Shield) issuing health, personal injury, worker's compensation or other types of insurance, employers or unions which self-insure for employee or member health insurance, prepaid healthcare organizations, preferred provider organizations, health maintenance organizations, commercial hospitals, physician's groups or any other similar person and which has a debt rating equivalent to "A" or higher, (y) a state, an agency or instrumentality of a state or a political subdivision of a state, or (z) the United States of America or an agency or instrumentality of the United States of America.

(j) The financing of such Receivables hereunder is made in good faith and without actual intent to hinder, delay or defraud present or future creditors of the Borrower.

(k) The insurance policy, contract or other instrument obligating an Insurer to make payment with respect to such Receivable (i) does not contain any provision prohibiting the grant of a security interest in such payment obligation from the patient to the applicable Provider, from such Provider to the Borrower, or from the Borrower to the Lender, (ii) has been duly authorized and, together with such Receivable, constitutes the legal, valid and binding obligation of

the Insurer in accordance with its terms, (iii) together with such Receivable, does not contravene in any material respect any requirement of law applicable thereto, and (iv) was in full force and effect and applicable to the patient at the time the goods or services constituting the basis for such Receivable were sold or performed.

(l) The insurance policy, contract or other instrument obligating a Governmental Entity to make payment with respect to such Receivable (i) has been duly authorized and, together with the applicable Receivable, constitutes the legal, valid and binding obligation of the Governmental Entity in accordance with its terms, (ii) together with the applicable Receivable, does not contravene in any material respect any requirement of law applicable thereto, and (iii) was in full force and effect and applicable to the patient at the time the goods or services constituting the basis for such Receivable were sold or performed.

(m) No consents by any third party to the sale of such Receivable are required other than consents previously obtained in writing by the Borrower, a copy of each such consent having been provided to the Lender.

(n) The inclusion of such Receivable in the Borrowing Base would not increase the fraction expressed as a percentage where (i) the numerator is the sum of the then outstanding principal amount of Eligible Receivables for any obligor (or group of obligors) listed below included in the Borrowing Base, and (ii) the denominator is the Borrowing Base for all Eligible Receivables, above the corresponding maximum percentage listed below:

Obligor	Maximum Percentage
Medicare	50%
Medicaid	85%
Blue Cross/Blue Shield	25%
All Commercial Insurance Obligors, HMOs and PPOs	75%
CHAMPUS/Champva	20%
any single AAA rated (non-governmental) Obligor	10%
any single AA rated (non-governmental) Obligor	10%
any single A rated (non-governmental) Obligor	5%
any single BBB rated (non-governmental) Obligor	2%
any single unrated (non-governmental) Obligor	1%

(o) Unless specifically verified and accepted by the Master Servicer or Program Manager, no single Eligible Receivable has an Expected Net Value greater than $25,000 for inpatient services or $5,000 for outpatient services.

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(p) No prior sale or assignment of security interest which is still in effect on the applicable Funding Date has been made with respect to or granted in any such Receivable.

EXHIBIT VII-A

FORM OF BORROWING BASE CERTIFICATE
[FOR USE DURING THE SPECIAL PERIOD]
DAIWA HEALTHCO-2 LLC
Borrowing Base Report

Report Submission Date:_____________
Schedule #:______________
As of Date:______________

		A. Eligible Receivables	B. A/R's less than 180 days
VII.	Beginning A/R Balance (from Previous Report)		
VIII.	Additions:		
	8.01. New billings		
	8.02. Late Charges/Adjustments		
Total Additions			
IX.	Deductions:		
	9.01. Collections		
	9.02. Contractual/Discounts		
	9.03. Transfers Bad Debt		
	9.04. Other Discounts/Adjustments		
Total Deductions			
X.	Accounts Receivable Balance		
XI.	Less: Ineligible Collateral		
XII.	Total Eligible Collateral (Gross)		
XIII.	Estimated Net Value %		
XIV.	Total Eligible Collateral (Net)		
XV.	Less: Unposted Cash		

XVI.	Adjusted Net Eligible Collateral		
XVII.	Advance Rate Percentage	85%	94%
XVIII.	Maximum Loan Availability on Collateral		
XIX.	Maximum Loan Availability per Agreement	$15,000,000	$14,500,000
XX.	TOTAL LOAN AVAILABILITY (LESSOR OF 12 OR 13)		
XXI.	Outstanding Loan Balance Prior Report		
XXII.	Less Collections (Net Cash)		
XXIII.	Plus Draws Since Prior Report		
XXIV.	Interest Due/Fees		
XXV.	Additional Advance Requested		
XXVI.	LOAN BALANCE THIS REPORT		
XXVII.	NET AVAILABILITY (14. minus 20.)		

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The undersigned represents and warrants that the foregoing information is true, complete and correct and that the collateral reflected herein with the conditions, terms, warrantees, representations and covenants set forth in the Loan and Security Agreement between the undersigned and Daiwa Healthco-2 LCC and any supplements and amendments, if any, thereto (the "Agreement"). The undersigned promises to pay to Daiwa Healthco-2 LCC the new loan balances reflected above, plus interest, as set forth in the Agreement.

CCA FUNDING LLC

By:_____________________________ Date:____________
Name:
Title:

[FOR USE AFTER THE SPECIAL PERIOD]

DAIWA HEALTHCO-2 LLC
Borrowing Base Report

Report Submission Date:_____________
Schedule #:______________
As of Date:______________

XXVIII. Beginning A/R Balance (from Previous Report)

XXIX. Additions:
29.01. New billings
29.02. Late Charges/Adjustments
Total Additions

XXX. Deductions:
30.01. Collections
30.02. Contractual/Discounts
30.03. Transfers Bad Debt
30.04. Other Discounts/Adjustments
Total Deductions

XXXI. Accounts Receivable Balance

XXXII. Less: Ineligible Collateral

XXXIII. Total Eligible Collateral (Gross)
XXXIV. Estimated Net Value %
XXXV. Total Eligible Collateral (Net)
XXXVI. Less: Unposted Cash
XXXVII. Adjusted Net Eligible Collateral
XXXVIII. Advance Rate Percentage 85%
XXXIX. Maximum Loan Availability on Collateral

XL. Maximum Loan Availability per Agreement

XLI. TOTAL LOAN AVAILABILITY (LESSOR OF 12 OR 13)

XLII. Outstanding Loan Balance Prior Report
XLIII. Less Collections (Net Cash)
XLIV. Plus Draws Since Prior Report
XLV. Interest Due/Fees
XLVI. Additional Advance Requested

XLVII. LOAN BALANCE THIS REPORT

XLVIII. NET AVAILABILITY (14. minus 20.)

The undersigned represents and warrants that the foregoing information is true, complete and correct and that the collateral reflected herein with the

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conditions, terms, warrantees, representations and covenants set forth in the Loan and Security Agreement between the undersigned and Daiwa Healthco-2 LCC and any supplements and amendments, if any, thereto (the "Agreement"). The undersigned promises to pay to Daiwa Healthco-2 LCC the new loan balances reflected above, plus interest, as set forth in the Agreement.

CCA FUNDING LLC

By:____________________________ Date:____________

Name:
Title:

EXHIBIT VII-B

FORM OF BORROWER'S CERTIFICATE

Daiwa Healthco-2 LLC
Two Wall Street
New York, New York 10005

Ladies and Gentlemen:

The undersigned refers to the Loan and Security Agreement, dated as of December __, 1996 (as the same may be amended, supplemented, restated, or modified from time to time, the "Loan Agreement") between CCA Funding LLC (the "Borrower") and Daiwa Healthco-2 LLC (the "Lender"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Loan Agreement.

In accordance with Section 1.03 of the Loan Agreement and in fulfillment of the condition precedent set forth in Section 2(a) of Exhibit II thereto, the Borrower hereby gives you irrevocable notice that the undersigned requests a Revolving Advance under the Loan Agreement, and in connection therewith sets forth below the information relating to such Advance as required by Section 1.03 of the Loan Agreement:

Proposed Revolving Advance:

(i) The Funding Date of such Revolving Advance is requested to be _______ __, 199_;

(ii) The amount of the Revolving Advance is requested to be $_______________; and

(iii)Attached is the Borrowing Base Certificate delivered to you on the immediately prior Monday.

The Borrower hereby certifies that the following statements are true and correct on the date hereof, and will be true and correct on the date of the proposed Revolving Advance:

(A) the representations and warranties contained in Exhibits III and IV of the Loan Agreement are and will be true and correct, both before and after giving effect to the Revolving Advance requested herein and to the application of the proceeds thereof, as though made on and as of such date (it being understood and agreed that

any representation or warranty which by its terms is made on a specified date shall be required to be true and correct only as of such specified date); and

(B) no event has occurred and is continuing, or would

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result from the Revolving Advance requested herein or from the application of the proceeds thereof that constitutes or an Event of Default; and

(C) the aggregate outstanding principal amount of the Revolving Advances after giving effect to the Revolving Advance requested herein is not in excess of the lesser of the Revolving Commitment and the Borrowing Limit.

Very truly yours,
CCA FUNDING LLC

By:__________________________
Name:
Title:

EXHIBIT VIII

FORM OF DEPOSITARY AGREEMENT

[TO BE ATTACHED]

EXHIBIT IX-A

FORM OF OPINION OF COUNSEL

EXHIBIT IX-B

FORM OF OPINION OF COUNSEL

SCHEDULE I

ADDRESSES FOR NOTICE

If to the Program Manager:

Daiwa Securities America Inc.
Financial Square
32 Old Slip
New York, New York 10005-3538
Attention: Chief Financial Officer
Tel: (212) 612-6290

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Fax: (212) 612-7122

If to the Master Servicer:

RJE Data Processing, Inc.
2513 West Peterson
Chicago, Illinois 60659
Attention: Jack Callahan, President
Tel: (312) 561-6966
Fax: (312) 878-6355

SCHEDULE II

CREDIT AND COLLECTION POLICY

[TO BE ATTACHED]

SCHEDULE III

LICENSE REVOCATIONS

The following facilities have been decertified from the Medicaid and Medicare Programs during the past 24 months:

(1) Community Care of America at Toledo (Toledo, Iowa)
Community Care of America voluntarily decertified this facility from both the Medicare and Iowa state Medicaid programs on March 8, 1996. The company has been recertified to participate in both programs effective September 20, 1996 and November 20, 1996 respectively.

(2) Community Care of America at Council Bluffs North (Council Bluffs, Iowa) This facility was decertified from both the Medicare and Iowa state Medicaid programs on April 17, 1996. The company has been recertified to participate in both programs effective July 1, 1996.

SCHEDULE IV

LOCKBOX INFORMATION

Provider Ancillary Lockbox:

CCA - Self-pay
Post Office Box 710278
Cincinnati, Ohio 45271-0278

Provider Ancillary Lockbox Account:

CCA - Self-pay
Account #00109-98906

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KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

Provider Government Lockbox:

CCA - Governmental
Post Office Box 710275
Cincinnati, Ohio 45271-0275

Provider Government Lockbox Account:

CCA - Governmental
Account #00109-98891
KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

Lender Lockbox:

Post Office Box 710276
Cincinnati, Ohio 45271-0276

Lender Lockbox Account:

Account # 50020-61106
KeyBank
127 Public Square, seventh floor
Cleveland, Ohio 44114-1306
ABA #041 001 039

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ASSIGNMENT OF HEALTHCARE RECEIVABLES
PURCHASE AND TRANSFER AGREEMENT
AS COLLATERAL SECURITY

FOR VALUE RECEIVED, CCA FUNDING LLC, a Delaware limited liability company (the "Assignor"), hereby grants a security interest in and assigns and transfers to DAIWA HEALTHCO-2 LLC, as Lender (the "Assignee"), all right, title and interest of the Assignor in and to, all benefits of the Assignor under, and all monies due or to become due to the Assignor under or in connection with, the contract more particularly described as follows:

> That certain Healthcare Receivables Purchase and Transfer Agreement, dated as of December __, 1996, among Community Care of America, Inc., the other parties named therein as Providers, and the Assignor as Purchaser (as may be amended, restated, modified or supplemented from time to time in accordance with the terms thereof and hereof, the "Transfer Agreement")

as collateral security for any and all of the obligations of the Assignor pursuant to that certain Loan and Security Agreement dated as of December __, 1996 between the Assignor and the Assignee (as such may be amended, modified or supplemented from time to time, the "Loan Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined), whether at stated maturity, by acceleration or otherwise (including, without limitation, all interest thereon, whether accruing prior or subsequent to the commencement of a bankruptcy or similar proceeding involving the Assignor as a debtor), and all present and future obligations of the Assignor under this Assignment, whether at stated maturity, by acceleration or otherwise (all of the foregoing being herein referred to as the "Obligations").

The Assignor agrees, covenants, represents and warrants that:

1. The Assignor's right, title and interest in the Transfer Agreement is owned by the Assignor free and clear of all claims, mortgages, pledges, liens, encumbrances and security interests of every nature whatsoever, except in favor of the Assignee. Without the Assignee's prior written consent, the Assignor will not sell, transfer, assign, pledge or grant a security interest in the Transfer Agreement to any other person. Any such sale, transfer, assignment, mortgage, pledge or encumbrance without the Assignee's written consent shall be void and of no force and effect.

2. Without the Assignee's prior written consent, the Assignor will not amend (directly or indirectly), modify, supplement, waive compliance with, seek or grant a waiver under or assent to non-compliance with the Transfer Agreement.

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3. The Assignor specifically acknowledges and agrees that the Assignee does not assume, and shall have no responsibility for, the payment of any sums due or to become due under the Transfer Agreement by the Assignor or the performance of any obligations to be performed under or with respect to the Transfer Agreement by the Assignor, and the

Assignor hereby agrees to indemnify and hold the Assignee harmless with respect to any and all claims by any person relating thereto. The Assignee, in its discretion, may file or record this Assignment.

4. If an Event of Termination shall occur and be continuing, in addition to all other rights and remedies of the Assignee pursuant to any agreements of the Assignor in favor of or assigned to and held by the Assignee or pursuant to applicable law or otherwise, the Assignee or its successor shall have all rights and benefits under the Transfer Agreement, including, without limitation, any and all rights to indemnification claims of the Assignor, without modifying or discharging any of the Obligations, except to the extent payment in respect thereof is received. Upon the occurrence and continuance of an Event of Termination, the Assignor agrees to execute any and all documents requested by the Assignee in its sole discretion to enable the Assignee to exercise all of the rights of the Assignor under the Transfer Agreement. The specified remedies to which the Assignee may resort under the terms of this Assignment are cumulative and are not intended to be exclusive of any other remedies or means of redress to which the Assignee may be lawfully entitled in case of any breach or threatened breach by the Assignor of any provision hereof or of any of the Obligations. Nothing contained in this Assignment and no act or action taken or done by the Assignee pursuant to the powers and rights granted to it hereunder or under any instrument collateral hereto shall be deemed to be a waiver by the Assignee of any of its rights and remedies against the Assignor in connection with, or in respect of, any of the Obligations. The right of the Assignee to collect and enforce collection of the Obligations and to enforce any security and collateral held by it may be exercised by the Assignee prior to, simultaneously with, or subsequent to any action taken by the Assignee hereunder.

5. Upon the payment and satisfaction in full of all of the Obligations and the termination of any commitment by the Assignee to make loans or other financial accommodations to or for the benefit of the Assignor under the Loan Agreement, this Assignment shall be terminated by the Assignee and shall be of no further force or effect, but the affidavit, certificate, letter or statement of any officer, agent or attorney of the Assignee showing that any part of the

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Obligations remains unpaid or unsatisfied shall be and constitute prima facie evidence of the validity, effectiveness and continuing force of this Assignment and any person may, and is hereby authorized to, rely thereon.

6. The Assignee may take, or release, in whole or in part, other security which it may hold for the payment of the Obligations, may release any party primarily or secondarily liable therefor, and may apply any other security held by it to the satisfaction, or partial satisfaction, of such Obligations, without prejudice to any of its rights under this Assignment.

7. This Assignment shall inure to the benefit of the Assignee and its permitted successors, assigns and designees, and shall be binding upon any subsequent owner of the Assignor's interest in and to the Transfer Agreement.

8. The Assignor covenants to execute and deliver to the Assignee, upon demand, such additional assurances, writings or other instruments as may be reasonably required by the Assignee to effectuate the purpose hereof. This Assignment may not be changed orally and is to be governed by the internal laws of the State of New York applicable to contracts executed and to be performed in such State.

9. The Assignor hereby irrevocably designates and appoints the Assignee as attorney-in-fact of the Assignor with power of substitution, and with authority from and after and during the continuance of an Event of Termination: to execute and deliver for and on behalf of the Assignor any and all instruments, documents, agreements and other writings necessary or advisable for the exercise on behalf of the Assignor pursuant hereto of any rights, benefits or options created or existing under or pursuant to the Transfer Agreement and in this regard; to endorse the name of the Assignor on its behalf on any and all notes, acceptances, checks, drafts, money orders, instruments or other evidences of collateral, that may come into the Assignee's possession; to execute proofs of claim and loss; to execute endorsements, assignments or other instruments of conveyance and transfer; to execute releases; and, to do all other acts and things necessary and advisable in the discretion of the Assignee to carry out and enforce this Assignment or the Obligations. All acts done by the Assignee under the foregoing authorization are hereby ratified and approved, and neither the Assignee or its successors nor any designee or agent thereof shall be liable for any acts of commission or omission (other than acts committed or omitted through bad faith, gross negligence or willful misconduct), for any error of judgment or for

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mistake of facts or law. This power of attorney being coupled with an interest is irrevocable while any of the Obligations shall remain unpaid and unperformed.

10. If an Event of Termination shall occur and be continuing, the Assignee may, in its discretion, in its name or the Assignor's, notify any obligor under the Transfer Agreement to make payment to the Assignee of all amounts due or to become due under the Transfer Agreement.

11. If an Event of Termination shall occur and be continuing, the Assignee may, in its discretion, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for the Transfer Agreement, or, with respect to payments which have become due and payable under the Transfer Agreement, make any compromise or settlement deemed desirable by the Assignee.

12. The Assignor agrees that any copy of this Assignment signed by the Assignor and transmitted by telefax for delivery to the Assignee shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed this __th day of December, 1996.

CCA FUNDING LLC

By: CCA Funding Manager, Inc., its Manager

By:
Name:
Title:

Acknowledged By:

COMMUNITY CARE OF AMERICA,
INC.

