(i) All indebtedness secured by the Lender Mortgage, including those items listed in the second paragraph of Section 13 thereof;

(ii) All of the principal remaining unpaid on the Mercy Loan, plus all interest accrued thereon and which will accrue thereon to the date of payment, plus interest on the foregoing amounts of principal and interest (to the extent permitted by law) from their respective due dates until paid;

(iii) All items advanced or paid by the Mortgagee pursuant to this Mortgage, with interest thereon at the rate of 12% per annum from the date of advancement until paid; and

(iv) All reasonable court costs attorneys' fees, appraisers' fees, expenditures for documentary and expert evidence, stenographer's charges, publication costs, and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all abstracts of title, title searches and examinations, title guarantee policies, and similar data with respect to title which the Mortgagee may deem necessary in connection with any proceeding, including probate and bankruptcy proceedings, to which the Mortgagee shall be a party, either as plaintiff, claimant or defendant, by reason of this Mortgage or any indebtedness secured or in connection with preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose, whether or not actually commenced, and all such expenses shall become so much additional indebtedness secured hereby and immediately due and payable, with interest thereon at the rate of 12% per annum from the date when paid or incurred by the Mortgagee until paid.

The proceeds of any foreclosure shall be distributed and applied to the items described in (i) (if the Lender Mortgage is still in effect and if so directed by the Lender), (iii) and (iv) above, in the order of their listing, then to (ii) and any surplus of the proceeds of such sale shall be paid to the Mortgagor.

In case of any sale under this Mortgage by virtue of judicial proceedings or otherwise, the Mortgaged Property may be sold in one parcel, as an entirety or in such parcels, manner or order as the Mortgagee in their sole discretion may elect, and the Mortgagor waives any and all rights which the Mortgagor may have to insist upon the sale of the Mortgaged Property in one parcel or separate parcels.

In the event of foreclosure of this Mortgage and sale of the property in sheriff's sale on special execution in said foreclosure proceedings, the period of one hundred eighty days for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to ninety days, provided the Mortgagee waive in said foreclosure proceedings any rights to a deficiency judgment against the Mortgagor which may arise out of the foreclosure proceedings.

If the aforesaid waiver of redemption is not effective, then it is further agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to sixty days if both of the following contingencies develop: (1) the Court finds affirmatively that said real estate has been abandoned by the Mortgagor and those persons personally liable under this Mortgage at the time of such foreclosure; and (2) the Mortgagee file an election to waive any deficiency judgment against the Mortgagor or its successors in interest in such action.

Any sale or sales under this Section shall operate, after any applicable redemption period, to divest all estate, right, title, interest, claim or demand whatsoever, whether at law or in equity, of the Mortgagor in and to the premises, property, privileges and rights so sold, and shall be a perpetual bar both at law and in equity against the Mortgagor, its successors and assigns and against any and all persons claiming or who may claim the same, or any part thereof, from, through or under the Mortgagor, its successors or assigns.

SECTION 14. Assignment of Rents, Issues and Profits; Receiver.

All of the rents, issues, proceeds and profits and any and all leases, subleases and the rights of management of the Mortgaged Property are hereby assigned to the Mortgagee as further security for the payment of the indebtedness and performance of the obligations, covenants, promises and agreements secured hereby in granting clauses F and G hereof. Such assignment, grant and conveyance is intended by the parties hereto to be a present conveyance of and security interest in and chattel mortgage upon such collateral, subject to the right of the Mortgagor to receive the same prior to any default hereunder, and is not a mere pledge of such collateral to be given effect as a lien upon default, foreclosure and the appointment of a receiver. The Mortgagor agrees that it will duly perform and observe all of the terms and provisions of the landlord's part to be performed and observed under any and all leases of the Mortgaged Property and that it will refrain from any action or inaction which would result in the termination by the tenants thereunder of any such leases or subleases or in the diminution of the value thereof or of the rents, issues, profits and revenues thereunder. Nothing herein contained shall be deemed to obligate the Mortgagee to perform or discharge any obligation, duty or liability of landlord under any lease of the Mortgaged Property, and the Mortgagor shall and does hereby agree to indemnify and hold the Mortgagee harmless from any and all liability, loss or damage which the Mortgagee may or might incur under any lease of the Mortgaged Property, and any and all such liability, loss or damage incurred by the Mortgagee, together with the costs and expenses, including reasonable attorneys' fees, incurred by the Mortgagee in the defense of any claims or demands therefor (whether successful or not), shall be so much additional indebtedness hereby secured, and the Mortgagor shall reimburse the Mortgagee therefor on demand, together with interest at the rate of 12% per annum, from the date of demand to the date of payment. The Mortgagor shall; not enter into any lease of the Mortgaged Property without the prior written consent of the Mortgagee.