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By:
Name:
Title:

ECA HOLDINGS, INC.

By:
Name:
Title:

COMMUNITY CARE OF NEBRASKA,
INC.

By:
Name:
Title:

COMMUNITY CARE OF GEORGIA, INC.

By:
Name:
Title:

COMMUNITY CARE OF AMERICA OF
ALABAMA, INC.

By:
Name:
Title:

CCA OF MIDWEST, INC.

By:
Name:
Title:

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ECA PROPERTIES, INC.

By:
Name:
Title:

LULING/SCC, INC.

By:
Name:
Title:

DUBLIN/SCC, INC.

By:
Name:
Title:

MARIETTA/SCC, INC.

By:
Name:
Title:

MACON/SCC, INC.

By:
Name:
Title:

COLLEGE PARK/SCC, INC.

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By:
Name:
Title:

GLENWOOD/SCC, INC.

By:
Name:
Title:

QUALITY CARE OF COLUMBUS, INC.

By:
Name:
Title:

QUALITY CARE OF LYONS, INC.

By:
Name:
Title:

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

AGREEMENT made as of the 27th day of December, 1996, between COMMUNITY CARE OF AMERICA, INC., a Delaware corporation ("Borrower"), and IHS FINANCIAL HOLDINGS, INC., a Delaware corporation ("Lender" or "Manager").

WHEREAS, Borrower and Lender are concurrently herewith entering into a Management Agreement (the "Management Agreement") pursuant to which Borrower has engaged the services of Lender to manage various functions of the Borrower's business; and

WHEREAS, Lender is willing to make available to the Borrower a revolving line of credit in the maximum aggregate amount of $5,000,000, and Borrower wishes to obtain such revolving line of credit, all upon the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises, the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that:

1. IHS Revolving Line of Credit.

(a) Subject to the terms and conditions hereof and relying upon the representations and warranties of the Borrower herein set forth, Lender hereby makes available to Borrower a revolving line of credit (the "IHS Line of Credit") in the aggregate maximum principal amount outstanding at any time of FIVE MILLION DOLLARS ($5,000,000). It is contemplated that, subject to the terms and conditions hereof, the Borrower will be permitted to effect draws under the IHS Line of Credit at any time and from time to time during the period that commences on the date hereof and ends on the second anniversary of the date hereof.

(b) Lender shall not be required to make any advances under the IHS Line of Credit to the Borrower unless all of the following conditions shall have been

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satisfied at the time the advance is requested and at the time such advance is to be made: (i) all of the representations and warranties made by the Borrower in this Agreement and the Management Agreement shall be true and correct in all respects at and as of the date on which such advance is to be made with the same force and effect as if each such representation or warranty were made at and as of such time, and in furtherance thereof, the Borrower shall automatically be deemed to have remade each of such representations and warranties on each such date; (ii) the Borrower shall have performed and complied with all covenants, agreements and obligations required to be performed or complied with by it, on or prior to the date on which such advance is to be made; (iii) no Event of Default (as defined in Section 5) shall have occurred and be continuing; (iv) the Borrower shall have complied with the procedure set forth in subsection (c) below with respect to such advance; and (v) Lender shall have consented to the making of such advance, such consent not to, be unreasonably withheld; provided, however, that Lender's consent to the making of an advance shall not be required if the proceeds of such advance are applied to payment of fees under the Management Agreement.

(c) (i) If the Borrower shall desire that Lender make an advance to it, it shall provide Lender with a written request, certified to be true, complete and correct by its President or Chief Financial Officer, at least forty-eight (48) hours prior to the date on which the borrowing is to be made. Such request shall set forth: (A) the amount of the requested advance, (B) the proposed use thereof in reasonable detail, and (C) shall contain a statement that: (I) all of the representations and warranties made in this Agreement are true and correct in all respects as if made on the date of the request, (II) the Borrower is in compliance with all of its covenants and obligations under this Agreement and the Management Agreement, and (III) no Event of Default has occurred. Such request shall also contain an undertaking by the individual executing same to immediately notify Lender if any of the statements made therein shall become untrue, incomplete or incorrect after the date of delivery and on or prior to the date of the requested borrowing.

(ii) If the Manager shall desire that an advance be made to the Borrower, it shall provide the Borrower with notice (which notice may be oral) thereof at least forty-eight (48) hours prior to the date on which the borrowing is to be made. Such request shall set forth: (A) the amount of the requested advance, and (B) the proposed use thereof in reasonable detail. No such advance shall be made at Manager's request (unless pursuant to Section 5.3 of the Management Agreement) without the consent of the Borrower, which consent shall not be unreasonably withheld and shall be deemed given unless Borrower shall otherwise notify Manager (which notice may be oral) within forty-eight hours of said request. (d) The proceeds of each advance shall be used as directed by the Manager in accordance with the terms of the Management Agreement.

(e) Lender shall have no obligation to make any further advances if the payment of the Note (as defined below) shall have been accelerated.

2. Loan Note.

The obligation of the Borrower to repay the unpaid principal amount of the

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IHS Line of Credit, together with interest thereon, and Lender's fees and costs in connection therewith shall be evidenced by that certain Subordinated Note dated December 27, 1996 (the "Note") of Borrower of even date herewith, payable to the order of Lender in a face amount equal to the maximum loan amount set forth in Section 1, above, and having a maturity date which is on the second anniversary of the date hereof (the "Maturity Date").

3. Repayment of IHS Line of Credit.

Interest on the IHS Line of Credit shall be payable monthly during the period commencing on the date hereof and ending on the Maturity Date. Such interest shall be payable at a rate per annum equal to the annual rate of interest set forth in the Revolving Credit Agreement by and between Integrated Health Services, Inc., as Borrower, and Citibank, N.A., as Lender, dated May 16, 1996 plus two (2%) percent.

4. Additional Covenants of Borrowers.

Until all of the Borrower's obligations under this Agreement and the Note (the "Obligations") are satisfied in full, subject to the provisions of Section 5, below, the Borrower agrees that it will do or perform each of the following (except to the extent that any of the following are the responsibility of Lender in its capacity as Manager pursuant to the Management Agreement):

(a) furnish or cause to be furnished to the Lender any financial or other information that the Lender may reasonably deem necessary or desirable;

(b) duly pay and discharge all taxes, assessments and governmental charges owed by or against the Borrower or any of its subsidiaries or any of their respective properties, prior to the date on which penalty will attach thereto, unless and only to the extent that any such taxes are contested in good faith by appropriate proceedings by the Borrower;

(c) take whatever actions are necessary to comply with all statutes and regulations governing the operation of the Borrower's business;

(d) promptly cure any defects in the execution and delivery of this Agreement and all other instruments executed in connection with this transaction;

(e) execute and deliver or cause to be executed and delivered any other instruments or documents which the Lender may reasonably request;

(g) promptly notify the Lender of any Event of Default discovered by the Borrower; and

(h) permit the Lender to designate one additional member of the Board of Directors of Borrower.

5. Events of Default.

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At the option of Lender, all or any part of the Obligations shall immediately become due and payable irrespective of any agreed maturity upon the happening of any of the following events of default ("Events of Default"): (a) any Acceleration Event occurs under the Note; (b) any breach by the Borrower of any of its representations or warranties under this Agreement or the Management Agreement; (c) any other breach of this Agreement which breach continues for a period of sixty (60) days following notice from Lender to the Borrower; or (d) the termination of the Management Agreement.

6. Waivers.

The Lender shall not be deemed to have waived any of its rights upon or under any of the Obligations unless such waiver be in writing, shall expressly refer to this Section 6 and shall be signed by the Lender. No delay or omission on the part of the Lender on Obligations, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised separately or concurrently.

7. Transfers by Lender.

Subject to the same limitations as are set forth in Section 11.1 of the Management Agreement, Lender may transfer any or all of the Obligations.

8. Definition of Borrowers.

The term "Borrower" as used throughout this Agreement shall include (a) its successors and assigns; (b) any individual, association, trust, partnership, corporation, or other entity to which all or substantially all of the business or assets of the Borrower shall have been transferred or with or into which any of them shall have been merged, consolidated, reorganized or absorbed; and (c) in the case of a partnership or joint venture, any general or limited partnership or joint venture which shall have been created by reason of, or continued in existence after, the admission of any new partner, partners or joint venturers therein or the dissolution of the existing partnership or joint venture by the death, resignation or other withdrawal of any partner or joint venturer.

9. Maximum Interest.

All agreements between the Borrower and Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of deferment in accordance with this Agreement or advancement of the loan proceeds, acceleration of maturity of the Obligations, or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance or detention of the money to be loaned hereunder exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstance Lender should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to

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the reduction of the principal of the Obligations and not to the payment of interest. This provision shall control every other provision of all agreements between the Borrower and Lender.

10. Borrower's Representations and Warranties.

To induce the Lender to lend monies pursuant to the Note, the Borrower represents and warrants to Lender that:

(a) The Borrower is duly authorized to execute and deliver this Agreement, the Note and the Management Agreement and to perform its obligations hereunder and thereunder;

(b) the execution and delivery by the Borrower of this Agreement, the Note and the Management Agreement, and the performance by the Borrower of its obligations hereunder and thereunder do not and will not conflict with any provision of the charter or by-laws of the Borrower;

(c) this Agreement, the Note and the Management Agreement when duly executed and delivered, will be the legal, valid and binding obligation of Borrower enforceable against it in accordance with its terms;

(d) Neither the execution and delivery of this Agreement, the Note or the Management Agreement nor the performance by Borrower of its obligations hereunder and thereunder will result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except as contemplated or provided herein or therein, and such execution, delivery and performance will not conflict with or result in the breach or violation of or a default (with due notice or passing of time or both) under the terms, conditions or provisions of (a) any indenture, evidence of indebtedness, loan or financing agreement, or other agreement or instrument of whatever nature to which the Borrower is a party or by which the Borrower is bound; or (b) any provision of any existing law, rule, regulation, order, writ, injunction or decree of any court or federal, state, county or municipal governmental authority to which the Borrower is subject;

(e) Each representation and warranty contained in Sections 6.4, 6.5, 6.6 and 6.7 of the Management Agreement is true and correct.

(f) No person is entitled to receive from the Borrower any brokerage commission, finder's fee or similar fee or payment in connection with the consummation of the transactions contemplated by this Agreement, the Note or the Management Agreement.

11. Notices.

Any notice or other communication by either party to the other shall be in writing (except as otherwise expressly provided in this Agreement) and shall be given and be deemed to have been duly given, upon the date delivered if delivered personally or upon the date received if mailed postage pre-paid, registered, or certified mail, or upon confirmation of receipt if sent by

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telefacsimile transmission, or one business day after sent if sent by nationally recognized overnight courier service, in each case, addressed as follows:

To the Borrower:	Community Care of America, Inc. 3050 N. Horseshoe Drive Naples, FL 33942 Attention: Gary Singleton, President Fax: 941-435-0087
With a copy to:	J. Allen Miller Chadbourne & Parke, LLP 30 Rockefeller Plaza New York, NY 10022 Fax: 212-541-5369
To the Lender:	IHS Financial Holdings, Inc. 10065 Red Run Boulevard Owings Mills, MD 21117 Attention: Eleanor Harding Fax: 410-998-8716
With a copy to:	Integrated Health Services, Inc. 10065 Red Run Boulevard Owings Mills, MD 21117 Attention: Marshall A. Elkins, Esq. Fax: 410-998-8747 - and - Frank Agostino Calo Agostino 27 Warren Street Hackensack, NJ 07601 Fax: 201-488-5855

or to such other address, and to the attention of such other person or officer as either party may designate in writing by notice.

12. Applicable Law.

The substantive laws of the State of Maryland shall govern the validity, construction, enforcement and interpretation of this Agreement and all other documents and instruments referred to herein, unless otherwise specified therein.

13. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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14. Construction.

The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant.

15. Press Releases and Public Announcements.

Neither party shall issue any press release nor make any public announcement relating to the subject matter of this Agreement, the Note or the Management Agreement without the prior written approval of an officer of the Borrower and the Lender; provided, however, that any party may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing party will use its best efforts to advise and consult with the other party before making the disclosure.

16. Arbitration.

If any controversy should arise between the parties in performance, interpretation, or application of this Agreement or the Note which involves any matter, either party may serve upon the other a written notice stating that such party desires to have the controversy reviewed by an arbitrator. If the parties cannot agree within fifteen (15) days from the service of such notice upon the selection of such arbitrator, an arbitrator shall be selected or designated by the American Arbitration Association upon written request of either party hereto. Arbitration of such controversy, disagreement, or dispute shall be conducted in accordance with the Commercial Arbitration Rules then in force of the American Arbitration Association and the decision and award of the arbitrator so selected shall be binding upon the Owner and Manager. The arbitration will be held in New York, New York.

As a condition precedent to the appointment of any arbitrator both parties shall be required to make a good faith effort to resolve the controversy which effort shall continue for a period of thirty (30) days prior to any demand for arbitration. The cost of any such arbitration shall be shared equally by the parties. Each party shall pay its own costs incurred as a result of its participation in any such arbitration.

The Arbitrator shall have no authority to award punitive damages or any other damages in excess of the prevailing party's actual damages, and may not make any ruling, finding or award that does not conform to the terms and

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conditions of this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

Borrower:	LENDER:
COMMUNITY CARE OF AMERICA, INC.	IHS FINANCIAL HOLDINGS, INC.
By:	By:
Title:	Title:
Attest:	Attest:

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SUBORDINATED NOTE

December 27, 1996 $5,000,000

FOR VALUE RECEIVED, Community Care of America, a Delaware corporation (the "Maker"), having an address at 3050 N. Horseshoe Drive, Naples, FL 33942, hereby promises to pay to the order of IHS Financial Holdings, Inc., a Delaware corporation ("Payee"), or assigns, in lawful money of the United States at its address at 10065 Red Run Boulevard, Owings Mills, MD 21244, or at such other address as the holder of this Note shall specify from time to time to the Maker, on the second anniversary of the date hereof, such amounts as are advanced to the Maker by the holder of this Note from time to time in accordance with the Credit Agreement (as hereinafter defined), such principal amount not to exceed in the aggregate at any one time Five Million Dollars ($5,000,000), and which shall be then outstanding. All amounts due under this Note shall bear interest at the Applicable Rate (as hereinafter defined) as in effect from time to time, payable on each date when a payment of principal is made or due and, commencing with and continuing after January 1, 1997, on the first day of each calendar month of each year.

The "Applicable Rate" shall mean two percent (2%) above the rate of interest charged to Integrated Health Services in that certain Revolving Credit Agreement by and between Integrated Health Services, Inc., as Borrower, and Citibank, N.A., as Lender, dated May 16, 1996 (hereinafter referred to as the "Citibank Rate"), or any replacement of such senior secured debt.

Upon and during the continuance of an Acceleration Event (as defined below), all amounts payable under this Note shall accrue interest at a rate per annum equal to three percent (3%) in excess of the Applicable Rate (the "Default Rate"). Any such default interest shall be due on demand.

In the event that any payment, including, without limitation, interest or principal, required to be made by the Borrower under this Note shall not be received by the Lender within ten (10) days after the same shall be due and

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payable, the Lender may charge, and if so charged, the Borrower shall pay upon demand, a late charge of five cents ($0.05) for each dollar ($1.00) of such delinquent payment. This Note may be prepaid in whole at any time or in part from time to time without penalty. Each such prepayment shall be applied first to unpaid fees and charges under this note, accrued and unpaid interest and then to principal.

At the time of making of each advance by the holder of this Note to the Maker, and upon each payment of principal of any such advances the holder of this Note shall, and is hereby authorized to, make a notation on the Grid attached hereto and made a part hereof, of the date and the amount of such advance or payment, as the case may be. The notations on the Grid shall constitute prima facie evidence of the amount of principal outstanding under this Note from time to time. Notwithstanding the foregoing, the failure to make a notation with respect to any advance or payment shall not limit or otherwise affect the obligation of the Maker hereunder with respect to any advance or payment. Although this Note is dated the date of issue, interest in respect hereof shall be payable only for the periods during which the advances evidenced hereby are outstanding and although the stated principal amount of this Note shall be Five Million Dollars ($5,000,000), this Note shall be enforceable, with respect to the Maker's obligation to pay this principal amount hereof, only to the extent of the unpaid principal amount of the advances at the time evidenced hereby.

This is the Grid Note referred to in, and is entitled to the benefits of the Revolving Credit Agreement of even date herewith between Payee and the Maker (the "Credit Agreement"). Without limiting the generality of the foregoing, Payee's obligation to make advances to the Maker under this Note shall be governed by the Credit Agreement. The remedies of the holder of this Note as provided herein, in the Credit Agreement, or in any other loan or security instrument, agreement or document, or any of them relating to this Note, or at law or in equity, shall be cumulative and concurrent, and may be pursued singly, successively, or together at the sole discretion of the holder of this Note and may be exercised as often as occasion therefor shall occur.

If an Acceleration Event shall occur, then, at the option of the holder hereof upon written notice thereof to the Maker, all amounts then outstanding under this Note shall become immediately due and payable; provided, however, if an Acceleration Event as defined in Paragraph (e) of the next succeeding paragraph shall occur with respect to the Maker, then this Note automatically shall become immediately due and payable in its entirety.

An "Acceleration Event" shall be deemed to have occurred hereunder if:

a) the Maker shall fail to pay any amount due under this Note for more than ten (10) days after the holder of this Note shall have given the Maker notice of such failure;

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(b) the Maker shall breach any of its obligations under this Note or the Credit Agreement (other than for the payment of any amount due under this Note) and such breach shall continue for thirty (30) days after the holder of this Note shall have given the Maker notice of said default;

(c) any statement, representation, or warranty of the Maker contained in this Note or the Credit Agreement shall be untrue in any material respect when made;

(d) any creditor of the Maker or of any principal subsidiary of the Maker (other than any creditor identified in writing by Maker to Payer prior to execution and delivery of this Note, with respect to the amount so specified) shall give notice or demand that any obligations of the Maker or of such subsidiary for the payment of money due to such creditor in an amount not less than $100,000 be immediately paid or otherwise declares such obligations to become immediately due and payable; or

(e) the Maker or any principal subsidiary of the Maker, shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee or receiver; or a trustee or a receiver shall be appointed for any of them or for a substantial part of its or his respective property; or bankruptcy, liquidation, termination of existence, reorganization or insolvency or similar proceedings shall be instituted by or against any of them; or

(f) there shall be a Fundamental Event (as hereinafter defined) of the Maker.

A "Fundamental Event" shall be deemed to occur if (i) there shall be consummated (x) any consolidation or merger of the Maker or any principal subsidiary of the Maker in which the Maker or such subsidiary, as the case may be, is not the continuing or surviving corporation or pursuant to which shares of the capital stock of the Maker or such subsidiary would be converted into cash, securities or other property, other than a merger of the Maker or such subsidiary, as the case may be, in which the holders of the capital stock thereof immediately prior to the merger have the same proportionate ownership of capital stock of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Maker or any of its principal subsidiaries (including by way of management agreement), or (ii) stockholders of the Maker shall approve any plan or proposal for liquidation or dissolution of the Maker or any principal subsidiary of the Maker, or (iii) any new person or group (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 30% or more of the capital stock of the Maker, or (iv) during any period of two consecutive years, individuals who at the beginning of such period

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constitute the entire Board of Directors shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Maker stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period, or (v) the Maker or any principal subsidiary of the Maker shall issue any equity securities or any securities convertible into or exchangeable for equity securities in an aggregate amount in excess of 30% percent (thirty percent) of the equity of the Maker or such principal subsidiary on a fully diluted basis on the date hereof.

The indebtedness represented by this Note (including the interest thereon) shall be subordinate and junior in right of payment to the prior payment in full of all Senior Indebtedness (as defined below). By accepting this Note, the Payee agrees from time to time to enter into such commercially reasonable subordination agreements with or for the benefit of holders of Senior Indebtedness as such holders shall reasonably require from time to time to evidence the subordination of the Payee's rights hereunder to the rights of the holders of Senior Indebtedness; provided such agreements shall contain only subordination provisions ordinarily obtained by such holders under similar circumstances, provided, further, that Payee shall not be required to return any payment made prior to the receipt of a written notice of an Event of Default from the holder of the Senior Indebtedness. Each such subordination agreement is sometimes referred to in this Note as a "Subordination Agreement" and collectively as the "Subordination Agreements". "Senior Indebtedness" means (a) the principal of, premium, if any, and interest on, and all other obligations to pay money or expend funds under, all Indebtedness to Daiwa Bank, Health and Retirement Properties Trust ("HRPT") or any other lender or lessor which replaces, refinances, or succeeds to the position, in whole or in part, of Daiwa Bank, or HRPT, in an amount not to exceed thirty million dollars ($30,000,000); and (b) any amendments, modifications, deferrals, renewals or extensions of any such Senior Indebtedness, or debentures, notes or other evidences of indebtedness issued in exchange for any such Senior Indebtedness. The term "Indebtedness" as used in the foregoing sentence means any liability of the Maker (i) for money borrowed from, or the issuance of letters of credit and other financial accommodations by, any bank, financial institution or other lender, or (ii) arising under a lease of property, equipment or other assets whether or not classified upon the balance sheet of the Maker as a liability of the Maker, or (iii) arising under a guaranty by the Maker of the liability of another (including any subsidiary of the Maker) where the liability of the Maker arising thereunder is, under the express provisions of such guaranty, superior in right of payment to this Note.

Subject to the payment in full of all Senior Indebtedness, the holder of this Note shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Maker applicable to the Senior Indebtedness until all amounts owing on this Note shall be paid in full, and, as between the Maker, its creditors other than holders of Senior Indebtedness, and the holder of this Note, no payment or distribution of cash, property or securities made to the holders of Senior Indebtedness by virtue of the subordination provisions hereof which otherwise would have been made to the holder of this Note shall be deemed

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to be a payment by the Maker on account of the Senior Indebtedness, and no payment or distribution of cash, property or securities made to the holder of this Note by virtue of the subrogation provided for herein which otherwise would have been made to the holders of Senior Indebtedness shall be deemed to be a payment on account of this Note; it being understood that the provisions hereof are, and are intended solely, for the purpose of defining the relative rights of the holder of this Note, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

The obligation of the Maker to pay to the holder of this Note the principal of and interest on this Note and all other sums due in connection herewith as and when the same shall become due and payable in accordance with the terms hereof is absolute and unconditional. The holder of this Note shall be entitled to exercise singularly or cumulatively and in any order, all remedies permitted by applicable law, equity, this Note, or otherwise upon default hereunder.

The Maker agrees to pay all costs of collection arising out of or under this Note, including, without limitation, reasonable attorneys' fees and expenses. Such costs shall be due on demand.

Anything to the contrary contained in this Note notwithstanding, at no time shall the Maker be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject the holder hereof to either civil or criminal liability as a result of being in excess of the maximum interest rate which the Maker is permitted by applicable law to contract or agree to pay. If, by the terms of this Note or any security agreement, the Maker is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such maximum rate, the applicable interest rate shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

The obligations hereunder shall be binding upon the successors and assigns of the Maker. The Maker, for itself and its successors and assigns, and each endorser, co-obligor, surety and guarantor hereof, hereby waives presentment for payment, notice of nonpayment or dishonor, protest, notice of protest and all other notices in connection with delivery, acceptance, performance or enforcement of this Note. [SIGNATURE ON NEXT PAGE]

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This Note shall be construed in accordance with and governed by the laws of the State of Maryland applicable to contracts executed, delivered and to be fully performed in Florida without regard to its choice of law provisions. COMMUNITY CARE OF AMERICA, INC.

By: ____________________________
Gary Singleton, President

GRID

ADVANCE AND PAYMENT SCHEDULE

Date of Advance	Amount of Advance	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Name of Person Making Notation

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Warrant ACQUISITION agreement

This Warrant Acquisition Agreement (this "Agreement") is entered into as of January 13, 1997 (the "Effective Date") by and between Community Care of America, Inc., a Delaware corporation ("CCA"), on the one hand, and on the other hand, Integrated Health Services, Inc., a Delaware corporation ("IHS").

WHEREAS, CCA and IHS are parties to that certain Management Agreement, dated as of December 27, 1996 (the "Management Agreement"), pursuant to which IHS has agreed to provide certain services to CCA, on the terms and conditions contained therein; and

WHEREAS, in connection with the Management Agreement, CCA and IHS entered into that certain Revolving Credit Agreement, dated as of December 27, 1996 (the "Revolving Credit Agreement"), pursuant to which IHS agreed to make available to CCA a line of credit (the "Line of Credit") for up to Two Million Dollars ($2,000,000) to be evidenced by a Subordinated Note (the "Subordinated Note"); and

WHEREAS, CCA and IHS have continued to negotiate the terms upon which IHS would be willing to provide CCA with a Line of Credit for up to Five Million Dollars ($5,000,000); and

WHEREAS, in order to induce IHS to provide an aggregate Line of Credit to CCA of Five Million Dollars ($5,000,000), CCA has agreed to issue to IHS warrants (the "Warrants") to purchase up to 9.9% of the outstanding common stock of CCA (the "Common Stock"), on the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS.1.DEFINITIONS As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" of any particular Person means any executive officer, director (regardless of whether an officer), general partner, trustee and any other Person that controls, is controlled by or is under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of the particular Person

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whether through the ownership of voting securities, contract or otherwise.

"Common Stock" shall mean CCA's common stock, $.0025 par value.

"day" shall mean any calendar day; "business day" shall mean any day other than Saturdays, Sundays and days that are a banking holiday in New York City; and "trading day" shall mean any day other than Saturdays, Sundays and days that are a scheduled holiday for the principal securities market in which the Common Stock is quoted or traded.

"Additional Transaction Documents" shall mean the Series A and Series B Warrants described in Section 2.1 and the Registration Rights Agreement in the form attached hereto as Exhibit 3.

"Person" shall mean any natural person and any corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock partnership, trust, unincorporated organization or government or other agency or political subdivision thereof.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, limited liability partnership, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, limited liability partnership, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by a Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, limited liability partnership, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, limited liability partnership, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, limited liability partnership, partnership, association or other business entity.

"Underlying Common Stock" shall mean (i) the shares of Common Stock issued or issuable upon exercise of the Warrant and (ii) any Common Stock issued or issuable with respect to the securities referred to in clause (i) above by way of stock dividend or stock split or in connection with a combination of

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shares, recapitalization, merger, consolidation or other reorganization.

2. PURCHASE AND SALE OF THE WARRANTS.2.PURCHASE AND SALE OF THE WARRANTS

2.1. The Effective Date Transaction. Simultaneously with the execution and delivery of this Agreement: (a) CCA is issuing to IHS the Series A Warrant, in the form attached hereto as Exhibit 1 (the "A-Warrant"); (b) CCA is issuing to IHS the Series B Warrant, in the form attached hereto as Exhibit 2 (the "B-Warrant"); and (c) the Revolving Credit Agreement is deemed to have been amended by CCA and IHS to provide an aggregate Line of Credit of Five Million Dollars ($5,000,000) in consideration for the issuance and sale of the Warrants.

3. ADDITIONAL TRANSACTION DOCUMENTS.7.ADDITIONAL TRANSACTION DOCUMENTS.

3.1. Registration Rights Agreement. Simultaneously with the execution and delivery of this Agreement, CCA and IHS shall enter into a Registration Rights Agreement in the form attached hereto as Exhibit 3.

4. REPRESENTATIONS AND WARRANTIES OF CCA; COVENANTS OF CCA.8.REPRESENTATIONS AND WARRANTIES OF CCA. CCA hereby represents and warrants to IHS that the statements in the following subsections of this Section 4 are all true and correct as of the Effective Date and covenants to CCA as follows:

4.1. Organization, Standing, and Qualification of CCA. CCA is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Copies of the Certificate of Incorporation and Bylaws of CCA, and all the amendments thereof to date, have been, if requested, delivered to IHS and are complete and correct. CCA has the power and the authority to own the property and assets now owned by it and to conduct the business presently being conducted by it.

4.2. Absence of Conflicting Agreements. Neither (a) the execution or delivery of this Agreement, the Additional Transaction Documents, the amendment to the Revolving Credit Agreement or the other instruments and documents required or contemplated hereby and thereby, nor (b) the performance by CCA of the transactions contemplated hereby or thereby, conflicts with, or constitutes a breach of or a default or requires the consent of any third party under (i) to the best of its knowledge after due inquiry, any applicable law, rule, judgment, order, writ, injunction, or decree of any court, currently in effect; or (ii) to the best of its knowledge after due inquiry, any applicable rule or regulation of any administrative agency or other governmental authority currently in effect; or (iii) any agreement, indenture, contract or instrument to which CCA (or any of its Subsidiaries) is now a party or by which the assets of CCA (or any of its Subsidiaries) are bound.

4.3. Authority. CCA has been and is duly authorized to execute and deliver this Agreement, the Additional Transaction Documents, the Management Agreement, the Revolving Credit Agreement (as amended hereby) and the other instruments and

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transactions required or contemplated hereby and thereby, and to perform its obligations hereunder and thereunder. The execution and delivery by CCA of this Agreement, the Additional Transaction Documents, the Management Agreement, the Revolving Credit Agreement (as amended hereby) and the other instruments and transactions required or contemplated hereby and thereby, and the performance by CCA of its obligations hereunder and thereunder do not and will not conflict with any provision of the Certificate of Incorporation or Bylaws of CCA (or any of its Subsidiaries) as amended to date. This Agreement, the Additional Transaction Documents, the Management Agreement, the Revolving Credit Agreement (as amended hereby) and the other instruments and transactions required or contemplated hereby and thereby, when duly executed and delivered, will be the legal, valid and binding obligation of CCA enforceable against it in accordance with its and their terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors rights generally. Upon execution of this Agreement, CCA will have received the full purchase price or other consideration to be paid or given by IHS for the Warrants, as evidenced by the execution and delivery of the Warrants by CCA.

4.4 Legal Proceedings. There are no claims, actions, suits or proceedings or arbitrations, either administrative or judicial, pending, or, to the knowledge of CCA, overtly threatened against or affecting CCA, its subsidiaries or affiliates, affecting CCA's ability to consummate the transactions contemplated herein or, except as may be set forth in reports filed by CCA with the Securities and Exchange Commission ("SEC"), of a nature required to be disclosed in reports filed with the SEC.

4.5. Consents. No authorization, consent, approval, license, exemption by, filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary in connection with the execution, delivery and performance of this Agreement by CCA other than any notice filing that is permitted to be made after the event that causes such filing to be made. CCA will timely make all such notice filings.

4.6. Capitalization. The authorized capital stock of CCA consists of the following:

(a) Common Stock. A total of 15,000,000 authorized shares of Common Stock, $.0025 par value, of which [7,597,801] shares are issued and outstanding.

(b) Preferred Stock. A total of authorized shares of Preferred Stock, none of which is issued and outstanding.

(c) Options, Warrants, Reserved Shares. CCA will provide IHS within five business days of the Effective Date a list of each stock option, warrant, convertible security or other rights to acquire its Common Stock outstanding as of the Effective Date. Except as disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), CCA has no obligation, contingent or otherwise, to repurchase any shares of Common Stock, whether or not currently outstanding.

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4.7. Disclosure. No representation or warranty by CCA in this Agreement or in any statement or certificate signed by any officer of CCA furnished or to be furnished to IHS pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. CCA's Form 10-K for the period ending December 31, 1995, filed on April 1, 1996; Forms 10-Q for the periods ending March 30, 1996, June 31, 1996, and September 30, 1996; Forms 8-K filed on October 11, 1996, July 12, 1996, June 11, 1996, May 29, 1996 (as amended on July 30, 1996) and May 2, 1996 (as amended on July 12, 1996), and Proxy Statement dated May 10, 1996, each contained all material information required to be stated therein under the Exchange Act and the rules and regulations thereunder, as applicable, and as of their respective dates did not contain any untrue statement of a material fact.

4.8. Registration Rights. CCA has not granted or agreed to grant any Person any rights inconsistent with the rights granted under the Registration Rights Agreement.

4.9 Reservation of Shares. CCA hereby represents and covenants that it has reserved and at all times there shall be reserved for issuance such number and type of securities as the holders of the Warrants are entitled to receive upon exercise thereof. Prior to the issuance of any equity securities (or any instrument exercisable for or convertible into equity securities) and whenever otherwise required to satisfy this Section 4.9, CCA will amend its Certificate of Incorporation to the extent necessary to ensure that there is reserved for issuance a sufficient number and type of securities as the holders of the Warrants are entitled to receive upon exercise thereof.

4.10 Press Release. CCA shall issue a press release on the Effective Date in the form attached hereto as Exhibit 4.

5. REPRESENTATIONS AND WARRANTIES OF IHS.9.REPRESENTATIONS AND WARRANTIES OF IHS. IHS represents and warrants to CCA as follows:

5.1. Purchase for Own Account; Investment Intent. The Warrants are being acquired for IHS's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof, other than pursuant to a transaction, or series of transactions, registered or exempt from registration under the Securities Act.

6. INFORMATION & INSPECTION RIGHTS.14.INFORMATION & INSPECTION RIGHTS.

6.1. Information Rights. Prior to the expiration or full exercise of the Warrants, CCA shall deliver to IHS and any other Registered Holder (as such term is defined in the Warrants) of the Warrants copies of CCA's Forms 10-K, 10-Q and 8-K and CCA's Annual Reports to Stockholders and definitive proxy statement

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promptly after such documents are filed with the SEC.

6.2 Inspection Rights. Prior to the expiration or full exercise of the Warrants, IHS and any person IHS may designate as agent shall have the same right as a stockholder to review all books and records, reports, accounts and other financial documents of CCA and to copy the same and to make excerpts therefrom, all at such reasonable times and as often as IHS may reasonably request, upon prior written notice to CCA, so long as such review and copying does not unreasonably interfere with the business of CCA and IHS and its agent agree to keep confidential, and not disclose, except as may be required by law or court order, any information obtained during such review of a confidential or proprietary nature (and not otherwise known to IHS through other sources or publicly known).

7. MISCELLANEOUS.17.MISCELLANEOUS.

7.1. Governing Law. This Agreement shall be governed in all respects by and construed in accordance with the laws of the State of Delaware without regard to provisions regarding choice of laws.

7.2. Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by any party hereto and the closing of the transactions contemplated hereby.

7.3. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. Any assignment or transfer of the Warrants shall be governed by the terms and conditions set forth therein. This Agreement and the rights and obligations therein may not be assigned by CCA without the advance written consent of IHS.

7.4. Notices. Except as may be otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when received when sent by facsimile to number set forth below (provided, however, that notices given by facsimile shall not be effective unless either (i) a duplicate copy of such facsimile notice is promptly given by one of the other methods described in this Section, or (ii) the receiving party delivers a written confirmation of receipt for such notice either by facsimile or any other method described in this Section; and (c) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

To: IHS	To: CCA
Integrated Health Services, Inc.	Community Care of America, Inc.

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10065 Red Run Boulevard
Owings Mills, MD 21117
Fax: 410-998-8747
Attn. Marshall A. Elkins, Esq.

3050 N. Horseshoe Drive
Naples, FL 33942
Fax: 941-435-0087
Attn: Gary Singleton, President

A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section by giving the other party written notice of the new address in the manner set forth above.

7.5. Amendments. Any term of this Agreement may be amended only with the written consent of CCA and IHS.

7.6. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to CCA or to IHS, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of CCA or IHS, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of CCA or IHS of any breach or default under this Agreement and any waiver on the part of CCA or IHS of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise, afforded to CCA or IHS shall be cumulative and not alternative.

7.7. Finder's Fees. Each party hereby agrees to indemnify and to hold harmless the other party hereto from and against any liability for any commission or compensation in the nature of a finder's fee claimed by any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying party or any of its employees or representatives are responsible.

7.8. Titles and Subtitles. The titles of the Sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

7.10. Severability. Should any provision of this Agreement be determined to be illegal or unenforceable, such determination shall not affect the remaining provisions of this Agreement.

7.11. Public Disclosure. Each party hereto agrees that neither it nor its Affiliates shall make any public statement or issue any press release relating to this Agreement, the Additional Transaction Documents or the transactions contemplated hereby or thereby, without the prior consent and approval of the

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other party, unless such party determines that such disclosure is required by law, in which case a copy of the disclosure shall provided to the other party for review and comment a reasonable time prior to public disclosure.

IN WITNESS WHEREOF, the parties have executed this Warrant Acquisition Agreement to be effective as of the date first above written.