SECTION 15. Litigation.

If any action or proceedings be commenced, to which action or proceeding the Mortgagee is made a party by reason of the execution of this Mortgage or in which the Mortgagee deems it necessary to appear or answer in order to uphold the lien of this Mortgage or the priority thereof or the possession of the Mortgaged Property, or otherwise to protect the interest of the Mortgagee or security hereunder, all sums reasonably paid or incurred by any such mortgagee for attorneys fees and other expenses in such action or proceeding shall be repaid by the Mortgagor, together with interest thereon to the extent permitted by law from the date of payment by the Mortgagee at the rate of 12% per annum until paid and all such sums and the interest thereon shall be immediately due and payable and shall be added to and become a part of the indebtedness secured hereby, and be secured hereby, having the benefit of the lien hereby created and of its priority.

SECTION 16. Non-Waiver.

Acceptance by the Mortgagee of any sum in payment or part payment of any indebtedness secured hereby after the same is due or after foreclosure proceedings are filed shall not constitute a waiver of the right to require prompt payment when due of all the sums so secured nor shall such acceptance cure or waive any remaining default or invalidate any foreclosure proceedings for any such remaining default or prejudice any of the rights of the Mortgagee under this Mortgage. Further, the failure of the Mortgagee to insist upon the strict performance of any of the covenants or agreements of the Mortgagor contained in this Mortgage, or the delay by the Mortgagee in the enforcement of any of its remedies herein contained upon any default of the Mortgagor shall never constitute a waiver of any requirement or obligation of the Mortgagor or right or remedy of the Mortgagee contained in or based upon said covenants or agreements.

SECTION 17. Remedies Cumulative.

No remedy herein or in the Agreement conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. In addition, no recovery of any judgment by the Mortgagee and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property shall affect the lien created by this Mortgage upon the Mortgaged Property or any part thereof or any lien, rights, powers or remedies of the Mortgagee hereunder, but such lien, rights, powers or remedies of the Mortgagee shall continue unimpaired as before.

SECTION 18. Waiver of Certain Rights and Remedies.

If applicable and if permitted by law, the Mortgagor hereby waives and release any and all rights and remedies related to redemption or marshalling of liens and assets under the Mortgage.

SECTION 19. Attorneys Fees.

The Mortgagor hereby agrees in the event of foreclosure to pay to the Mortgagee such reasonable attorneys fees as are authorized by law, together with the cost of extending the abstract and all court costs.

SECTION 20. Usury.

Notwithstanding any provision herein or in the Agreement, the total liability for payments in the nature of interest shall not exceed the limits imposed on the date hereof by the usury laws of the State of Iowa.

SECTION 21. Severability.

If any provision hereof should be held unenforceable or void, then such provision shall be deemed separable from the remaining provisions and shall in no way affect the validity of this Mortgage.

All rights, remedies and powers provided by this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Mortgage are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable under the provisions of any applicable law.

SECTION 22. Security Interest.

An express security interest is hereby granted to the Mortgagee in respect to any part of the Mortgaged Property which under the Iowa law might now or hereafter be construed or considered as personal property or fixtures, or otherwise be considered collateral subject to the Iowa Uniform Commercial Code, including without limitation the collateral described in granting clauses D, H and I hereof, and this Mortgage shall constitute a security agreement in respect thereto.