INTEGRATED HEALTH SERVICES, INC.	COMMUNITY CARE OF AMERICA, INC
By:	By:
Name:	Name:
Title:	Title:

Warrant No. A-1 ___________ Shares

No sale, offer or transfer of this warrant shall be made unless a registration statement under the Securities Act of 1933, as amended, with respect to such transaction is then in effect or such transfer is exempt from registration under such Act.

Warrant
To Subscribe for and Purchase Shares of
Common Stock of

COMMUNITY CARE OF AMERICA, INC.

This certifies that, for value received, Integrated Health Services, Inc., a Delaware corporation (the "Holder") or its registered assigns, is

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entitled, subject to the terms and conditions of this Warrant, at any time or from time to time at or after the time the Purchase Price (as defined herein) has been established (the "Commencement Date") and at or before 5:00 P.M., New York time, on January 13, 1999 (the "Expiration Date"), to subscribe for and purchase an aggregate of _____________ (_________) fully paid and non-assessable shares of the common stock, $.0025 par value ("Common Stock"), of Community Care of America, Inc. (the "Company"), at the Purchase Price (as defined herein), upon surrender of this Warrant and payment of the Purchase Price to the Company at the address set forth herein for notices to the Company or at such other place as the Company may designate by written notice to the Registered Holder. The number of shares of Common Stock issuable upon exercise of this Warrant and the Purchase Price are subject to adjustment and change as provided herein (any reference hereinafter to Purchase Price shall mean the Purchase Price as adjusted pursuant the terms of this Warrant). This Warrant is issued pursuant to that certain Warrant Acquisition Agreement, dated of even date herewith, between the Company and the Holder (the "Purchase Agreement").

1.Certain Definitions.

As used in this Warrant the following terms shall have the following respective meanings:

"Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to Sections 4.1(i) and 4.1(ii) hereof regardless of whether the Options or Convertible Securities are actually exercisable at such time, but excluding any shares of Common Stock issuable upon exercise of the IHS Warrants. "Convertible Securities" shall mean any stock or securities directly or indirectly convertible into Common Stock.

"IHS Warrants" shall mean this Warrant and Warrant No. W-2, issued to the Holder on even date herewith, and any warrants delivered in substitution or exchange therefor as provided herein and therein.

"Market Price" as to any security on any day shall mean the closing sale price of such security as reported for such day pursuant to the consolidated quotation system or any other transaction reporting plan under Section 11A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or, if there have been no sales so reported for such day, the average of the best bid and best offer prices quoted under the consolidated quotation system or any

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other such transaction reporting plan as of 4:00 P.M., New York time, on such day, or, if on any day such security is not so quoted, the average of the best bid and best offered prices on such day in the domestic over-the-counter market as reported by any electronic communications network, as such term is used in Rule 11Ac1-1(a)(8) under the Exchange Act or by the National Quotation Bureau, Incorporated, or any similar successor or comparable organization. If at any time such security is not listed on any domestic securities exchange or quoted under a transaction reporting plan or in the domestic over-the-counter market, the "Market Price" shall be the fair value thereof determined jointly by the Company and the Registered Holders; provided that if such parties are unable to reach agreement as to the Market Price, the Market Price shall be determined by appraisal as set forth in Section 12 of this Warrant.

"Note" shall mean the Subordinated Note, dated as of December 27, 1996, executed by the Company pursuant to that certain Revolving Credit Agreement, dated as of December 27, 1996, between the Company and the Holder.

"Options" means any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

"Person" shall mean any natural person and any corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock partnership, trust, unincorporated organization or government or other agency or political subdivision thereof.

"Purchase Price" shall mean the price per share equal to the average of the high and low trading price of the Common Stock reported in The Wall Street Journal, Eastern edition, for the first two full trading days following the Date of Issuance (as such term is defined in Section 7.2 hereof) of this Warrant, as such price may be adjusted from time to time pursuant to Section 4 hereof.

"Registered Holder" shall mean any Person in whose name this Warrant is registered upon the books and records maintained by the Company.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited

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liability company, partnership, association or other business entity.

"Underlying Common Stock" shall mean (i) the shares of Common Stock issued or issuable upon exercise of the Warrant and (ii) any Common Stock issued or issuable with respect to the securities referred to in clause (i) above by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

"Warrant" as used herein, shall include this Warrant and any warrant delivered in substitution or exchange therefor as provided herein.

2. Exercise.

2.1 Exercise Period. The Warrant shall be exercisable in whole or in part from and after 9:00 A.M., New York time, on the Commencement Date.

2.2 Exercise Procedure.

(i) This Warrant shall be deemed to have been exercised when the Company has received all of the following items:

(a) an Election to Purchase in the form attached hereto as Exhibit A, properly completed and executed by the Person (the "Purchaser") exercising all or part of the purchase rights represented by this Warrant;

(b) this Warrant;

(c) if this Warrant is not registered in the name of the Purchaser, an Assignment or Assignments in the form set forth in Exhibit B hereto evidencing the assignment of this Warrant to the Purchaser, in which case the Registered Holder shall have complied with the provisions set forth in Section 7.1 hereof; and

(d) either (1) a check or wire transfer payable to the Company in an amount equal to the product of the Purchase Price multiplied by the number of shares of Common Stock being purchased upon such exercise (the "Aggregate Exercise Price"), (2) a written notice to the Company that the Purchaser is exercising the Warrant (or a portion thereof) by authorizing the Company to withhold from issuance a number of shares of Common Stock issuable upon such exercise of the Warrant which when multiplied by the Market Price of Common Stock is equal to the Aggregate Exercise Price (and such withheld shares of Common Stock shall no longer be issuable under this Warrant), or (3) if the Holder holds the Note, a written notice to the Company that the Holder is exercising the Warrant (or a portion thereof) by authorizing the Company to withhold and apply such amount of principal or accrued but unpaid interest under the Note (whether or not then due) as is equal to the Aggregate Purchase Price (and such amount of principal or accrued and unpaid interest under the Note shall no longer be payable to the Holder).

(ii) Certificates for shares of Common Stock purchased upon exercise of this Warrant shall be delivered by the Company to the Purchaser within three (3)

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business days after the date of the exercise, together with cash in lieu of any fraction of a share of Common Stock that would be issuable upon such exercise in an amount equal to the Market Price of such fractional share as of the date of exercise. No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be issued upon an exercise of this Warrant. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company shall prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall within such three (3) business day period deliver such new Warrant to the Purchaser.

(iii) The shares of Common Stock issuable upon the exercise of this Warrant shall be deemed to have been issued to the Purchaser at the time of exercise, and the Purchaser shall be deemed for all purposes to have become the record holder of such Common Stock at such time.

(iv) The Company shall not close its books against the transfer of this Warrant or of any share of Common Stock issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant. The Company shall from time to time take all such action as may be necessary to assure that the par value per share of the unissued Common Stock acquirable upon exercise of this Warrant is at all times equal to or less than the Purchase Price then in effect.

(v) The Company shall assist and cooperate with any Registered Holder or Purchaser to make any governmental filings or obtain any governmental approvals required prior to or in connection with any exercise of this Warrant (including, without limitation, making at the Company's own expense any filings required to be made by the Company).

3. Expiration Date.

The Warrant evidenced hereby may not be exercise after 5:00 P.M., New York time, on the Expiration Date with respect to the shares of the Common Stock as to which the Warrant may be exercised and, to the extent not exercised by the Expiration Date, the Warrant evidenced hereby shall become void.

4. Adjustments.

Subject to the provisions of this Section 4, the Purchase Price and the number of shares of the Common Stock as to which the Warrant may be exercised shall be subject to adjustment from time to time as hereinafter set forth:

4.1 Effect on Purchase Price and Number of Shares of Certain Events. If and whenever on or after the Commencement Date, the Company issues or sells, or in accordance with this Section 4.1 is deemed to have issued or sold, any share of Common Stock for a consideration per share less than the Purchase Price in effect immediately prior to such time, then immediately upon such issuance or sale the Purchase Price shall be reduced pursuant to this Section 4.1 to a new Purchase Price determined by dividing (A) the sum of (x) the product derived by multiplying the Purchase Price in effect immediately prior to such issue or sale

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times the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale, plus (y) the consideration, if any, received by the Company upon such issue or sale, by (B) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale. Upon each such adjustment of the Purchase Price, the number of shares of Common Stock issuable upon the exercise of this Warrant (to the extent not theretofore exercised) shall be increased to a number determined by multiplying the number of such shares so purchasable immediately prior to such adjustment by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment. For purposes of determining the Purchase Price as adjusted under this Section 4.1, the following shall be applicable:

(i) Issuance of Rights or Options. If on or after the Commencement Date the Company in any manner issues, grants or sells any Options and the price per share for which a share of Common Stock is issuable upon the exercise of any such Option, or upon conversion or exchange of any Convertible Security issuable upon exercise of such Option, is less than the Purchase Price in effect immediately prior to the time of the granting or sale of such Option, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options, or upon conversion or exchange of the total maximum amounts of such Convertible Securities issuable upon the exercise of such Options, shall be deemed to be outstanding for purposes of determining the Common Stock Deemed Outstanding and to have been issued and sold by the Company at such time for such price per share. For purposes of this Section 4.1(i), the "price per share for which a share of Common Stock is issuable" shall be equal to the sum of the amount of consideration (if any) received or receivable by the Company with respect to the issuance, grant or sale of the Option, plus the amount of consideration (if any) that would be received by the Company with respect to exercise of the Option in full plus the amount of consideration (if any) that would be received by the Company with respect to conversion or exchange in full of any Convertible Security issuable upon exercise of such Option, all divided by the total number of shares of Common Stock issuable upon exercise of the Option and conversion or exchange of the Convertible Security. No further adjustment of the Purchase Price shall be made upon the actual issue of such Common Stock or of such Convertible Security upon the exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Security.

(ii) Issuance of Convertible Securities. If on or after the Commencement Date the Company in any manner issues, grants or sells any Convertible Security and the price per share for which a share of Common Stock is issuable upon conversion or exchange thereof is less than the Purchase Price in effect immediately prior to the time of such issue or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding for purposes of determining the Common Stock Deemed Outstanding and to have been issued and sold by the Company at such time for such price per share. For the purposes of this Section 4.1(ii), the "price per share for which a share of Common Stock is issuable" shall be equal to the sum of the amount of consideration (if any) received or receivable

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by the Company with respect to the issuance, grant or sale of the Convertible Security plus the amount of consideration (if any) that would be received by the Company with respect to the conversion or exchange of such Convertible Security in full, all divided by the total number of shares of Common Stock issuable upon conversion or exchange of the Convertible Security. No further adjustment of the Purchase Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of any Convertible Security, and if any such issue or sale of such Convertible Security is made upon exercise of any Options for which adjustments of the Purchase Price has been or is to be made pursuant to other provisions of this Section 4, no further adjustment of the Purchase Price shall be made under this Section 4.1(ii) by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. If the amount to be received by the Company upon the exercise of any Options outstanding as of the Commencement Date, the additional consideration, if any, payable upon the issuance, conversion or exchange of any Convertible Securities outstanding as of the Commencement Date, or the rate at which any Convertible Securities outstanding as of the Commencement Date are convertible into or exchangeable for Common Stock changes at any time after the Commencement Date, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed for purposes of this Section 4.1 to have been issued, granted or sold as of the date of such changes and the Purchase Price shall be adjusted as provided herein; provided that no such change shall at any time cause the Purchase Price hereunder to be increased.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option described in Section 4.1(i) or the termination of any right to convert or exchange any Convertible Securities described in Section 4.1(ii) without the exercise or conversion in whole or in part of such Option or Convertible Security, the Purchase Price then in effect and the number of shares of Common Stock issuable hereunder shall be adjusted immediately to the Purchase Price and the number of shares of Common Stock which would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, never been issued, granted or sold; provided that if such expiration or termination would result in an increase in the Purchase Price then in effect, such increase shall not be effective until thirty (30) days after written notice thereof has been given to the Registered Holder. For purposes of this Section 4.1, the expiration or termination of any Option or Convertible Security which was outstanding as of the Commencement Date shall not cause the Purchase Price hereunder to be adjusted unless, and only to the extent that, a change in the term of such Option or Convertible Security caused it to be deemed to have been issued after the Commencement Date pursuant to Section 4.1(iii).

(v) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be the fair value of such consideration, except where such consideration consists

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of securities, in which case the amount of consideration received by the Company shall be the Market Price thereof as of the date of receipt. In case any Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash or securities shall be determined jointly by the Company and the Registered Holder. If such parties are unable to reach agreement, such fair value shall be determined by appraisal pursuant to Section 12.

(vi) Integrated Transactions. In case any Option is issued in connection with the issue or sale of other securities of the Company, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, the Options shall be deemed to have been issued without consideration.

(vii) Each Series a Separate Security. In case an agreement relating to Options or Convertible Securities provides that more than one Purchase Price, conversion or exchange provisions are applicable to the securities issuable thereunder, then the securities subject to each different exercise price, conversion or exchange provisions shall be deemed to be subject to separate Options or Convertible Securities for purposes of applying this Section 4.1.

(viii) Treasury Shares. The Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company or any Subsidiary, and the disposition of any shares so owned or held shall be considered an issue or sale of Common Stock.

(ix) Record Date. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (B) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

4.2 Subdivision or Combination of Common Stock. If the Company at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Purchase Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant (to the extent not theretofore exercised) shall be proportionally increased. If the Company at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Purchase Price shall be proportionately increased and the number of shares of Common Stock issuable upon exercise of this Warrant (to the extent not theretofore

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exercised) shall be proportionally decreased.

4.3 Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, spin-off, consolidation, merger, sale or distribution of the Company's assets or other transaction, in each case which is effected in such a way that the holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as "Organic Change." Prior to the consummation of any Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the Registered Holders) to insure that each of the Registered Holders shall thereafter have the right to acquire and receive, in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Warrant, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for the number of shares of Common Stock immediately theretofore issuable upon exercise of the Warrant had such Organic Change not taken place. In any such case, the Company shall make appropriate provision (in form and substance satisfactory to the Registered Holders) with respect to such Holders' rights and interests to insure that the provisions of this Section 4, Section 5 and Section 6 hereof shall thereafter be applicable to the Warrant (including, in the case of any such consolidation, merger or sale in which the successor entity or purchasing entity is other than the Company, an immediate reduction in the Purchase Price to the value of the Common Stock reflected by the terms of such consolidation, merger or sale, and a corresponding immediate adjustment in the number of shares of Common Stock issuable upon exercise of this Warrant (to the extent not theretofore exercised), if the value so reflected is less than the Purchase Price in effect immediately prior to such consolidation, merger or sale). The Company shall not effect any such spin-off, consolidation, merger or sale, unless prior to the consummation thereof, the successor entity (if other than the Company) resulting from spin-off, consolidation or merger or the entity purchasing such assets assumes by written instrument (in form and substance satisfactory to the Registered Holders), the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

4.4 Certain Events. If any event occurs of the type contemplated by the provisions of this Section 4 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features or equity-based valuation or any dividend or distribution of the capital stock issued by any Person other than the Company), then the Company's Board of Directors shall make an appropriate adjustment in the Purchase Price and the number of shares issuable upon exercise of this Warrant (to the extent not theretofore exercised) so as to protect the rights of the Registered Holders; provided that no such adjustment shall increase the Purchase Price as otherwise determined pursuant to this Section 4.

4.5 Calculation of Purchase Price; Notices.

(i) All calculations of the Purchase Price under this Section 4 shall be

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computed to the nearest One-Thousandth (1/1000th) of a cent.

(ii) Immediately upon any adjustment of the Purchase Price, the Company shall give written notice thereof to the Registered Holder, setting forth in reasonable detail and certifying the calculation of such adjustment, provided however, that such notice shall not be deemed to be conclusive as to the Purchase Price calculation. At the request of the Registered Holder, the Company shall certify the Purchase Price of and the number of shares for which a Warrant at the time may be exercised.

(iii) The Company shall give written notice to the Registered Holder at least thirty (30) days prior to the date on which the Company closes its books or takes a record (A) with respect to any subdivision or combination of the Common Stock that is subject to Section 4.2, or any other dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of Common Stock or (C) for determining rights to vote with respect to any Organic Change, dissolution or liquidation.

(iv) The Company shall also give written notice to the Registered Holder at least thirty (30) days prior to the date on which any Organic Change, dissolution or liquidation shall take place.

4.6 Excluded Transactions. The provisions of this Section 4 shall not apply to the exercise of the IHS Warrants.

4.7 Expression of Purchase Price and Number of Shares. Irrespective of any adjustments or change in the Purchase Price or the number of securities actually purchasable under the Warrant, the Warrants theretofore and thereafter issued may continue to express the purchase price and the number of securities purchasable thereunder as the Purchase Price and the number of securities purchasable were expressed in the Warrant when initially issued.

5. No Rights or Liabilities as Stockholders and Notice to Registered Holder.

Nothing contained herein shall be construed as conferring upon the Registered Holder the right to vote or to consent or to receive notice as a stockholder in respect of the meetings of stockholders for the election of directors of the Company or any other matter, or any other rights whatsoever as a stockholder of the Company; provided, however, that in the event that:

(a) the Company shall take a record of the holders of its Common Stock or other stock or securities for the purpose of entitling them to receive any dividend or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities or to receive any other right;

(b) the Company shall take action to accomplish any capital reorganization, or reclassification of the capital stock of the Company, or a consolidation or merger of the Company into, or a sale of all or substantially all of its assets to, another corporation;

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(c) the Company shall take action to redeem or convert any or all of outstanding Common Stock or other stock or securities of the Company; or

(d) the Company shall take action looking to a voluntary dissolution, liquidation or winding up of the Company;

then, and in each such case, the Company shall mail or cause to be mailed to the Registered Holder of this Warrant a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, spin-off consolidation, merger, conveyance, dissolution, liquidation, winding-up, redemption or conversion is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock or such other stock or securities shall be entitled to exchange their shares of Common Stock or such other stock or securities for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation, winding-up, conversion or redemption. Such notice shall be delivered at least thirty (30) days prior to the date therein specified.

6. Duty to Register Common Stock.

The shares of Common Stock issuable under this Warrant are subject to a Registration Rights Agreement with the Company dated of even date herewith.

7. Transfers and Exchanges.

7.1 Warrant Transferable. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder (including those under the Purchase Agreement) are transferable, in whole or in part, without charge to the Registered Holder, upon surrender of this Warrant with a properly executed Assignment (in the form of Exhibit B hereto) at the principal office of the Company. The Company shall record on its books the transferee as the Registered Holder of the portion of this Warrant transferred pursuant to this Section 7.1.

7.2 Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender hereof by the Registered Holder at the principal office of the Company, for new Warrants of like terms representing in the aggregate the purchase rights hereunder, and each of such new Warrants shall represent such portion of such rights as is designated by the Registered Holder at the time of such surrender. The date the Company initially issues this Warrant shall be deemed to be the "Date of Issuance" hereof regardless of the number of times new certificates representing the unexpired and unexercised rights formerly represented by this Warrant shall be issued. All Warrants representing portions of the rights hereunder are referred to herein as the "Warrants."

8. Valid Issuance and Payment of Taxes.

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All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and non-assessable, and the Company shall pay all taxes and other governmental charges that may be imposed in respect of the issue or delivery thereof. The Company shall not be required to pay any tax or other charge imposed in connection with any transfer involved in the issuance of any certificate for shares of Common Stock in any name other than that of the Registered Holder of this Warrant, and in such case the Company shall not be required to issue or deliver any stock certificate or security until such tax or other charge has been paid, or it has been established that no tax or other charge is due.

9. Mutilated or Missing Warrants.

In case any of the Warrants shall be mutilated, lost, stolen or destroyed, the Company shall issue and deliver in exchange and substitution for, and upon cancellation of the mutilated Warrant, or in lieu of, and in substitution for, the Warrant lost, stolen or destroyed, a new Warrant of like tenor and representing an equivalent right or interest, but only upon receipt of reasonable evidence of such loss, theft, or destruction of such Warrant.

10. Reserve.

The Company hereby represents and covenants that it has reserved and at all times there shall be reserved for issuance such number and type of securities as the Registered Holders are entitled to receive upon exercise of the IHS Warrants. Prior to the issuance of any equity securities (or any instrument exercisable for or convertible into equity securities) and whenever otherwise required to satisfy this Section 10, the Company will amend its Certificate of Incorporation to the extent necessary to ensure that there is reserved for issuance a sufficient number and type of securities as the Registered Holders of the IHS Warrants are entitled to receive upon exercise thereof. 11. No Impairment.

The Company will not, by amendment of its Certificate of Incorporation or bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Registered Holders against impairment. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any shares issuable upon exercise of this Warrant above the Purchase Price and (b) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon exercise of this Warrant.

12. Appraisal.

In case of any dispute as to valuation of a security under this Agreement, the fair value of such security shall be determined by an appraiser without any

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discount for liquidity or restrictions under the Securities Act. This appraisal process shall be instituted within fourteen (14) days after a party to this Agreement notifies the other party of its desire to submit the issue to an appraiser. In the event that, within seven (7) days after a party to this Agreement notifies the other party of its desire to submit the issue to an appraiser, the parties do not agree on a single appraiser to determine the fair value of such security, the fair value of such security shall be determined, without any discount for liquidity or restrictions under the Securities Act, by the majority determination of a panel of three (3) appraisers who shall be selected in the following manner: the Company shall select one (1) appraiser and the Registered Holder entitled to exercise this Warrant for the greatest number of shares of Common Stock (in the event there shall be more than one Registered Holder), on behalf of all of the Registered Holders, shall select one (1) appraiser and the two (2) appraisers selected by the Company and the Registered Holder shall jointly select a third appraiser. The appraiser selected jointly by the parties and, if applicable, each member of the appraisal panel shall be an individual who personally and whose Affiliates shall not have a previous business relationship with either party. The appraiser and, if applicable, the appraisal panel shall endeavor to complete the appraisal as soon as practicable. The determination of such appraiser and, if applicable, the appraisal panel shall be final and binding on the Company and the Registered Holders, and the fees and expenses of such appraisal shall be borne equally by the Company, on the one hand, and the Registered Holders, on the other.

13. Notices.

Except as may be otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, (b) when received when sent by facsimile to number set forth below (provided, however, that notices given by facsimile shall not be effective unless either (i) a duplicate copy of such facsimile notice is promptly given by one of the other methods described in this Section 13, or (ii) the receiving party delivers a written confirmation of receipt for such notice either by facsimile or any other method described in this Section 13) and (c) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

To: the Registered Holder

Integrated Health Services, Inc.
10065 Red Run Boulevard
Owings Mills, MD 21117
Fax No.: (410) 998-8747
Attn: Marshall A. Elkins, Esq.

To: the Company

Community Care of America, Inc.
3050 North Horseshoe Drive
Naples, FL 33942
Fax No.: (941) 435-0087
Attn: Gary Singleton, President

A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 13 by giving the other party written notice of the new address in the manner set forth above.

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14. Headings.

The headings in this Warrant are for purposes of convenience in reference only, and shall not be deemed to constitute a part hereof.

15. Governing Law.

This Warrant shall be construed and enforced in accordance with, and governed by, the laws of the State of New York without regard to provisions regarding choice of laws.

16. Severability.

If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Warrant shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

17. No Inconsistent Agreements.

The Company will not on or after the date of this Warrant enter into any agreement which is inconsistent with the rights granted to the Registered Holders of this Warrant or otherwise conflicts with the provisions hereof. The Company hereby represents and warrants that the rights granted to the Registered Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to holders of the Company's securities under any other agreements, except rights that have been waived.

18. Saturdays, Sundays and Holidays.

If the Expiration Date falls on a Saturday, Sunday or legal holiday, the Expiration Date shall automatically be extended until 5:00 p.m. the next business day.

IN WITNESS WHEREOF, Community Care of America, Inc. has caused this Warrant to be signed manually by a duly authorized officer of the Company on this 13th day of January, 1997.

COMMUNITY CARE OF AMERICA, INC

By:
Name:
Title:

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EXHIBIT A

ELECTION TO PURCHASE

To: Community Care of America, Inc.

____
____
____

The undersigned hereby elects to exercise the Warrant represented by the within Warrant Certificate to purchase __________ shares of the Common Stock issuable upon the exercise of the Warrant and requests that certificates for such shares shall be issued in the name of:

(Name)

(Address)

(Taxpayer number)

and be delivered to:

(Name)

at

(Address)

and, if said number of shares of the Common Stock shall not be all the shares of the Common Stock evidenced by the within Warrant Certificate, that a new Warrant Certificate for the balance remaining of such said shares be registered in the name of:

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(Name)

(Address)

(Taxpayer number)

and delivered to the undersigned at the address below stated.

Dated: _______________, 19__

Name of holder of Warrant Certificate:

(please print)

(Address)

(Signature)

EXHIBIT B

ASSIGNMENT

(to be executed by the registered holder
to effect a transfer of the within Warrant)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Name)

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(Address)

the right to purchase the ________ shares of Common Stock evidenced by this Warrant, and does hereby irrevocably constitute and appoint to transfer the said right on the books of the Company, with full power of substitution.

Dated: _______________________

(Signature)

/

EXHIBIT 2
SERIES B Warrant

Warrant No. B-1 ___________ Shares

No sale, offer or transfer of this warrant shall be made unless a registration statement under the Securities Act of 1933, as amended, with respect to such transaction is then in effect or such transfer is exempt from registration under such Act.

Warrant
To Subscribe for and Purchase Shares of
Common Stock of

COMMUNITY CARE OF AMERICA, INC.

This certifies that, for value received, Integrated Health Services, Inc., a Delaware corporation (the "Holder") or its registered assigns, is entitled, subject to the terms and conditions of this Warrant, at any time or from time to time at or after the time the Purchase Price (as defined herein) has been established (the "Commencement Date") and at or before 5:00 P.M., New York time, on January 13, 2002 (the "Expiration Date"), to subscribe for and purchase an aggregate of _____________ (_________) fully paid and non-assessable

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shares of the common stock, $.0025 par value ("Common Stock"), of Community Care of America, Inc. (the "Company"), at the Purchase Price (as defined herein), upon surrender of this Warrant and payment of the Purchase Price to the Company at the address set forth herein for notices to the Company or at such other place as the Company may designate by written notice to the Registered Holder. The number of shares of Common Stock issuable upon exercise of this Warrant and the Purchase Price are subject to adjustment and change as provided herein (any reference hereinafter to Purchase Price shall mean the Purchase Price as adjusted pursuant the terms of this Warrant). This Warrant is issued pursuant to that certain Warrant Acquisition Agreement, dated of even date herewith, between the Company and the Holder (the "Purchase Agreement").

1.Certain Definitions.

As used in this Warrant the following terms shall have the following respective meanings:

"Common Stock Deemed Outstanding" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to Sections 4.1(i) and 4.1(ii) hereof regardless of whether the Options or Convertible Securities are actually exercisable at such time, but excluding any shares of Common Stock issuable upon exercise of the IHS Warrants. "Convertible Securities" shall mean any stock or securities directly or indirectly convertible into Common Stock.

"IHS Warrants" shall mean this Warrant and Warrant No. W-2, issued to the Holder on even date herewith, and any warrants delivered in substitution or exchange therefor as provided

herein and therein.

"Market Price" as to any security on any day shall mean the closing sale price of such security as reported for such day pursuant to the consolidated quotation system or any other transaction reporting plan under Section 11A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or, if

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there have been no sales so reported for such day, the average of the best bid and best offer prices quoted under the consolidated quotation system or any other such transaction reporting plan as of 4:00 P.M., New York time, on such day, or, if on any day such security is not so quoted, the average of the best bid and best offered prices on such day in the domestic over-the-counter market as reported by any electronic communications network, as such term is used in Rule 11Ac1-1(a)(8) under the Exchange Act or by the National Quotation Bureau, Incorporated, or any similar successor or comparable organization. If at any time such security is not listed on any domestic securities exchange or quoted under a transaction reporting plan or in the domestic over-the-counter market, the "Market Price" shall be the fair value thereof determined jointly by the Company and the Registered Holders; provided that if such parties are unable to reach agreement as to the Market Price, the Market Price shall be determined by appraisal as set forth in Section 12 of this Warrant.

"Note" shall mean the Subordinated Note, dated as of December 27, 1996, executed by the Company pursuant to that certain Revolving Credit Agreement, dated as of December 27, 1996, between the Company and the Holder.

"Options" means any rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities. "Person" shall mean any natural person and any corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock partnership, trust, unincorporated organization or government or other agency or political subdivision thereof.

"Purchase Price" shall mean two times the price per share equal to the average of the high and low trading price of the Common Stock reported in The Wall Street Journal, Eastern edition, for the first two full trading days following the Date of Issuance (as such term is defined in Section 7.2 hereof) of this Warrant, as such price may be adjusted from time to time pursuant to Section 4 hereof.

"Registered Holder" shall mean any Person in whose name this Warrant is registered upon the books and records maintained by the Company.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or

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shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

"Underlying Common Stock" shall mean (i) the shares of Common Stock issued or issuable upon exercise of the Warrant and (ii) any Common Stock issued or issuable with respect to the securities referred to in clause (i) above by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

"Warrant" as used herein, shall include this Warrant and any warrant delivered in substitution or exchange therefor as provided herein.

2. Exercise.

2.1 Exercise Period. The Warrant shall be exercisable in whole or in part from and after 9:00 A.M., New York time, on the Commencement Date.

2.2 Exercise Procedure.

(i) This Warrant shall be deemed to have been exercised when the Company has received all of the following items:

(a) an Election to Purchase in the form attached hereto as Exhibit A, properly completed and executed by the Person (the "Purchaser") exercising all or part of the purchase rights represented by this Warrant;

(b) this Warrant;

(c) if this Warrant is not registered in the name of the Purchaser, an Assignment or Assignments in the form set forth in Exhibit B hereto evidencing the assignment of this Warrant to the Purchaser, in which case the Registered Holder shall have complied with the provisions set forth in Section 7.1 hereof; and

(d) either (1) a check or wire transfer payable to the Company in an amount equal to the product of the Purchase Price multiplied by the number of shares of Common Stock being purchased upon such exercise (the "Aggregate Exercise Price"), (2) a written notice to the Company that the Purchaser is exercising the Warrant (or a portion thereof) by authorizing the Company to withhold from issuance a number of shares of Common Stock issuable upon such exercise of the Warrant which when multiplied by the Market Price of Common Stock is equal to the Aggregate Exercise Price (and such withheld shares of Common Stock shall no longer be issuable under this Warrant), or (3) if the Holder holds the Note, a written notice to the Company that the Holder is exercising the Warrant (or a portion thereof) by authorizing the Company to withhold and apply such amount of principal or accrued but unpaid interest under the Note (whether or not then due) as is equal to the Aggregate Purchase Price (and such amount of principal or accrued and unpaid interest under the Note shall no longer be payable to the Holder).

(ii) Certificates for shares of Common Stock purchased upon exercise of

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this Warrant shall be delivered by the Company to the Purchaser within three (3) business days after the date of the exercise, together with cash in lieu of any fraction of a share of Common Stock that would be issuable upon such exercise in an amount equal to the Market Price of such fractional share as of the date of exercise. No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be issued upon an exercise of this Warrant. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company shall prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and shall within such three (3) business day period deliver such new Warrant to the Purchaser.

(iii) The shares of Common Stock issuable upon the exercise of this Warrant shall be deemed to have been issued to the Purchaser at the time of exercise, and the Purchaser shall be deemed for all purposes to have become the record holder of such Common Stock at such time.

(iv) The Company shall not close its books against the transfer of this Warrant or of any share of Common Stock issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant. The Company shall from time to time take all such action as may be necessary to assure that the par value per share of the unissued Common Stock acquirable upon exercise of this Warrant is at all times equal to or less than the Purchase Price then in effect.

(v) The Company shall assist and cooperate with any Registered Holder or Purchaser to make any governmental filings or obtain any governmental approvals required prior to or in connection with any exercise of this Warrant (including, without limitation, making at the Company's own expense any filings required to be made by the Company).

3. Expiration Date.

The Warrant evidenced hereby may not be exercise after 5:00 P.M., New York time, on the Expiration Date with respect to the shares of the Common Stock as to which the Warrant may be exercised and, to the extent not exercised by the Expiration Date, the Warrant evidenced hereby shall become void.

4. Adjustments.

Subject to the provisions of this Section 4, the Purchase Price and the number of shares of the Common Stock as to which the Warrant may be exercised shall be subject to adjustment from time to time as hereinafter set forth:

4.1 Effect on Purchase Price and Number of Shares of Certain Events. If and whenever on or after the Commencement Date, the Company issues or sells, or in accordance with this Section 4.1 is deemed to have issued or sold, any share of Common Stock for a consideration per share less than one half of the Purchase Price in effect immediately prior to such time, then immediately upon such issuance or sale the Purchase Price shall be reduced pursuant to this Section 4.1 to a new Purchase Price determined by dividing (A) the sum of (x) the

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product derived by multiplying one half of the Purchase Price in effect immediately prior to such issue or sale times the number of shares of Common Stock Deemed Outstanding immediately prior to such issue or sale, plus (y) the consideration, if any, received by the Company upon such issue or sale, by (B) the number of shares of Common Stock Deemed Outstanding immediately after such issue or sale, and multiplying the result by two. Upon each such adjustment of the Purchase Price, the number of shares of Common Stock issuable upon the exercise of this Warrant (to the extent not theretofore exercised) shall be increased to a number determined by multiplying the number of such shares so purchasable immediately prior to such adjustment by a fraction, the numerator of which shall be the Purchase Price in effect immediately prior to such adjustment and the denominator of which shall be the Purchase Price in effect immediately after such adjustment. For purposes of determining the Purchase Price as adjusted under this Section 4.1, the following shall be applicable:

(i) Issuance of Rights or Options. If on or after the Commencement Date the Company in any manner issues, grants or sells any Options and the price per share for which a share of Common Stock is issuable upon the exercise of any such Option, or upon conversion or exchange of any Convertible Security issuable upon exercise of such Option, is less than one half of the Purchase Price in effect immediately prior to the time of the granting or sale of such Option, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options, or upon conversion or exchange of the total maximum amounts of such Convertible Securities issuable upon the exercise of such Options, shall be deemed to be outstanding for purposes of determining the Common Stock Deemed Outstanding and to have been issued and sold by the Company at such time for such price per share. For purposes of this Section 4.1(i), the "price per share for which a share of Common Stock is issuable" shall be equal to the sum of the amount of consideration (if any) received or receivable by the Company with respect to the issuance, grant or sale of the Option, plus the amount of consideration (if any) that would be received by the Company with respect to exercise of the Option in full plus the amount of consideration (if any) that would be received by the Company with respect to conversion or exchange in full of any Convertible Security issuable upon exercise of such Option, all divided by the total number of shares of Common Stock issuable upon exercise of the Option and conversion or exchange of the Convertible Security. No further adjustment of the Purchase Price shall be made upon the actual issue of such Common Stock or of such Convertible Security upon the exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Security.

(ii) Issuance of Convertible Securities. If on or after the Commencement Date the Company in any manner issues, grants or sells any Convertible Security and the price per share for which a share of Common Stock is issuable upon conversion or exchange thereof is less than one half of the Purchase Price in effect immediately prior to the time of such issue or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding for purposes of determining the Common Stock Deemed Outstanding and to have been issued and sold by the Company at such time for such price per share. For the purposes of this Section 4.1(ii), the "price per share for which a share of Common Stock is

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issuable" shall be equal to the sum of the amount of consideration (if any) received or receivable by the Company with respect to the issuance, grant or sale of the Convertible Security plus the amount of consideration (if any) that would be received by the Company with respect to the conversion or exchange of such Convertible Security in full, all divided by the total number of shares of Common Stock issuable upon conversion or exchange of the Convertible Security. No further adjustment of the Purchase Price shall be made upon the actual issue of such Common Stock upon conversion or exchange of any Convertible Security, and if any such issue or sale of such Convertible Security is made upon exercise of any Options for which adjustments of the Purchase Price has been or is to be made pursuant to other provisions of this Section 4, no further adjustment of the Purchase Price shall be made under this Section 4.1(ii) by reason of such issue or sale.