Upon the occurrence of an Event of Default hereunder in addition to the other rights and remedies available to it, the Mortgagee may (if the Lender Mortgage is still in effect, with the

written approval of the Lender) exercise all other rights and remedies with respect to such property that are available to a secured party under the Iowa Uniform Commercial Code. The Mortgagor agrees to pay any reasonable attorney fees and legal expenses incurred by the Mortgagee in enforcing or protecting its rights under the security interest created hereunder. In the event notice of intended disposition of such property is required by law in any particular instance, the Mortgagor agrees that notice given in the manner and place provided in Section 25 hereunder and sent ten (10) days prior to a disposition of collateral is commercially reasonable notification within the meaning of the Iowa Uniform Commercial Code. Information concerning the security interests may be obtained from the Secured Party (the Mortgagee) at the address set forth in Section 25 hereof and the mailing address of the Debtor (Mortgagor) is also set forth in Section 25 hereof. This Mortgage constitutes a construction mortgage for the purpose of Article 9 of the Iowa Uniform Commercial Code.

The Mortgagor warrants and agrees that no financing statement or security agreement covering any of the Mortgaged Property is or will be placed on file in any public office or delivered to any secured party except pursuant hereto, except for Permitted Encumbrances.

SECTION 23. Construction.

This Mortgage shall be construed according to the laws of the State of Iowa.

SECTION 24. Amendments, Changes and Modifications.

The Mortgagor and the Mortgagee may from time to time enter into amendments, changes and modifications of this Mortgage, but only in writing signed by Mortgagor and Mortgagee.

SECTION 25. Addresses for Notice and Demands.

All notices of an Event of Default hereunder shall be sufficiently given when delivered in person to the President of the Mortgagor or if mailed by certified mail, postage prepaid, to the Mortgagor with proper address as indicated in this Section, the date on which such mailed notice is delivered or on which delivery is refused. All other notices, certificates and communications hereunder are properly and sufficiently given when delivered in person to an officer of the party to whom directed or when mailed to such party by regular mail, postage prepaid, with proper address as indicated in this Section. All mailed notices, certificates and communications shall be deemed given three (3) days after the date of deposit in the mail. The Mortgagor and the Mortgagee may, by written notice given by each to the other, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Mortgagor:	Ellen Kennedy Living Center 1177 Seventh Street SW Dyersville, Iowa 52040 Attn: President
To the Mortgagee:	Mercy Medical Center – Dubuque 250 Mercy Drive Dubuque, Iowa 52001 Attn: President

SECTION 26. Discharge of Lien.

If the Mortgagor shall pay and discharge or provide, in a manner satisfactory to the Mortgagee, for the payment and discharge of the whole amount of all sums payable hereunder and under the Agreement, or shall make arrangements satisfactory to the Mortgagee for such payment and discharge, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Mortgagor, and the estate, right, title and interest of the Mortgagee therein shall thereupon cease, terminate and become void; and this Mortgage, and the covenants of the Mortgagor contained herein, shall be discharged and the Mortgagee in such case on demand of the Mortgagor and at the Mortgagor's cost and expense, shall execute and deliver to the Mortgagor a proper instrument or proper instruments acknowledging the satisfaction and termination of this Mortgage, and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Mortgagor, all property, including money, then held by the Mortgagee hereunder.

SECTION 27. Indemnification of the Mortgagee.

The Mortgagor agrees to indemnify and save harmless the Mortgagee not in possession of the Mortgaged Property against any and all losses, injuries, claims, damages or injuries to persons or property, demands and expenses, including legal expenses, of whatsoever kind and nature and by whomsoever made, except for the gross negligence or willful misconduct of the Mortgagee, its officers, employees or agents, arising from or in any manner directly or indirectly growing out of (a) the use and occupancy or nonuse of the Mortgaged Property or any equipment or facilities thereon or used in connection therewith by anyone whomsoever, (b) any repairs, construction, restoration, replacements, alterations, remodeling on or to the Mortgaged Property, or any part thereof, or any equipment or facilities therein or thereon, and (c) the condition of the Mortgaged Property including any adjoining sidewalks, ways or alleys and any equipment or facilities at any time located thereon or used in connection therewith.