(iii) Change in Option Price or Conversion Rate. If the amount to be received by the Company upon the exercise of any Options outstanding as of the Commencement Date, the additional consideration, if any, payable upon the issuance, conversion or exchange of any Convertible Securities outstanding as of the Commencement Date, or the rate at which any Convertible Securities outstanding as of the Commencement Date are convertible into or exchangeable for Common Stock changes at any time after the Commencement Date, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed for purposes of this Section 4.1 to have been issued, granted or sold as of the date of such changes and the Purchase Price shall be adjusted as provided herein; provided that no such change shall at any time cause the Purchase Price hereunder to be increased.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. Upon the expiration of any Option described in Section 4.1(i) or the termination of any right to convert or exchange any Convertible Securities described in Section 4.1(ii) without the exercise or conversion in whole or in part of such Option or Convertible Security, the Purchase Price then in effect and the number of shares of Common Stock issuable hereunder shall be adjusted immediately to the Purchase Price and the number of shares of Common Stock which would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, never been issued, granted or sold; provided that if such expiration or termination would result in an increase in the Purchase Price then in effect, such increase shall not be effective until thirty (30) days after written notice thereof has been given to the Registered Holder. For purposes of this Section 4.1, the expiration or termination of any Option or Convertible Security which was outstanding as of the Commencement Date shall not cause the Purchase Price hereunder to be adjusted unless, and only to the extent that, a change in the term of such Option or Convertible Security caused it to be deemed to have been issued after the Commencement Date pursuant to Section 4.1(iii).

(v) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration other than cash,

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the amount of the consideration other than cash received by the Company shall be the fair value of such consideration, except where such consideration consists of securities, in which case the amount of consideration received by the Company shall be the Market Price thereof as of the date of receipt. In case any Common Stock, Options or Convertible Securities are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair value of any consideration other than cash or securities shall be determined jointly by the Company and the Registered Holder. If such parties are unable to reach agreement, such fair value shall be determined by appraisal pursuant to Section 12.

(vi) Integrated Transactions. In case any Option is issued in connection with the issue or sale of other securities of the Company, together comprising one integrated transaction in which no specific consideration is allocated to such Options by the parties thereto, the Options shall be deemed to have been issued without consideration.

(vii) Each Series a Separate Security. In case an agreement relating to Options or Convertible Securities provides that more than one Purchase Price, conversion or exchange provisions are applicable to the securities issuable thereunder, then the securities subject to each different exercise price, conversion or exchange provisions shall be deemed to be subject to separate Options or Convertible Securities for purposes of applying this Section 4.1.

(viii) Treasury Shares. The Common Stock outstanding at any given time does not include shares owned or held by or for the account of the Company or any Subsidiary, and the disposition of any shares so owned or held shall be considered an issue or sale of Common Stock.

(ix) Record Date. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (B) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

4.2 Subdivision or Combination of Common Stock. If the Company at any time subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Purchase Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of shares of Common Stock obtainable upon exercise of this Warrant (to the extent not theretofore exercised) shall be proportionately increased. If the Company at any time combines (by reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Purchase

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Price shall be proportionately increased and the number of shares of Common Stock issuable upon exercise of this Warrant (to the extent not theretofore exercised) shall be proportionally decreased.

4.3 Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, spin-off, consolidation, merger, sale or distribution of the Company's assets or other transaction, in each case which is effected in such a way that the holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock is referred to herein as "Organic Change." Prior to the consummation of any Organic Change, the Company shall make appropriate provision (in form and substance satisfactory to the Registered Holders) to insure that each of the Registered Holders shall thereafter have the right to acquire and receive, in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such Warrant, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for the number of shares of Common Stock immediately theretofore issuable upon exercise of the Warrant had such Organic Change not taken place. In any such case, the Company shall make appropriate provision (in form and substance satisfactory to the Registered Holders) with respect to such Holders' rights and interests to insure that the provisions of this Section 4, Section 5 and Section 6 hereof shall thereafter be applicable to the Warrant (including, in the case of any such consolidation, merger or sale in which the successor entity or purchasing entity is other than the Company, an immediate reduction in the Purchase Price to the value of the Common Stock reflected by the terms of such consolidation, merger or sale, and a corresponding immediate adjustment in the number of shares of Common Stock issuable upon exercise of this Warrant (to the extent not theretofore exercised), if the value so reflected is less than one half of the Purchase Price in effect immediately prior to such consolidation, merger or sale). The Company shall not effect any such spin-off, consolidation, merger or sale, unless prior to the consummation thereof, the successor entity (if other than the Company) resulting from spin-off, consolidation or merger or the entity purchasing such assets assumes by written instrument (in form and substance satisfactory to the Registered Holders), the obligation to deliver to each such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

4.4 Certain Events. If any event occurs of the type contemplated by the provisions of this Section 4 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features or equity-based valuation or any dividend or distribution of the capital stock issued by any Person other than the Company), then the Company's Board of Directors shall make an appropriate adjustment in the Purchase Price and the number of shares issuable upon exercise of this Warrant (to the extent not theretofore exercised) so as to protect the rights of the Registered Holders; provided that no such adjustment shall increase the Purchase Price as otherwise determined pursuant to this Section 4.

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4.5 Calculation of Purchase Price; Notices.

(i) All calculations of the Purchase Price under this Section 4 shall be computed to the nearest One-Thousandth (1/1000th) of a cent.

(ii) Immediately upon any adjustment of the Purchase Price, the Company shall give written notice thereof to the Registered Holder, setting forth in reasonable detail and certifying the calculation of such adjustment, provided however, that such notice shall not be deemed to be conclusive as to the Purchase Price calculation. At the request of the Registered Holder, the Company shall certify the Purchase Price of and the number of shares for which a Warrant at the time may be exercised.

(iii) The Company shall give written notice to the Registered Holder at least thirty (30) days prior to the date on which the Company closes its books or takes a record (A) with respect to any subdivision or combination of the Common Stock that is subject to Section 4.2, or any other dividend or distribution upon the Common Stock, (B) with respect to any pro rata subscription offer to holders of Common Stock or (C) for determining rights to vote with respect to any Organic Change, dissolution or liquidation.

(iv) The Company shall also give written notice to the Registered Holder at least thirty (30) days prior to the date on which any Organic Change, dissolution or liquidation shall take place.

4.6 Excluded Transactions. The provisions of this Section 4 shall not apply to the exercise of the IHS Warrants.

4.7 Expression of Purchase Price and Number of Shares. Irrespective of any adjustments or change in the Purchase Price or the number of securities actually purchasable under the Warrant, the Warrants theretofore and thereafter issued may continue to express the purchase price and the number of securities purchasable thereunder as the Purchase Price and the number of securities purchasable were expressed in the Warrant when initially issued.

5. No Rights or Liabilities as Stockholders and Notice to Registered Holder.

Nothing contained herein shall be construed as conferring upon the Registered Holder the right to vote or to consent or to receive notice as a stockholder in respect of the meetings of stockholders for the election of directors of the Company or any other matter, or any other rights whatsoever as a stockholder of the Company; provided, however, that in the event that:

(a) the Company shall take a record of the holders of its Common Stock or other stock or securities for the purpose of entitling them to receive any dividend or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities or to receive any other right;

(b) the Company shall take action to accomplish any capital reorganization,

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or reclassification of the capital stock of the Company, or a consolidation or merger of the Company into, or a sale of all or substantially all of its assets to, another corporation;

(c) the Company shall take action to redeem or convert any or all of outstanding Common Stock or other stock or securities of the Company; or

(d) the Company shall take action looking to a voluntary dissolution, liquidation or winding up of the Company;

then, and in each such case, the Company shall mail or cause to be mailed to the Registered Holder of this Warrant a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, spin-off consolidation, merger, conveyance, dissolution, liquidation, winding-up, redemption or conversion is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock or such other stock or securities shall be entitled to exchange their shares of Common Stock or such other stock or securities for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation, winding-up, conversion or redemption. Such notice shall be delivered at least thirty (30) days prior to the date therein specified.

6. Duty to Register Common Stock.

The shares of Common Stock issuable under this Warrant are subject to a Registration Rights Agreement with the Company dated of even date herewith.

7. Transfers and Exchanges.

7.1 Warrant Transferable. Subject to the transfer conditions referred to in the legend endorsed hereon, this Warrant and all rights hereunder (including those under the Purchase Agreement) are transferable, in whole or in part, without charge to the Registered Holder, upon surrender of this Warrant with a properly executed Assignment (in the form of Exhibit B hereto) at the principal office of the Company. The Company shall record on its books the transferee as the Registered Holder of the portion of this Warrant transferred pursuant to this Section 7.1.

7.2 Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender hereof by the Registered Holder at the principal office of the Company, for new Warrants of like terms representing in the aggregate the purchase rights hereunder, and each of such new Warrants shall represent such portion of such rights as is designated by the Registered Holder at the time of such surrender. The date the Company initially issues this Warrant shall be deemed to be the "Date of Issuance" hereof regardless of the number of times new certificates representing the unexpired and unexercised rights formerly represented by this Warrant shall be issued. All Warrants representing portions of the rights hereunder are referred to herein as the "Warrants."

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8. Valid Issuance and Payment of Taxes.

All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and non-assessable, and the Company shall pay all taxes and other governmental charges that may be imposed in respect of the issue or delivery thereof. The Company shall not be required to pay any tax or other charge imposed in connection with any transfer involved in the issuance of any certificate for shares of Common Stock in any name other than that of the Registered Holder of this Warrant, and in such case the Company shall not be required to issue or deliver any stock certificate or security until such tax or other charge has been paid, or it has been established that no tax or other charge is due.

9. Mutilated or Missing Warrants.

In case any of the Warrants shall be mutilated, lost, stolen or destroyed, the Company shall issue and deliver in exchange and substitution for, and upon cancellation of the mutilated Warrant, or in lieu of, and in substitution for, the Warrant lost, stolen or destroyed, a new Warrant of like tenor and representing an equivalent right or interest, but only upon receipt of reasonable evidence of such loss, theft, or destruction of such Warrant.

10. Reserve.

The Company hereby represents and covenants that it has reserved and at all times there shall be reserved for issuance such number and type of securities as the Registered Holders are entitled to receive upon exercise of the IHS Warrants. Prior to the issuance of any equity securities (or any instrument exercisable for or convertible into equity securities) and whenever otherwise required to satisfy this Section 10, the Company will amend its Certificate of Incorporation to the extent necessary to ensure that there is reserved for issuance a sufficient number and type of securities as the Registered Holders of the IHS Warrants are entitled to receive upon exercise thereof. 11. No Impairment.

The Company will not, by amendment of its Certificate of Incorporation or bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Registered Holders against impairment. Without limiting the generality of the foregoing, the Company (a) shall not increase the par value of any shares issuable upon exercise of this Warrant above the Purchase Price and (b) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon exercise of this Warrant.

12. Appraisal.

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In case of any dispute as to valuation of a security under this Agreement, the fair value of such security shall be determined by an appraiser without any discount for liquidity or restrictions under the Securities Act. This appraisal process shall be instituted within fourteen (14) days after a party to this Agreement notifies the other party of its desire to submit the issue to an appraiser. In the event that, within seven (7) days after a party to this Agreement notifies the other party of its desire to submit the issue to an appraiser, the parties do not agree on a single appraiser to determine the fair value of such security, the fair value of such security shall be determined, without any discount for liquidity or restrictions under the Securities Act, by the majority determination of a panel of three (3) appraisers who shall be selected in the following manner: the Company shall select one (1) appraiser and the Registered Holder entitled to exercise this Warrant for the greatest number of shares of Common Stock (in the event there shall be more than one Registered Holder), on behalf of all of the Registered Holders, shall select one (1) appraiser and the two (2) appraisers selected by the Company and the Registered Holder shall jointly select a third appraiser. The appraiser selected jointly by the parties and, if applicable, each member of the appraisal panel shall be an individual who personally and whose Affiliates shall not have a previous business relationship with either party. The appraiser and, if applicable, the appraisal panel shall endeavor to complete the appraisal as soon as practicable. The determination of such appraiser and, if applicable, the appraisal panel shall be final and binding on the Company and the Registered Holders, and the fees and expenses of such appraisal shall be borne equally by the Company, on the one hand, and the Registered Holders, on the other.

13. Notices.

Except as may be otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, (b) when received when sent by facsimile to number set forth below (provided, however, that notices given by facsimile shall not be effective unless either (i) a duplicate copy of such facsimile notice is promptly given by one of the other methods described in this Section 13, or (ii) the receiving party delivers a written confirmation of receipt for such notice either by facsimile or any other method described in this Section 13) and (c) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

To: the Registered Holder	To: the Company
Integrated Health Services, Inc.	Community Care of America, Inc.
10065 Red Run Boulevard	3050 North Horseshoe Drive
Owings Mills, MD 21117	Naples, FL 33942
Fax No.: (410) 998-8747	Fax No.: (941) 435-0087
Attn: Marshall A. Elkins, Esq.	Attn: Gary Singleton, President

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A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 13 by giving the other party written notice of the new address in the manner set forth above.

14. Headings.

The headings in this Warrant are for purposes of convenience in reference only, and shall not be deemed to constitute a part hereof.

15. Governing Law.

I This Warrant shall be construed and enforced in accordance with, and governed by, the laws of the State of New York without regard to provisions regarding choice of laws.

16. Severability.

If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Warrant shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

17. No Inconsistent Agreements.

The Company will not on or after the date of this Warrant enter into any agreement which is inconsistent with the rights granted to the Registered Holders of this Warrant or otherwise conflicts with the provisions hereof. The Company hereby represents and warrants that the rights granted to the Registered Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to holders of the Company's securities under any other agreements, except rights that have been waived.

18. Saturdays, Sundays and Holidays.

If the Expiration Date falls on a Saturday, Sunday or legal holiday, the Expiration Date shall automatically be extended until 5:00 p.m. the next business day.

IN WITNESS WHEREOF, Community Care of America, Inc. has caused this Warrant to be signed manually by a duly authorized officer of the Company on this 13th day of January, 1997.

COMMUNITY CARE OF AMERICA, INC.

By:
Name:
Title:

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EXHIBIT A

ELECTION TO PURCHASE

To: Community Care of America, Inc.
____
____
____

The undersigned hereby elects to exercise the Warrant represented by the within Warrant Certificate to purchase __________ shares of the Common Stock issuable upon the exercise of the Warrant and requests that certificates for such shares shall be issued in the name of:

(Name)

(Address)

(Taxpayer number)

and be delivered to:

(Name)

at

(Address)

and, if said number of shares of the Common Stock shall not be all the shares of the Common Stock evidenced by the within Warrant Certificate, that a new Warrant Certificate for the balance remaining of such said shares be registered in the name of:

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(Name)

(Address)

(Taxpayer number)

and delivered to the undersigned at the address below stated.

Dated: _______________, 19__

Name of holder of Warrant Certificate:

(please print)

(Address)

(Signature)

EXHIBIT B

ASSIGNMENT

(to be executed by the registered holder
to effect a transfer of the within Warrant)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Name)

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(Address)

the right to purchase the ________ shares of Common Stock evidenced by this Warrant, and does hereby irrevocably constitute and appoint to transfer the said right on the books of the Company, with full power of substitution.

Dated: _______________________

(Signature)

/

EXHIBIT 3

REGISTRATION RIGHTS AGREEMENT

[TO BE INSERTED]
REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT is made as of the 13th day of January 1997 (the "Effective Date"), by and between Community Care of America, Inc., a Delaware corporation (the "Company"), on the one hand, and on the other hand, Integrated Health Services, Inc., a Delaware Corporation (the "Stockholder").

RECITALS

WHEREAS, the Company and the Stockholder are parties to a Warrant Acquisition Agreement, dated of even date herewith (the "Warrant Agreement"), pursuant to which the Company issued Series A Warrants and Series B Warrants (collectively, the "Warrants") to the Stockholder;

WHEREAS, the Stockholder may acquire shares of the Common Stock of the Company, $0.0025 par value (the "Common Stock"), under the Warrants; and

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WHEREAS, the Warrant Agreement provides that the Company shall extend certain registration rights to the Stockholder;

NOW, THEREFORE, the parties hereby agrees as follows:

1.1 Definitions. For purposes of this Agreement:

(a) The term "register", "registered", and "registration" refer to a registration affected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended (the "Act"), and the use, by the Company, of its best efforts to cause the declaration or ordering of effectiveness of such registration statement or document.

(b) The term "Underlying Common Stock" means (1) any of the shares of Common Stock issued upon exercise of the Warrants, and (2) any shares of the Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares of Common Stock issued or issuable under the Warrants, excluding in all cases, however, any Underlying Common Stock sold by a person in a transaction in which his, her or its rights under Section 1 are not assigned.

(c) The term "Holder" means any person owning or having the right to acquire Underlying Common Stock or any assignee thereof in accordance with Section 1.10 hereof.

(d) The term "Person" means a natural person and any corporation, partnership, limited liability company, limited liability partnership, joint venture, association, joint-stock partnership, trust, unincorporated organization or a government or any department or agency thereof.

1.2 Registration Rights. The Company covenants and agrees as follows:

(a) Piggyback Registration Rights. If, at any time after the first anniversary of the Effective Date (but without any obligation to do so), the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration statement or Form S-8 or Form S-4 or any successor form thereto), the Company shall, at such time, promptly give each Holder written notice of such registration. The Company

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shall, subject to the provisions of Section 1.6(b), cause all of the Underlying Common Stock owned by each Holder to be registered under the Act under the proposed registration statement, except that the Company shall not be required to register the Underlying Common Stock owned by a Holder if, within twenty (20) days after the Company gives notice of the proposed registration to the Holder, the Holder gives the Company written notice in accordance with Section 2.5 that he does not want all or a portion of the Underlying Common Stock held by him to be so registered.

(b) Demand Registration Rights for Firm Commitment Underwritten Offerings. At any time after the first anniversary of the Effective Date, the Holders representing a majority of the Common Stock issued and issuable under the Warrants (regardless of whether representing a majority of the then outstanding Underlying Common Stock) may demand that the Company register under the Act, all or a portion of the shares of Common Stock issued or issuable under the Warrants, for sale pursuant to a firm commitment underwritten public offering, provided that the Company shall not be obligated to effect such registration and firm commitment underwritten public offering and sale of the Underlying Common Stock on more than two occasions in the aggregate for all of the Holders (it being understood that any firm commitment public offering that does not close for whatever reason shall not count against such limit).

(c) Registration Rights for Shelf Offerings Not Involving Firm Commitment Underwritings.

(1) If at any time after the first anniversary of the Effective Date the Company is eligible to register on Form S-3 under the Act (or any successor "short form" registration statement) securities which are to be offered or sold solely by or on behalf of persons other than the Company, then the Holders of a majority of the outstanding Underlying Common Stock may demand that the Company register under the Act all or a portion of the Common Stock issued and issuable under the Warrants for offer and sale in transactions not involving a firm commitment underwritten offering. The Company shall as soon as practicable after the date thereof register with the Commission on a Form S-3 registration statement (or any successor "short form" registration statement) the Common Stock issued and issuable under the Warrants. Thereafter, the Holders of a majority of the outstanding Underlying Common Stock may, subject to the limitations set forth in Section 1.2(c)(2) hereof, demand that the Company, on one occasion during each twelve month period from the Effective Date, prepare and file a post effective amendment to such registration statement, pursuant to Rule 424(b) under the Act, containing a prospectus meeting the requirements of Section 10 of the Act in order to permit the Holders to sell or distribute their Underlying Common Stock in transactions not involving a firm commitment underwritten public offering, and the Company shall prepare and file such other amendments and supplements thereto, and take such other actions as may be necessary to keep such prospectus and registration statement accurate and effective and to comply with the provisions of the Act with respect to the disposition of the Underlying Common Stock for a period of not less than ninety (90) days, provided that such time period shall be extended by the amount of time that any Holder is prevented from selling Underlying Common Stock under such registration statement as a result of Section 1.2(c)(2) hereof.

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(2) Notwithstanding the provisions of Section 1.2(c)(1) to the contrary, the Company shall not be obligated to file a post effective amendment to such registration statement pursuant to Rule 424(b) under the Act and/or a prospectus meeting the requirements of Section 10 of the Act pursuant to this Section 1.2(c) during any period if (i) the Company shall furnish to the Holders requesting such registration a certificate signed by the President of the Company stating that, in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental at such time to the Company and its stockholders to file such amendments to such registration statement or prospectus (including by filing information incorporated by reference into such registration statement and/or prospectus) necessary to meet the requirements of Section 10 of the Act, in which event the Company shall have the right to defer the filing of such amendments for a period of not more than sixty (60) days after presentation of such certificate to the Holders, (ii) if the Company has within twelve (12) months preceding the date of such request effected a registration of its securities in which Holders were entitled to participate pursuant to Section 1.2(a) or (b) hereof, or (iii) if the requesting Holder or Holders receive an opinion from counsel to the Company that registration of such Holder's or Holders' Underlying Common Stock is not required under the Act in order to effect the sale or other distribution contemplated by such Holder or Holders.

1.3 Obligations of the Company. Whenever undertaking under this Section 1 to effect the registration of any Underlying Common Stock, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the Commission a registration statement with respect to such Underlying Common Stock and use its best efforts to cause such registration statement to become effective and keep such registration statement effective for ninety (90) days or such shorter period as requested by the Holders of a majority of the Underlying Common Stock registered thereunder.

(b) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Underlying Common Stock owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as the Holders shall reasonably request, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

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(e) In the event that a firm commitment underwritten public offering is utilized under the registration described in Section 1.2(a) or is demanded for the registration described in Section 1.2(b), include the Underlying Common Stock in such firm commitment underwritten public offering and enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Immediately notify each Holder of the Underlying Common Stock covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and promptly prepare and furnish to the Holders a reasonable number of copies of a prospectus supplement or amendment so that, as thereafter delivered to the purchasers of such Underlying Common Stock, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Furnish, at the request of any Holder requesting registration of Underlying Common Stock pursuant to this Section 1, on the date that such Underlying Common Stock is delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in a firm commitment underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of the Underlying Common Stock and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in a firm commitment underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of the Underlying Common Stock.

(h) If the Common Stock of the Company is listed on a national securities exchange or quoted on NASDAQ, use its best efforts to comply with the requirements of such exchange or NASDAQ to include shares of Underlying Common Stock covered by such registration statement for listing on each such securities exchange or for quotation on NASDAQ.

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1.4 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Underlying Common Stock of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Underlying Common Stock held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Underlying Common Stock.

(b) The Company shall give the Holders registering Underlying Common Stock and their underwriters, if any, the opportunity to participate in the preparation of the registration statement, each prospectus included therein or filed with the Commission and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such Holders and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Act.

1.5 Expenses of Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification, to the extent set forth in Section 1.3, of the Underlying Common Stock with respect to each registration pursuant to Section 1.2 for each Holder (which right may be assigned as provided in Section 1.10), including (without limitation) all registration, filing, and qualification fees, printers, legal and accounting fees relating or apportionable thereto, but excluding underwriting discounts and commissions relating to Underlying Common Stock (in the case of a firm commitment underwritten public offering).

1.6 Underwritten Offers.

(a) Whenever a registration requested pursuant to Section 1.2(b) hereof is for a firm commitment underwritten offering, the Holder(s) holding a majority of the Underlying Common Stock so requested to be included in such registration shall select the managing underwriter(s) of recognized standing to administer the offering, and each Holder requesting registration of its Underlying Common Stock for disposition in a firm commitment underwritten offering agrees to include such Underlying Common Stock in such firm commitment underwritten offering and shall be bound by the terms of the underwriting as agreed between the majority of Holders requesting registration and the underwriters.

(b) In connection with a firm commitment underwritten offering of the Company's capital stock under Section 1.2(a) hereof, the Company shall not be required to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in

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good faith will not jeopardize the success of the offering by the Company. If the total amount of securities, including Underlying Common Stock, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Underlying Common Stock, which the underwriters determine in good faith will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders). For purposes of the preceding parenthetical concerning apportionment, for any selling stockholder which is a holder of Underlying Common Stock and which is a partnership or corporation, the partners, retired partners and stockholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling stockholder", and any pro rata reduction with respect to such "selling stockholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling stockholder", as defined in this sentence.

1.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.8 Indemnification. In the event any Underlying Common Stock is included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder who is not a director or executive officer of the Company, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, or the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Act, or the Exchange Act or any state securities law; and the Company will pay to each such Holder, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however,

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that the indemnity agreement contained in this subsection 1.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company, nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, liabilities (joint or several) or actions to which any of the foregoing persons may become subject, under the Act, or the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.8(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.8 of notice of the commencement of any action (including any governmental action) such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.7, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.8, but the omission so to deliver written notice to the indemnified party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.8.

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(d) If the indemnification provided for in this Section 1.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the firm commitment underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.8 shall survive the completion of any offering of Underlying Common Stock in a registration statement under this Section 1, and otherwise.

1.9 Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the Commission that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Commission Rule 144 promulgated under the Act;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Act and the Exchange Act; and

(c) furnish to any Holder, so long as the Holder owns any Underlying Common Stock, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 promulgated under the Act and the Exchange Act, (ii) a copy of the most recent annual and quarterly reports of the Company and such other report and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission which permits the selling of any such securities without registration.

1.10 Assignment of Registration Rights. The rights to cause the Company to register Underlying Common Stock pursuant to this Section 1 may be assigned (but

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only with all related obligations) by a Holder to a transferee or assignee of such securities, provided the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; and provided, further, that such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted or subject to volume or manner of sale limitations under the Act.

2. Miscellaneous.

2.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of the Warrants and the Underlying Common Stock). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

2.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York.

2.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

2.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

2.5 Notices. Except as may be otherwise provided herein, all notices and other communications required or permitted hereunder shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, (b) when sent by facsimile to the number set forth below such party's signature (provided, however, that notices given by facsimile shall not be effective unless either (i) a duplicate copy of such facsimile notice is promptly given by one of the other methods described in this Section 2.5, or (ii) the receiving party delivers a written confirmation of receipt of such notice either by facsimile or any other method described in this Section 2.5) and (c) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below such party's signature, with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the service provider. A party may change or supplement the address given above, or designate additional addresses, for purposes of this Section 2.5 by giving the other party written notice of the new address in the manner set forth above.

2.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any

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other relief to which such party may be entitled.

2.7 Amendments and Waivers. The Company and Holders of a majority of the Underlying Common Stock (to the extent issued and outstanding) can agree to an amendment of, or a waiver to, the terms of this Agreement.

2.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INTEGRATED HEALTH SERVICES, INC.

By:
Name:
Title:

Address for Notice:

10065 Red Run Boulevard
Owings Mills, MD 21117
Fax No. (410) 998-8747
Attn: Marshall A. Elkins, Esq.

COMMUNITY CARE OF AMERICA, INC.

By:
Name:
Title:

Address for Notice:

3050 North Horseshoe Drive
Naples, FL 33942
Fax No. (941) 435-0087
Attn: Gary Singleton, President

EXHIBIT 4

CCA PRESS RELEASE

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DATED JANUARY 13, 1997

[TO BE INSERTED]

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MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement") is made and entered into as of December 27, 1996, by and between COMMUNITY CARE OF AMERICA, INC., a Delaware corporation with offices at 3050 N. Horseshoe Drive, Naples, FL 33942 ("Owner") and INTEGRATED HEALTH SERVICES, INC., a Delaware corporation with offices at 10065 Red Run Boulevard, Owings Mills, MD 21117 ("Manager").

WHEREAS, the Owner is a publicly-traded corporation that is, directly and indirectly through its subsidiaries, engaged in the business of owning, operating and managing skilled nursing facilities, hospitals and other health care related facilities (the "Business"); and

WHEREAS, the Manager is a publicly-traded corporation engaged in the ownership and operation of similar facilities and is experienced in various phases of the management, operation and ownership thereof, including, without limitation, the management of the financial and accounting functions related thereto, and arranging and negotiation of contracts for the provision of ancillary services for health care facilities; and

WHEREAS, the Owner desires to engage the Manager to manage the financial, accounting and ancillary services contracting functions for Owner's account during the term herein provided, and the Manager desires to accept such engagement, upon the terms and subject to the conditions contained herein.

NOW, THEREFORE, in consideration of the premises and covenants herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

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EMPLOYMENT OF THE MANAGER

1.1 Employment. For and during the term of this Agreement, the Owner hereby grants to the Manager the sole and exclusive right, and employs the Manager to supervise, manage, and operate the financial, accounting, MIS, reimbursement and ancillary services contracting functions (the "Applicable Functions") in the name and for the account of the Owner upon the terms and conditions hereinafter set forth.

1.2 Acceptance. The Manager accepts such employment and agrees that it will (a) faithfully perform its duties and responsibilities hereunder, (b) use its best efforts to supervise and direct the management of the Applicable Functions in an efficient manner, and (c) consult with the Owner and keep the Owner advised of all major policy matters relating to the management of the Applicable Functions. The Manager shall report to the principal financial or chief accounting officer of the Owner, whose approval shall be required prior to the public issuance or filing with the Securities and Exchange Commission ("the SEC") of any financial or accounting report.

ARTICLE II
TERM

The initial term of this Agreement shall commence on January 1, 1997, or such earlier date as Manager and Owner shall agree (the "Commencement Date") and shall extend until December 31, 2001 ("Term").

ARTICLE III

RIGHTS AND DUTIES OF THE MANAGER

During the term of this Agreement, and in the course of its management of the Applicable Functions:

3.1 Employees. The Manager, on the Owner's behalf, shall hire, promote, discharge, and supervise the work of all employees involved in performing services related to the Applicable Functions below the Owner officer level. All of such employees shall be employees of the Manager, except for such employees of the Owner as the Owner and Manager shall mutually agree, provided, however, that the compensation of any such employees of Owner, including fringe benefits, with respect to such employees, shall be deducted from the amount of the Management Fee. The term "fringe benefits" as used herein shall include but not be limited to the employer's contribution of FICA, unemployment compensation, and other employment taxes, retirement plan contributions, workman's compensation, group life, accident, and health insurance premium, profit sharing contributions, disability, and other similar benefits paid or payable by the Manager with respect to its own business or other businesses managed by it, but shall in any event be consistent with the compensation provided to other similarly situated employees of the Owner.

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3.2 Ancillary Services, Utilities, Etc. The Manager shall enter into such contracts in the name of and at the expense of the Owner as may be deemed necessary or advisable for the furnishing of all ancillary services, including, without limitation, utilities, concessions, supplies and other services as may be needed from time to time for the maintenance and operation of the Business. Manager is authorized to contract for or provide ancillary services,

including, but not limited to, rehabilitation and respiratory therapy services, and mobile diagnostic services, through providers that are affiliates of the Manager, provided that such services are rendered at levels of quality and pricing that are competitive with those available in the community.

3.3 Deposit and Disbursement of Funds. The Manager shall deposit in a banking institution which is a member of the FDIC in accounts in the Manager's name as agent for Owner, all monies arising from the operation of the Business or otherwise received by the Manager for and on behalf of the Owner ("Business Funds"), and shall disburse and pay the same from said accounts on behalf and in the name of Owner in the following order of priority and, in each case, such amounts and at such times as the same are required to be made in connection with:

(a) Payment of Debt Service (as hereinafter defined) and all costs and expenses arising out of the ownership, maintenance, expansion, and operation of the Business, including, without limitation, the reimbursable expenses of the Manager hereunder set forth in Exhibit A hereto;

(b) Payment of the Manager's Management Fee (as hereinafter defined) provided for in Article V, below (including any accrued and unpaid Management Fees for prior periods);

(c) The balance of such funds, after provision for such adequate working capital reserves on a monthly basis as shall be determined by the Manager in its reasonable business

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judgment, shall be invested by the Manager on behalf of the Owner or, if directed by the Owner, shall be used to reduce existing debt of the Owner (including, without limitation, any debt due to Manager or any of its affiliates or subsidiaries), to make distributions to the Owner's stockholders or to repurchase outstanding shares of its capital stock.

As used herein, "Debt Service" means scheduled payments of the principal and interest with respect to:

(x) existing debt service payments; and

(y) any additional indebtedness incurred by the Owner for the improvement, maintenance, or operation of the Business as mutually agreed upon by Owner and Manager.

"Debt Service" includes payments made with respect to any revolving credit line with the Manager or others, but does not include any other amounts payable by reason of voluntary prepayments or the acceleration of such indebtedness for any reason.

3.4 Statements. The Manager shall deliver or cause to be delivered to the Owner statements as follows:

(a) Within thirty (30) days following the end of each calendar month, a profit and loss statement and balance sheet statement (both prepared on an accrual basis in accordance with GAAP) showing the results of operation of the Business for such calendar month and the year-to-date, and having annexed thereto a computation of the Management Fee (as determined under Article VI hereof) for such preceding month and the year-to-date;

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(b) On or before ninety (90) days after the close of each fiscal year during the term of this Agreement, the Manager will also deliver or cause to be delivered to the Owner a balance sheet and related statement of profit and loss certified by an independent public accounting firm and prepared in accordance with GAAP showing the assets employed in the operation of the Business and the liabilities incurred in connection therewith as of the end of the fiscal year, and the results of the operation of the Business during the preceding twelve (12) months then ended, and having annexed thereto (i) a copy of all Medicare and Medicaid cost reports prepared by the Manager with respect to each facility constituting any part of the Business for such twelve month period, and (ii) a computation of the Management Fee for such twelve (12) month period; and

(c) all other financial and accounting reports and statements that the Owner is required to prepare or file pursuant to applicable law, including, without limitation, any required pursuant to the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder (the "Exchange Act"). All of such reports and statements shall be delivered to the Owner a reasonable amount of time prior to the date on which such report or statement is required to be reported, filed or disclosed in accordance with applicable law.

3.5 Data Processing. The Manager shall, directly or through an affiliate, provide the data processing required to maintain the financial, payroll, and accounting records of the Business; except that the Manager agrees that the Business

payroll will not be moved to Manager's central payroll administration until same can be accomplished without a material disruption to Business cash flow.

3.6 Books and Records. The Manager on behalf of the Owner shall manage the keeping of full and accurate books of account and such other records reflecting the results of operation of the Business as required by law.

3.7 Taxes. The Manager shall cause all taxes, assessments, and charges of every kind imposed upon the Business by any governmental authority,

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including interest and penalties thereon, to be paid when due if funds are available, except that the Manager shall not cause such payment to be made if (a) same is in good faith being contested by the Owner at its sole expense and without cost to the Manager, (b) enforcement thereof is stayed, and (c) the Owner shall have given the Manager written notice of such contest and stay and authorized the non-payment thereof, not less than ten (10) days prior to the date on which such tax assessment, or charge is due and payable. Interest or penalty payments shall be reimbursed by the Manager to the Owner if imposed upon the Owner by reason of negligence on the part of the Manager in making the payment if funds are available therefor. Manager shall notify Owner of all taxes, assessments or penalties assessed against the Business other than in the normal course of business.

ARTICLE IV
RIGHTS AND DUTIES OF THE OWNER

During the term of this Agreement:

4.1 Right of Inspection. The books and records of the Business shall be the property of Owner. The books and records of the Business shall not be removed by the Manager without the consent of the Owner. The Owner acknowledges that some books and records will be maintained at the Manager's principal place of business.

4.2 Cooperation with Manager. The Owner will fully cooperate with the Manager in connection with the management of the Applicable Functions and will reimburse the Manager for all funds expended or costs and expenses incurred to which the Manager is entitled to reimbursement as set forth in Exhibit A of this Agreement.

4.3 Operating Capital. To any extent necessary after taking into account Manager's loans under Article V, below, the Owner shall provide the Manager with such amount of working capital as may be required from time to time for the operation of the Business on a sound financial basis (including the payment of all amounts owed to Manager including, but not limited to, the payment of all management fees, reimbursable expenses and amounts due under the Line of Credit). If additional working capital is required, the Manager shall notify the Owner thereof in writing and the Owner shall provide the Manager with such increase in working capital within fifteen (15) days thereafter. If the Owner fails to provide such additional working capital, Manager may, but is not obligated to, provide the same as a loan to the Owner.

ARTICLE V

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COMPENSATION AND DISTRIBUTIONS

5.1 As full and exclusive compensation for all of the services to be rendered by Manager during the Term of this Agreement, the Owner shall pay to the Manager at its principal office, or at such other place as the Manager may from time to time designate in writing, and at the times hereinafter specified a monthly fee (the "Management Fee"). The aggregate amount of the Management Fee for the period commencing with the effective date of this Agreement and ending on December 31, 1997 shall be an amount equal to the lesser of (a) two percent (2%) of Gross Revenues or (b) twice the amount of the total direct and indirect costs of Owner for the Applicable Functions during the period July 1, 1996 through December 31, 1996 ("Owner's Cost"). The monthly payment of the Management Fee for such period shall be based on the percentage of Gross Revenue specified in clause (a), with an adjustment being made to the amount of Management Fee payable for the final month of such period if the amount in clause (b) shall be less than clause (a). The Lender and Borrower may by mutual agreement increase the percentages in clause (a) above to an amount not greater than two and one half percent (2.5%) following completion of Lender's due diligence review. The Management Fee for periods commencing January 1, 1998 and thereafter shall be an amount equal to the lesser of (a) two percent (2%) of Gross Revenues or (b) a percentage of Gross Revenues determined by dividing (x) an amount equal to Owner's Cost, by (y) an amount equal to the Gross Revenues for the period July 1, 1996 through December 31, 1996. The Lender and Borrower may by mutual agreement increase the percentages in clause (a) above to an amount not greater than two and one half percent (2.5%) following completion of Lender's due diligence review. At the completion of its review of Owner's books and records, Managers will notify Owner of its calculation of Owner's Cost.