SECTION 28. Fixture Financing.

From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to the collateral described in the Granting Clauses hereof which are fixtures within the meaning of the Iowa Uniform Commercial Code, and for this purpose the name and address of the debtor is the name and address of the Mortgagor, as set out in Section 25 herein, and the name and address of the secured party is the name and address of the Mortgagee, as set out in Section 25 hereof. Pursuant to the provisions of Section 554.9403 subparagraph 6 of the Iowa Code, such fixture filing remains in effect until this Mortgage is released or satisfied or record of its effectiveness otherwise terminates as to the Land.

SECTION 29. Execution of Counterparts.

This Mortgage may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 30. Special Notice In Accordance With Section 654.12A of the Iowa Code.

NOTICE: This Mortgage secures credit in the amount of $750,000 Loans and advances up to this amount, together with interest are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

SECTION 31. Transfer or Further Encumbrance of Mortgaged Property.

(a) Option to Accelerate; Consent of Mortgagee. In the event of any sale, conveyance, transfer, pledge or further encumbrance of the Mortgaged Property, or of any interest in or any part of the Mortgaged Property, or of any interest in Mortgagor, or any further assignment of rents from the Mortgaged Property or any part thereof, or any lease of all or substantially all of the Mortgaged Property, the Land or the buildings, structures and improvements thereon, without the prior written consent of Mortgagee, then, at Mortgagee's option, Mortgagee may declare the indebtedness secured hereby to be due and immediately payable. On such declaration such indebtedness shall immediately become and be due and payable without demand or notice. Mortgagee's consent shall be within its sole and absolute discretion, and Mortgagee specifically reserves the right to condition its consent upon (by way of illustration but not by way of limitation) its approval of the financial and/or management ability of the purchaser, transferee, lessee, pledgee or assignee, upon an agreement to escalate the interest rate of the Mercy Loan to Mortgagee's then current interest rate for similarly situated properties, upon the assumption of the obligations and liabilities of the Agreement and this Mortgage by the purchaser, transferee, lessee, pledgee or assignee, upon the receipt of guarantees of such indebtedness satisfactory to Mortgagee and upon payment to Mortgagee of an assumption fee.

(b) Subsequent Owner. Any purchaser, transferee, lessee, pledgee or assignee shall be deemed to have assumed and agreed to pay the indebtedness secured hereby and to have assumed and agreed to be bound by the terms and conditions of this Mortgage (including, without limitation, the terms of this Section) unless Mortgagee specifically agrees in writing to the contrary. Mortgagor agrees that, in the event ownership of the Mortgaged Property, or any part thereof, becomes vested in a person other than Mortgagor, Mortgagee may, without notice to Mortgagor, deal in any way with such successor or successors in interest with reference to this Mortgage and the Mercy Loan and all indebtedness hereby secured without in any way vitiating or discharging Mortgagor's liability hereunder or under the Mercy Loan, the Agreement and other indebtedness hereby secured. No transfer or encumbrance of the Mortgaged Property or any interest therein and no forbearance or assumption by any person with respect to this Mortgage and no extension to any person of the time for payment of the indebtedness secured hereby shall operate to release, discharge, modify, change or affect the liability of Mortgagor, either in whole or in part, unless Mortgagee specifically agrees in writing to the contrary.