If Owner disagrees with Manager's calculation of Owner's Cost, the parties agree that KPMG Peat Marwick shall recompute Owner's Cost for purposes of this Agreement using generally accepted accounting principals, which recomputation shall be final and binding on the parties hereto. All fees incurred by KPMG Peat Marwick shall be borne by the Owner. The Management Fee shall be payable five days after delivery to Owner of the monthly financial statement referred to in Section 3.4(a) (each such date being hereinafter referred to as a "Payment

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Date") and shall be calculated based upon the Business's Gross Revenues during the preceding month as set forth in such financial statements.

5.2 For the purposes of determining the Management Fees, "Gross Revenues" for any period shall be determined on the basis of all revenues of any kind derived directly or indirectly from the Business during such period (including rental or other payment from concessionaires, licensees, tenants, and other users of the Business) as determined in accordance with generally accepted accounting principles consistently applied, excluding, however:

(a) federal, state, and municipal excise, sales, and use taxes collected directly from patients as a part of the sales prices of any goods or services;

(b) proceeds of any life or casualty insurance policies, condemnation or eminent domain;

(c) gains or losses arising from the sale or other disposition of capital assets;

(d) any reversal or accrual of any contingency or tax reserve;

(e) interest earned on sinking funds, Special Security Accounts, bonds funds, etc. originally and specifically formed as a requirement of any bond issue utilized to finance any part of the Business;

(f) patient trust accounts;

(g) tax refunds;

(h) uncollectible accounts receivable, in the reasonable judgment of Manager and in accordance with industry standards;

(i) miscellaneous revenues arising from dividends, discounts, or refunds related to items previously expensed; and bequests, gifts, or similar donations.

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The proceeds of business interruption insurance or proceeds as a result of Medicare and Medicaid audits shall be included in Gross Revenues of the Business. However, funds required to be repaid as a result of Medicare and Medicaid audits shall be deducted from Gross Revenues of the Business.

5.3 Notwithstanding the foregoing, the Management Fee (including any amount carried over pursuant to the succeeding sentence hereof) shall be payable on each Payment Date only to the extent that the Business Funds (as defined in Section 3.3) shall be sufficient as of such date; provided that the Manager shall be entitled to cause a draw-down under any revolving credit facility of the Owner to make payment of

any Management Fee then payable or accrued from prior periods. Any portion of the Management Fee not paid due to the foregoing shall be carried over and be payable on the immediately succeeding Payment Date; provided, however, that Owner shall pay Manager interest on such unpaid portion of the Management Fee at the rate specified in the Subordinated Note of even date herewith made by Owner in favor of IHS Financial Holdings, Inc.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF OWNER

The Owner represents and warrants to the Manager as follows:

6.1 Organization and Standing of the Owner. The Owner is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Copies of the Articles of Incorporation and By-Laws of the Owner, and all amendments thereof to date, have been, if requested, delivered to Manager and are complete and correct. The Owner and its subsidiaries have the power and authority to own the property and assets now owned by them and to conduct the business presently being conducted by them.

6.2 Absence of Conflicting Agreements. Neither the execution or delivery of this Agreement, including all Schedules and Exhibits hereto, or any of the other instruments and documents required or contemplated hereby and thereby ("Transaction Documents") by the Owner, nor the performance by the Owner

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of the transactions contemplated hereby and thereby, conflicts with, or constitutes a breach of or a default or

requires the consent of any third party under (i) the Articles of Incorporation or By-Laws of the Owner (or any of its subsidiaries); or (ii) to the best of its knowledge after due inquiry, any applicable law, rule, judgment, order, writ, injunction, or decree of any court, currently in effect; or (iii) to the best of its knowledge after due inquiry, any applicable rule or regulation of any administrative agency or other governmental authority currently in effect; or (iv) any agreement, indenture, contract or instrument to which the Owner (or any of its subsidiaries) is now a party or by which the assets of the Owner (or any of its subsidiaries) are bound.

6.3 Consents. No authorization, consent, approval, license, exemption by, filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary in connection with the execution, delivery and performance of this Agreement by the Owner.

6.4 Financial Statements.

(a) The audited consolidated balance sheets of the Business as of December 31, 1995, and the related statements of operations and cash flow for the year then ended, filed with the SEC, present fairly in all material respects the financial condition and results of operations of the Business at and for the periods therein specified and were prepared in accordance with GAAP.

(b) The unaudited consolidated balance sheets and the related statements of operations of the Business as of September 30, 1996, and cash flow for the 9-month period then

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ended, filed with the SEC, present fairly in all material respects the financial condition and results of operations of the Business at and for the periods therein specified and were prepared in accordance with GAAP.

6.5 Material Changes. Since September 30, 1996, except as set forth in reports filed by the Owner with the SEC, there has not been any material adverse change in the condition (financial or otherwise) of the assets, properties or operations of the Owner on a consolidated basis, whether or not covered by insurance, and during such period of time the Owner has and from the date of this Agreement through the Commencement Date, will have, conducted the Business only in the ordinary and normal course, and made no distributions to any shareholders of the Owner other than wages paid and expenses reimbursed in the ordinary and normal course of business.

6.6 Legal Proceedings. Other than as may be set forth in reports filed by the Owner with the SEC, there are no claims, actions, suits or proceedings or arbitrations, either administrative or judicial, pending, or, to the knowledge of Owner, overtly threatened against or affecting the Owner, its subsidiaries or affiliates, of a nature required to be disclosed in reports filed with the SEC, or affecting Owner's ability to consummate the transactions contemplated herein.

6.7 Tax Returns. The Owner have filed all Federal, state, county and local income, excise, property, employment-related and other tax returns and abandoned property reports (if any) to date that are due and required to be filed by it, and there are no claims, liens, or judgments for taxes due

from the Owner, and to the knowledge of the Owner, no basis for any such claim, lien, or judgment exists.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES OF MANAGER

The Manager represents and warrants to the Owner as follows:

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7.1 Organization and Standing of the Manager. The Manager is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Copies of the Articles of Incorporation and By-Laws of the Manager, and all amendments thereof to date, have been, if requested, delivered to the Owner and are complete and correct. The Manager has the power and authority to own the property and assets now owned by it and to conduct the business presently being conducted by it.

ARTICLE VIII
TERMINATION RIGHTS

This Agreement may be terminated and, except as to liabilities or claims of either party hereto which shall have theretofore accrued or arisen, the obligations of the parties hereto with respect to this Agreement may be terminated, upon the happening of any of the following events:

8.1 Termination by the Owner: If at any time or from time to time during the term of this Agreement any of the following events shall occur and not be remedied within the applicable period of time herein specified, namely:

(a) The Manager shall apply for or consent to the appointment of a receiver, trustee, or liquidator of the Manager of all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors or take advantage of any insolvency law, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Manager as bankrupt or insolvent or approving a petition seeking reorganization of the Manager or appointing a receiver, trustee, or liquidator of the Manager or of all or substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any

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period of ninety (90) consecutive days;

(b) The Manager shall fail to keep, observe, or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed, or performed by the Manager, and such default shall continue for a period of sixty (60) days after written notice thereof by the Owner to the Manager; or

(c) There shall occur a "Fundamental Event" of the Owner;

then in case of any such event and upon the expiration of the period of grace applicable thereto, the term of this Agreement shall expire, at the Owner's option and upon ten (10) days written notice to the Manager; provided, however, that, upon termination, pursuant to Section 8.1(c), Owner shall pay Manager a termination fee equal to the Management Fee for the

six months immediately preceding the date notice of termination is given. For purposes of Section 8.1(c) a "Fundamental Event" shall have the meaning attributed to it in the Subordinated Note of even date herewith made by Owner in favor of IHS Financial Holdings, Inc.

8.2 Termination by the Manager: If at any time or from time to time during the term of this Agreement any of the following events shall occur and not be remedied within the applicable period of time herein specified, namely:

(a) The Owner shall fail to keep, observe, or perform any material covenants, agreement, term or provision of this Agreement to be kept, observed, or performed by the Owner and such default shall continue for a period of sixty (60) days after written notice thereof by the Manager to the Owner, except for Owner's duty to provide for adequate working capital under Section 4.3 hereof, which shall continue uncured for a period of thirty (30) days after written notice thereof;

(b) The Owner (or any of its principal subsidiaries) shall apply for or consent to the appointment of a receiver, trustee, or liquidator (or any principal subsidiary of the Owner) or of all or a substantial part of its assets, file a voluntary petition in bankruptcy or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit of creditors, file a petition

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or any answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating the Owner (or any principal subsidiary of the Owner) bankrupt or appointing a receiver, trustee, or liquidator with respect to all or substantial part of the

assets of the Owner (or any principal subsidiary of the Owner), and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days;

(c) Business Funds shall be insufficient for the payment of the management fees to the Manager pursuant to Article V hereof for a period of at least six (6) consecutive months;

then in case of any such event and upon the expiration of the period of grace applicable thereto, the term of this Agreement shall expire, at the Manager's option and upon ten (10) days written notice to the Owner.

8.3 Material Adverse Change. Manager shall be entitled to terminate this Agreement forthwith upon notice to the Owner in the event that (a) there shall have occurred since the date hereof any material adverse change in the financial or operating condition of the Business or its prospects, or (b) any representation or warranty of the Owner herein shall have ceased to be true and correct in any material respect.

8.4 Surviving Rights Upon Termination. If either party exercises its option to terminate pursuant to this Article VIII, each party shall forthwith account for and pay to the other all sums due and owing pursuant to the terms of this Agreement. All other rights and obligations of the parties under this Agreement shall terminate (except as set forth in Article IX hereof).

ARTICLE IX
INDEMNIFICATION

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9.1 Indemnification of Owner by Manager. Manager shall at all times indemnify and hold harmless the Owner, its officers, directors, employees, and shareholders, from and against any and all claims, losses, liabilities, actions, proceedings, and expenses (including reasonable attorneys fees) arising out of any breach by the Manager of its obligations under this Agreement. The provisions of this Section 9.1 shall survive the termination or expiration of this Agreement.

9.2 Indemnification of Manager by Owner. The Owner shall at all times indemnify and hold harmless the Manager, its officers, directors, employees, and shareholders, from and against any and all claims, losses, liabilities, actions, proceedings, and expenses (including reasonable attorneys fees) (i) arising out of any breach of the obligations, representations and warranties made by Owner in this Agreement and (ii) asserted by customers, vendors or shareholders of Owner based upon the entry by Manager into this Agreement and not related to the performance by Manager of the Applicable Functions, including but not limited to medical malpractice claims. The provisions of this Section 9.2 shall survive the termination or expiration of this Agreement.

9.3 Control of Defense of Indemnifiable Claims. A party seeking indemnification under this Article IX shall give the other party prompt written notice of the claim for which it seeks indemnification. Failure of the party seeking indemnification to give such prompt notice shall not relieve the other party of its indemnification obligation, provided

that such indemnification obligation shall be reduced by any damages suffered by such other party resulting from a failure to give prompt notice hereunder. The party receiving the aforementioned notice shall provide the defense of such claim, including, without limitation, retention and payment of attorneys.

9.4 Period of Limitation. Any claim for indemnification herewith must be asserted within twelve (12) months following discovery of the indemnifiable event, except that no such limitation shall apply to any claim based upon (a) any liability of the Owner to the Medicare and Medicaid programs, or to any other third party payor, for excess reimbursement received by the Owner prior to the Commencement Date, or (b) any breach of Owner's representations and warranties pertaining to litigation or tax matters.

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ARTICLE X
ARBITRATION

If any controversy should arise between the parties in performance, interpretation, or application of this Agreement which involves any matter, either party may serve upon the other a written notice stating that such party desires to have the controversy reviewed by an arbitrator. If the parties cannot agree within fifteen (15) days from the service of such notice upon the selection of such arbitrator, an arbitrator shall be selected or designated by the American Arbitration Association upon written request of either party hereto. Arbitration of such controversy, disagreement, or dispute shall be conducted in accordance with the Commercial Arbitration Rules then in force of the American Arbitration

Association and the decision and award of the arbitrator so selected shall be binding upon the Owner and Manager. The arbitration will be held in New York, New York.

As a condition precedent to the appointment of any arbitrator both parties shall be required to make a good faith effort to resolve the controversy which effort shall continue for a period of thirty (30) days prior to any demand for arbitration. The cost of any such arbitration shall be shared equally by the parties. Each party shall pay its own costs incurred as a result of its participation in any such arbitration.

If the issue to be arbitrated is Manager's alleged breach of this Agreement and as a result thereof, Owner has the right to terminate this Agreement, Manager shall continue to manage the Applicable Functions hereunder pending the outcome of such arbitration.

The Arbitrator shall have no authority to award punitive damages or any other damages in excess of the prevailing party's actual damages, and may not make any ruling, finding or award that does not conform to the terms and conditions of this Agreement.

ARTICLE XI
SUCCESSORS AND ASSIGNS

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11.1 Assignments by the Manager. The Manager, without the consent of the Owner, shall have the right to assign this Agreement to a wholly or majority owned subsidiary provided that the Manager shall not thereby be released from its obligations hereunder.

In the event that all or substantially all the assets of the Manager or its capital stock shall during the term of this Agreement be acquired by another corporation (hereinafter referred to as the "Acquiring Corporation") as a result of a merger, consolidation, reorganization, or other transaction, the Acquiring Corporation assumes all of the obligations of the Manager then accrued hereunder, if any, and Manager shall be relieved of all such obligations (and such Acquiring Corporation shall be relieved of liability hereunder if it subsequently is involved in such an acquisition).

Except as otherwise permitted herein, the Manager shall have no right to assign this Agreement.

11.2 Sale, Assignment, or Sub-Lease by the Owner. Any sale, sub-lease, or assignment with respect to the Business, other than to the Manager, shall be expressly subject to the terms and provisions of this Agreement and shall not relieve the Owner of its liability or obligations hereunder, and Owner shall cause any purchaser, assignee, or sub-lessee to deliver to the Manager written acknowledgment of its agreement to perform hereunder including the payment of the management fee described herein.

The Owner may not at any time, without the prior written consent of the Manager, incur any additional debt that is secured by the lien of one or more deeds of trust, mortgages, or other security instruments.

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 Notices. Any notice or other communication by either party to the other shall be in writing and shall be given and be deemed to have been duly given, upon the date delivered if delivered personally or upon the date received if mailed postage pre-paid, registered, or certified mail,

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addressed as follows:

To the Owner:	Community Care of America, Inc. 3050 N. Horseshoe Drive Naples, FL 33942 Attention: Gary Singleton, President Fax: 941-435-0087
With a copy to:	J. Allen Miller Chadbourne & Parke LLP 30 Rockefeller Plaza New York, New York 10022 Fax: 212-541-5369
To the Manager:	Integrated Health Services, Inc. 10065 Red Run Boulevard Owings Mills, MD 21117 Attention:Marshall A.Elkins, Esq. Fax: 410-998-8747
With a copy to:	IHS Financial Holdings, Inc. 10065 Red Run Boulevard Owings Mills, MD 21117 Attention: Eleanor Harding Fax: 410-998-8716

- and -

Frank Agostino

Calo Agostino
27 Warren Street
Hackensack, NJ 07601
Fax: 201-488-5855

or to such other address, and to the attention of such other person or officer as either party may designate in writing by notice.

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12.2 No Partnership or Joint Venture. Nothing contained in the Agreement shall constitute or be construed to be or create a partnership or joint venture between the Owner, its successors, or assigns on the one part and the Manager, its successors, or assigns on the other part. Notwithstanding the foregoing, the parties hereby agree that they shall each have a duty to act in good faith and to deal fairly with the other party hereto.

12.3 Modifications and Changes. This Agreement cannot be changed or modified except by another agreement in writing signed by the party sought to be charged therewith or by its duly authorized agent.

12.4 Understanding and Agreements. This Agreement constitutes the entire understanding and agreements of

whatsoever nature or kind existing between the parties with respect to the Manager's management of the Business.

12.5 Headings. The article and paragraph headings contained herein are for convenience of reference only and are not intended to define, limit, or describe the scope of intent of any provision of this Agreement.

12.6 Approval or Consent. Whenever under any provisions of this Agreement, the approval or consent of either party is required, the decision thereon shall be promptly given and such approval or consent shall not be unreasonably withheld. It is further understood and agreed that whenever under any provisions of this Agreement the approval or consent of the Owner is required, such approval or consent is given by the person or any one of the persons, as the case may be, designated in a notification signed by or on behalf of the Owner. For all purposes under this Agreement, the Manager shall determine solely from the latest such notification received by it the person or persons authorized to give such approval or consent. The Manager shall rely exclusively and conclusively on the designation set forth in such notification, notwithstanding any notice of knowledge to the contrary.

12.7 Governing Law. This Agreement shall be deemed to have been made and shall be construed and interpreted in accordance with the laws of the State of Maryland.

12.8 Enforceability. Should any provision of this Agreement be

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unenforceable as between the parties, such unenforceability shall not affect the enforceability of the other provisions of this Agreement.

12.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.10 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. If any party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty, or covenant.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Management Agreement effective as of the day and year first above written.

Owner:	Manager:
COMMUNITY CARE OF AMERICA, INC.	INTEGRATED HEALTH SERVICES, INC.

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By:	____________________	By:	_________________
Title:	____________________	Title:A	_________________
Attest:	____________________	Attest:	_________________
Title:	____________________	Title:	_________________

EXHIBIT A

The following is a list of items and travel expenses not included in the IHS management fee. These facility-specific expenses are passed directly to the Owner incurred.

a) Computer hardware and software purchased for Owner.

b) Owner specific legal and accounting fees.

c) Owner specific fees associated with union organization attempts, elections, etc.

d) Other owner specific expenses, including travel and other out-of-pocket costs.

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