SECTION 32. Relationship to the Lender Mortgage

So long as the Lender Mortgage is in effect the lien of this Mortgage shall be a subordinate lien on the Mortgaged Property, inferior to the lien of the Lender Mortgage and in the event that any provision hereof is inconsistent with the provisions of the Lender Mortgage, the provisions of the Lender Mortgage shall control and the Mortgagee agrees to subordinate its rights hereunder to the rights of the Lender under the Lender Mortgage. The Mortgagee agrees to cooperate with the Lender in the performance and enforcement of this Mortgage and the performance and enforcement by the Lender of the Lender Mortgage and, so long as the Lender Mortgage is in effect, the Mortgagee may proceed independently to enforce this Mortgage only with the consent of the Lender. So long as the Lender Mortgage is in effect, the Net Proceeds received by the Mortgagor in connection with any insurance or condemnation award or any amounts received by the Mortgagor in enforcing any remedies upon the occurrence of an Event of Default shall be applied to the payment of the indebtedness secured by the Lender Mortgage (including the items listed in the second paragraph of Section 13 thereof) and then to the indebtedness secured by this Mortgage.

IN WITNESS WHEREOF, the Mortgagor has caused these presents to be signed and sealed in its name and behalf, all as of the day and year first above written.

ELLEN KENNEDY LIVING CENTER

By David C. Bell
David Bell, Chairperson

By Mary S. Scherrman
Mary S. Scherrman, Secretary

(No Seal)

[Execution Page for Mortgage and Security Agreement and Fixture Financing Statement]

IN WITNESS WHEREOF, the Mortgagee has caused these presents to be signed and sealed in its name and behalf, all as of the day and year first above written.

MERCY MEDICAL CENTER – Dubuque,
A Division of Mercy Health Services – Iowa, Corp.

By _____
Russell M. Knight, President/CEO

[Execution Page for Mortgage and Security Agreement and Fixture Financing Statement]

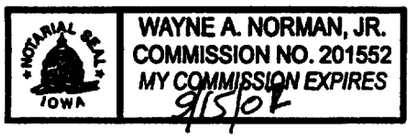
STATE OF IOWA

SS:

COUNTY OF DUBUQUE

On this 16 day of July, 2001, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared David Bell and Mary S. Scherrman to me personally known, who being by me duly sworn did say that they are the Chairperson and Secretary, respectively, of the Board of Ellen Kennedy Living Center, the Iowa nonprofit corporation executing the within and foregoing Mortgage to which this is attached; that said corporation has no seal; that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that the said David Bell and Mary S. Scherrman as such officers, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by them voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



By _____
Notary Public

(Seal)

[Notary Page for Mortgage and Security Agreement and Fixture Financing Statement]

STATE OF IOWA

SS:

COUNTY OF DUBUQUE

On this 16 day of July, 2001, before me, the undersigned, a Notary Public in and for the State of Iowa, personally appeared Russell M. Knight, who being by me duly sworn did say that he is the President/CEO of Mercy Medical Center – Dubuque, A Division of Mercy Health Services – Iowa, Corp., the corporation executing the within and foregoing Mortgage to which this is attached; that said corporation has no seal; that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that the said Russell M. Knight as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it and by him voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

By _____
Notary Public

(Seal) NOTARIAL SEAL IOWA JAMES E. GOODMAN, JR. NOTARY PUBLIC STATE OF IOWA MY COMMISSION EXPIRES 1-2-05

[Notary Page for Mortgage and Security Agreement and Fixture Financing Statement]

EXHIBIT A

DESCRIPTION OF THE LAND

The following described real estate located in Dyersville, Dubuque and Delaware Counties, Iowa:

Lot 2 of lot 2 of lot 1 of lot 2 of lot 1 of lot 1 of lot 1 of lot 1 of the north west ¼ of the south west ¼ of Section 31, in Township 89 North, Range 2 West of the 5th P.M., in the City of Dyersville, Iowa, according to the recorded Plat thereof;

Lot One (1) of Westridge 2nd Subdivision in the City of Dyersville, Iowa, according to the recorded plats thereof, subject to easements of record;

Parcel "B" Of The NE¼ SE¼ In Sec. 36, T89N, R3W Of The 5th P.M., Delaware County, Iowa, according to plat recorded in Book 2001, Page 1929.

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